



“DARKHAN LEATHER COMPLEX PROJECT” – Multi-business efficient model project

Teaser

September 2019

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Saraway

DARKHAN LEATHER COMPLEX



- **Sponsor:** SARAWAY LLC, Darkhan Municipal Government
- **SPV:** Darkhan Leather Complex LLC
- **Location:** Khongor Soum, Darkhan-Uul province

Darkhan leather complex LLC has been founded 2017 and partially owned by Darkhan city municipal government and Saraway LLC, which is the project sponsor. The company acquired 180 hectares of land to build a leather and wool processing complex for the complexity of infrastructure from Darkhan-Uul aimag's authorities .

For this purpose, the general layout are planned. The complex will house following factories

These include:

1. 13 tannery factory
2. 2 wool, cashmere processing plant
3. 1 gelatin factory
4. Leather research and development center

The total capacity of the leather complex 10 mln hides, 10000-ton wool and 1000 ton cashmere in annual

COMPARISON OF CURRENT CONDITION AND ACCEPTABLE SOLUTION IN TANNERY AND LEATHER SECTOR

Urgent issues		Acceptable solutions	
System of raw materials preparation	1  <ul style="list-style-type: none"> Poor livestock health 50-70% is having parasitic Less useable space due to parasite 	1  <ul style="list-style-type: none"> New (innovation solution) of livestock health Regular campaign in 05.01-10.15 	
	2  <ul style="list-style-type: none"> System of raw materials quality 70% is freezing Changed protein structure and worsen quality 	2  <ul style="list-style-type: none"> Quality protection Comprehensive transport 	
	3  <ul style="list-style-type: none"> Management No complex management of veterinary/raw materials preparation 	3  <ul style="list-style-type: none"> Complex management Cluster Economic cost sharing Chain system of complex added value 	
Management/technology	4  <ul style="list-style-type: none"> No regular technology 	4  <ul style="list-style-type: none"> R&D Center Cooperation with institutions which performs quality protection and certification of European brand 	
	5  <ul style="list-style-type: none"> Harmful for nature Deletes bacteria of WWTP 	5  <ul style="list-style-type: none"> WWTP Nature-oriented solution (Waste Water Treatment Plant) 	
	6  <ul style="list-style-type: none"> No real business strategy No industrial park with policy support & business successful structure 	6  <ul style="list-style-type: none"> DLC (Darkhan Leather Complex) Management structure 	
	7  <ul style="list-style-type: none"> No policy encouraged specialist 	7  <ul style="list-style-type: none"> Specialist: Apartment, stable workplace 	
Market	8  <ul style="list-style-type: none"> 85% semi-processed 85% of raw materials process in first stage and sells low price Not more than 15% has processed deeply and sells in domestic market 	8  <ul style="list-style-type: none"> 100% deeply processed To produce deeply process in mass 	
	9  <ul style="list-style-type: none"> No strategy of foreign trade and product policy 	9  <ul style="list-style-type: none"> Export solution 	

DARKHAN LEATHER COMPLEX

The goal of the raw material preparation in Darkhan Leather Complex Project is to produce and commercialize value-add products on international markets.

VALUE ADD CHAIN

“DARKHAN LEATHER COMPLEX PROJECT”



The goal of Darkhan Leather Complex Project is to produce and commercialize value-add products on international markets. Darkhan leather project is consist of 3 sections: Raw material quality improvement, processing factory complex and exporting platform.

Darkhan Leather Complex Project overview

KEY PROJECT FEATURES

Saraway

Established
in 2016

- **Description:** The project aims to construct Leather Industrial Complex (Darkhan Leather Complex/DLC) which will consists of 13 tanneries with annual processing capacity of 10 million skins and hides, wool (annual capacity of 10000 tons) scouring and dehairing factories, as well as cashmere (annual capacity of 1000 tons), and gelatin factory and more.
- **Sponsor:** SARAWAY LLC, Darkhan Municipal Government
- **SPV:** Darkhan Leather Complex LLC
- **Location:** Khongor Soum, Darkhan-Uul province

- **Project duration:** up to 40 years +
- **Annual production** – 10 mln leather processing, 10K tons of raw wool and 3K raw cashmere (from goat skin)
- **Target leather grade** –C grade

Total investment: \$225.7mln
Invested Value upto date: \$2mln
Requested: \$26mln as equity investment,
IRR:36% (C grade leather price as of March, 2019)

FINANCING

- Total \$225.7 mln, of which
 - Public investment - \$60.7mln
 - Private investment: - \$165mln
 - ~30% ±15% as equity/policy investment (\$49.5mln)
 - ~70% ±15% as debt (\$115.5mln)

KEY INVESTMENT RATIONALE

- **Power supply:** Signed MoU with LMMG AG, to build a hybrid power generation stations near project site that provide DLC's power supply.
- **Water supply:** To build a water pipeline from Darkhan Water Co.,Ltd
- **Wastewater treatment plant (WWTP):** Install wastewater treatment plant with capacity to treat 15800m3 wastewater daily. Greywater is to be re-charged and to be sold to iron ore beneficiation plants as an additional income stream.
- **Heat/steam supply:** working with 2 options: 1) to build heating/steam pipelines from Darkhan Thermal Plant, 2) to be supplied from hybrid power station which would be built within the complex,
- **Access road:** 2km new road to Darkhan Leather Complex from central regional highway

Total \$225.7m

- Tanneries - \$138.2mln (construction & civil works)
- Internal infra -\$7.6mln
- Warehouse – \$12.6mln
- Project preparation-\$6.6mln
- Infrastructure – \$60.7mln (WWTP \$21.2mln; R&D-\$9.5mln, heat supply–\$1.8mln, power supply –\$5.6mln, Pool -\$3.2mln, water supply \$2.0mln etc)

COMPLETED TASKS/ CURRENT SITUATION

- Master and town planning and well as architectural drawings, and 3D floor plans were designed by IPAP engineering, one of globally leading tannery design and engineering company in the world.
- Done site engineering geology and topology survey. Structural drawings are now under development,
- Project brief and request for cooperation were sent to potential EPC contractors, traders, equipment and chemical companies and now receiving their letter of interest,
- Signed MoU with LMMG AG, to provide energy supply through their hybrid power generation stations. 85% of CAPEX is to be financed by Germany side,
- Shifted 18K semi-produced skins to India on basis of CAD payment term,
- Shifted 18K semi-produced skins to Spain on basis of L/C payment term, and receiving additional purchase orders.



Supporting Documents

Concept paper	✓
Feasibility study Completed	✓
Master plan and factories' layout	✓
Land Permit	✓
Infrastructure	Ongoing negotiation
EPC contract	Receiving interest letter
Environmental assessment	completed
Purchase agreement	Receiving interest letters

Contact Details

- Saraway headquarter-44 Chinggis Avenue, Khan Uul district 1 khoroo, 19th microdistrict, PO Box 66 Ulaanbaatar 17030, Mongolia;
- Phone:(976) 9900 6079;
- Email: Enkhbayar@dlc.mn
enkhbayar.d@gmail.com

LEATHER PRODUCT EXPORT PLATFORM AND R&D PROJECT OVERVIEW

KEY PROJECT FEATURES

Saraway

Established
in 2016

- **Description:** The project aims to construct Leather Industrial Complex (Darkhan Leather Complex/DLC) which will consists of 13 tanneries with annual processing capacity of 10 million skins and hides, wool (annual capacity of 10000 tons) scouring and dehairing factories, as well as cashmere (annual capacity of 1000 tons), and gelatin factory and more.
- **Location:** 503, Business Tower, Sukhbaatar district, Ulaanbaatar, Mongolia

- **Project duration:** up to 40 years +
- **Annual production** – 2 mln leather processing
- **Target leather price** – Mediapost Spain S.L.

Total investment: 11.8 mln
Invested Value up to date: \$60 mln
IRR:34% (leather price as of Mediapost Spain S.L.)

FINANCING

- Total \$11.8 mln, of which
 - Equity investment - \$3.5 mln
 - Debt investment: - \$8.3 mln

KEY INVESTMENT RATIONALE

- **Raw material** - Raw material price (600,00 x 0,7)
- **Branding & testing** - Laboratory testing in each 23 skins, Treatment and experiment, Pack 2: Goat and sheep R&D development and Branding
- **Sales** - Branding and strategy planning, Branding and strategy resolution
- **R&D center** - Research and technological development, refers to innovative activities undertaken by corporations or governments in developing new services or products, or improving existing services or products

Total \$11.8 m

- Raw material – 0.42
- Branding & testing – 1.7
- Sales – 0.13
- R&D center – 9.5

COMPLETED TASKS/ CURRENT SITUATION

- **International trade** - Conclude agreement and increase number of partners with companies operating in European market, same as Media Post
- **Transportation, storage** - Transport and store processed leather to international market
- **Research and analysis** - Implement international leather standards such as CTW and Join Life and LWG certificate
- **Product development** - Develop a product that is suitable for Mongolian leather
- **One-window service** - One-window service of export for leather companies



LEATHER PRODUCT EXPORT PLATFORM
AND R&D PROJECT

July 2019

Supporting Documents

Concept paper	✓
Feasibility study Completed	✓
Environmental assessment	✓
Media post contract	✓
Offers and Proposals	✓
Purchase agreement	Receiving interest letters

Contact Details

- 503, Business Tower, Sukhbaatar district, Ulaanbaatar, Mongolia
- Phone:(976) 9900 6079;
- Email: enkhbayar.dts@gmail.com, enkhbayar.d@saraway.es

RAW MATERIAL PREPARATION AND QUALITY IMPROVEMENT PROJECT OVERVIEW

KEY PROJECT FEATURES

Darkhan
leather
complex
LLC

Established
in 2018

- **Description:** Manage veterinary service equipment management and work with private veterinary hospital and local veterinary agency. Take and collect raw materials in exchange for veterinary service and the raw material will be delivered to wool, tannery and cashmere factories and registered in Mongolia agriculture commodity exchange
- **Location:** 503, Business Tower, Sukhbaatar district, Ulaanbaatar, Mongolia

- **Project duration:** up to 40 years +
- **Annual livestock service turnover–** 60 mln head livestock

Total investment: 19.4 mln
Invested Value up to date: \$97 mln
IRR:33%

FINANCING

- Total \$19.4 mln, of which
 - Equity investment - \$5.8 mln
 - Debt investment: - \$13.6 mln

KEY INVESTMENT RATIONALE

- **Current assets** - any asset which can reasonably be expected to be sold, consumed, or exhausted through the normal operations of a business within the current fiscal year or operating cycle
- **Equipment** - The mobile veterinary equipment can be located at any herder household or town where the animal spread, covering a wide range of animals regardless of the time, number of animals and spatial space. the equipment can fully clean small livestock with creolin (such as goat and sheep)to protect from parasites. It is designed to overcome road obstacle.
 - Creolining equipment
 - Portable equipment, or portable multifunctional conveyor systems

Total \$19.4 m

- Current assets – 10.3
- Equipment – 9.1

COMPLETED TASKS/ CURRENT SITUATION

- **Direct service system**
 - To shear wool
 - Injection
 - Laxatives
 - Washing
- **Technology, equipment preparation**
 - Equipment 1 - The standard registration certificate No. 20-0002816 of State registration and CS 11-0407: 2018 are registered with the Standard Measurement Department
 - Equipment 2 - Portable equipment, or portable multifunctional conveyor systems, with the certificate of state registration number 20-0002931.



RAW MATERIAL PREPARATION AND QUALITY IMPROVEMENT PROJECT

Introduction

Supporting Documents

Concept paper ☒

Feasibility study Completed ☒

Environmental assessment ☒

Contract ☒

Offers and Proposals ☒

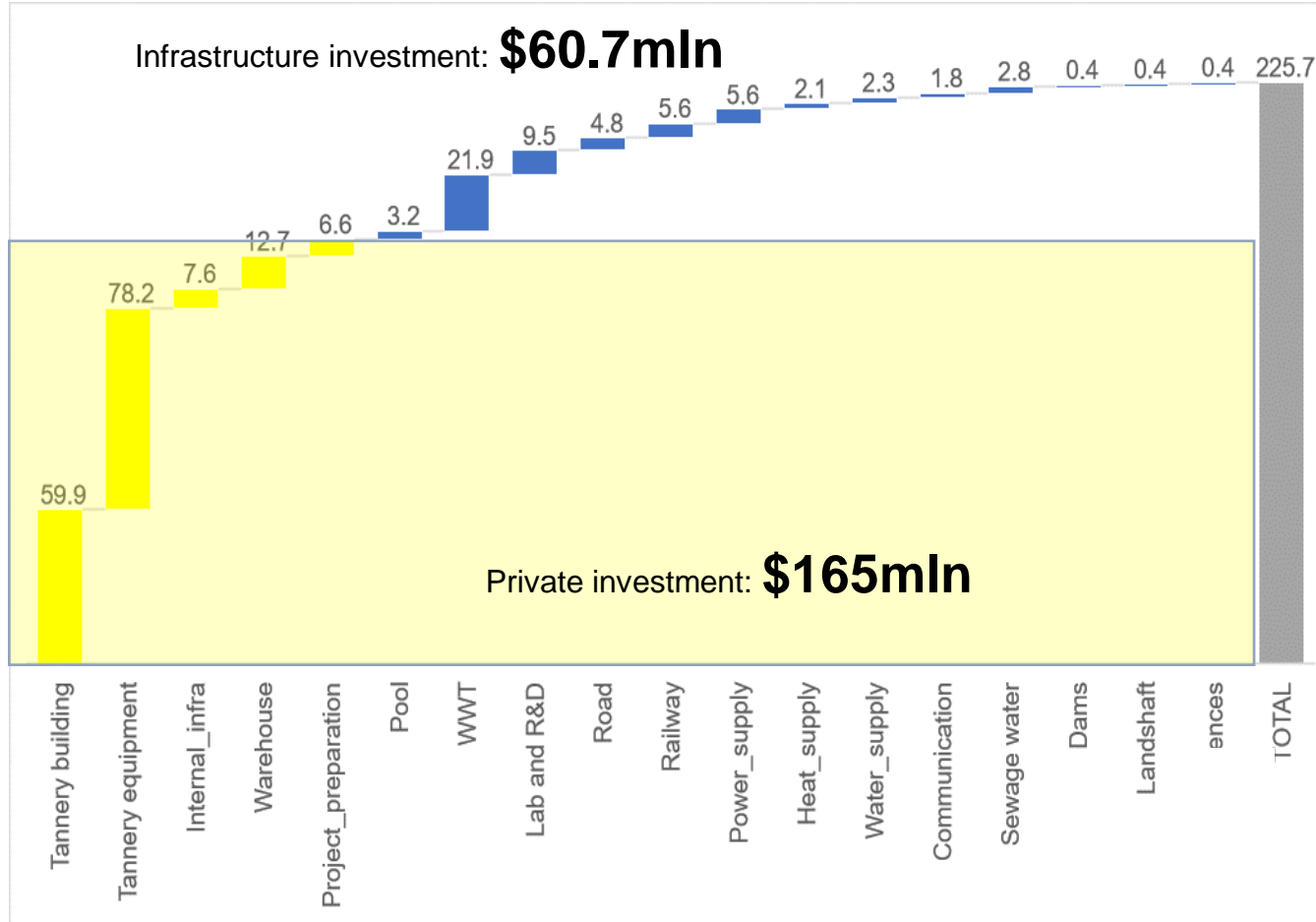
Purchase agreement ☒ Receiving interest letters

Contact Details

- 503, Business Tower, Sukhbaatar district, Ulaanbaatar, Mongolia
- Phone:(976) 9900 6079;
- Email: Enkhbayar@dlc.mn
enkhbayar.d@gmail.com

REQUIRED FUNDING FOR CAPEX

Million US\$



1

Total Required funding for CAPEX
US\$225.7 mln

2

Expected Return (IRR 36% at 15 year)

3

Additionally investment for Residential area of 3000 household

4

Total 2300 direct jobs will be created

INVESTMENT SUMMARY

Project summary:

Project Sponsor	Saraway LLC., Darkhan Leather Complex LLC
The purpose of the project	Export support and value add creation
CAPEX	\$ 225.7 million or 586.9 billion MNT
Source of funding	State budget, Development Bank of Mongolia and the Private Sectors
Funding Structure	30% Equity and 70% Debt

Investment rationales:

NPV	\$ 512.4 million
IRR	36%
Payback period	10 years
DSCR	Min DSCR-2

Project overview:

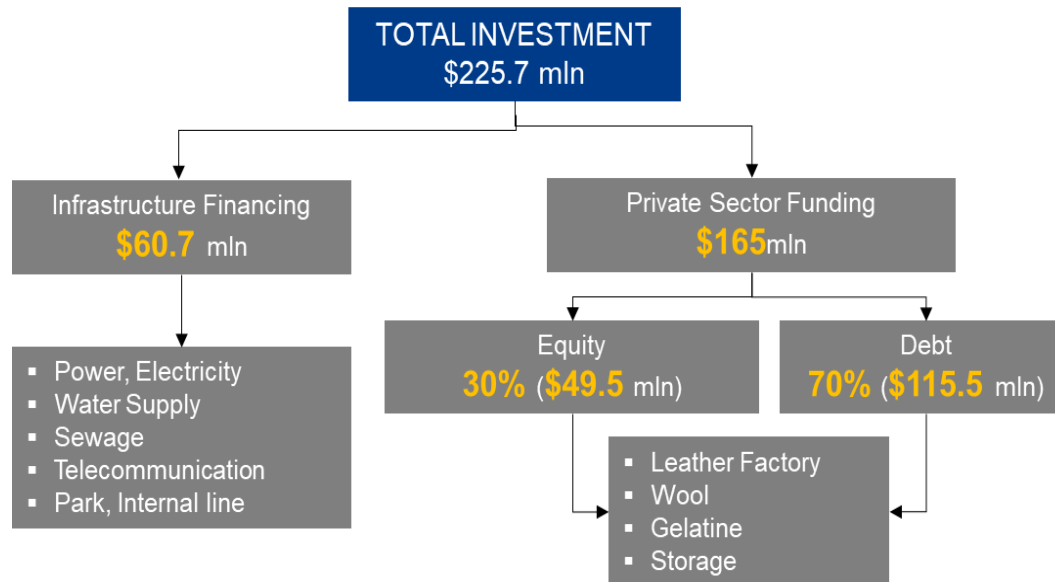
- Darkhan Leather Complex investment calculation is based on 10 million skins and hides capacity by data from DLC, SARAWAY, R&F Capital, IPAP Engineering, GBS, Geodata, Grandtech, Tavan Undes companies.

- Capacity:
 - ✓ 10 million skin and hides
 - ✓ 10,000tn wool
 - ✓ 1,000tn cashmere

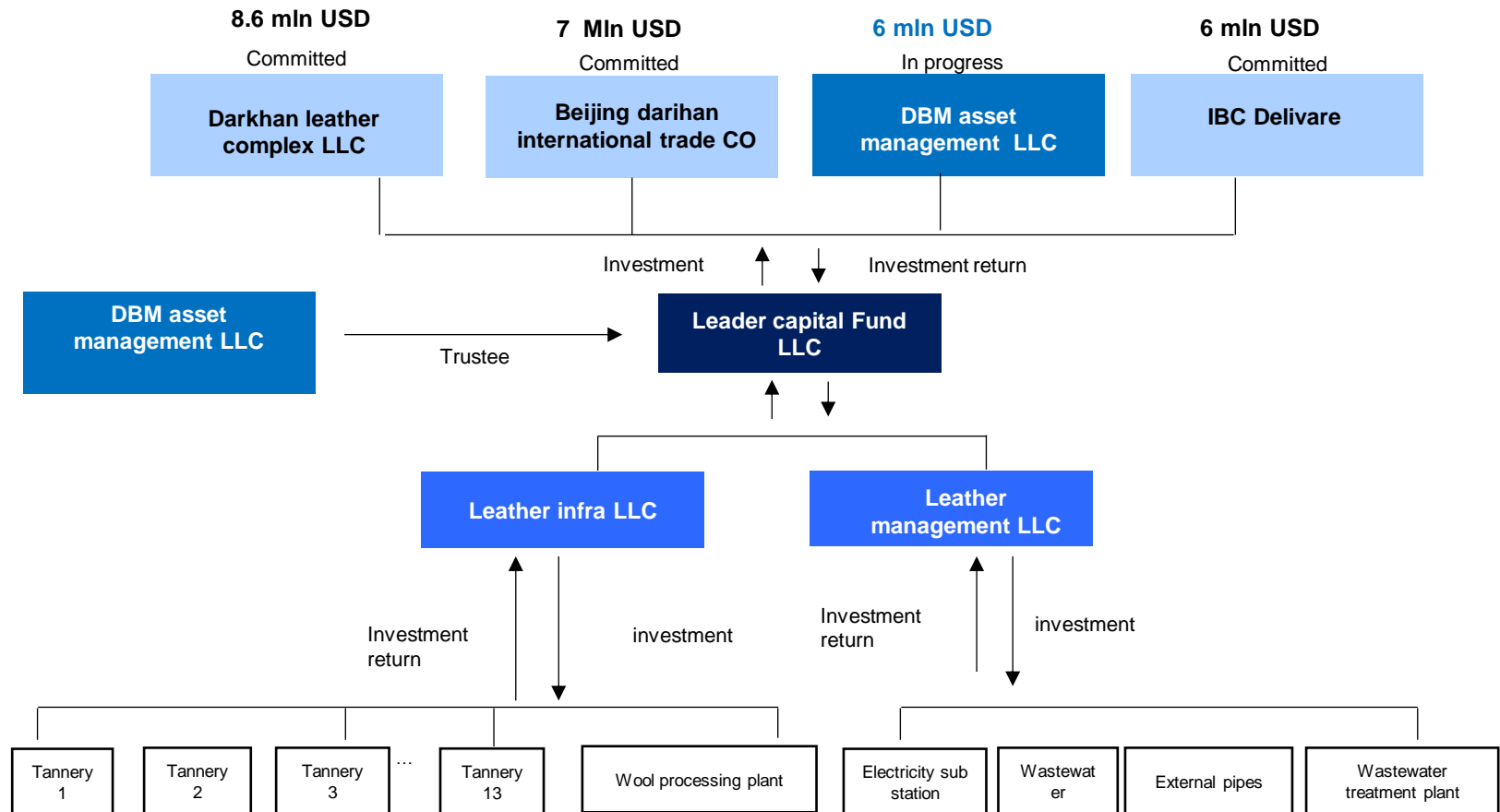
- Project Location: 220 km from Ulaanbaatar in Darkhan-Uul Province

- The Project Implementation Period: 2019-2034, and ongoing sustainable operation.

Project Investment structure



DARKHAN LEATHER COMPLEX FINANCING SCHEME



- Leader capital Fund LLC is investment vehicle of Darkhan leather complex project. The fund total is commitment is 45 million USD. The fund purpose is to fund Darkhan leather complex required equity investment. The fund consist of 2 sub fund: leather infra, which is to used to fund infrastructure; Leather management will be used to fund tanneries and other factory. DBM asset management LLC, subsidiary of Development bank of Mongolia, will manage the fund. Currently 21.6 mln USD is committed to fund from various investor.
- PROSPECTIVE INVESTORS ARE OPEN TO INVEST TO FUND.

POSSIBLE PARTNERSHIP FIELDS

As we discussed , I am sending Darkhan Leather Complex project's introduction and prospective partnership field we wanted from Turkish side in the following scope.

1. Mongolian leather industry research and development is declined due high productive sectors such as mining. To successfully implement project, the projects need to have own research and development center. We planned R&D center in Darkhan leather complex project, therefore we need capacity building technical assistant in this field. Thus, we are offering and requesting partnership Turkish leather R&D center, as result it would greatly contribute Mongolian leather's sector development, and It would be great if the capacity building technical assistant is financed from Turkish financial donors such as TIKA
2. Currently, Darkhan leather complex project are in financing stage. To fund project, Darkhan leather complex has set up Leather Capital LLC fund. Thus, we want to pitch project to prospective Turkish equity fund and companies
3. After Darkhan leather industry project's construction stage completed, 279 specialist is required to operate all tannery in next 3-4 years, thus we want to train students in Turkish university, which is specialized in leather and chemical R&D sector such as Egee university. We are requesting scholarship program from Turkish official agency.

“DARKHAN LEATHER COMPLEX PROJECT”

status

DARKHAN LEATHER INDUSTRY

PROJECT PREPARATION STATUS

PROJECT INFORMATION



Project unit	Darkhan Leather Industry LLC
Project purpose	Establish tannery and wool processing factories and its infrastructure
Investment	225.7 mln USD
Investment structure	~15% equity, 85% debt

Description: The project aims to construct Leather Industrial Complex (Darkhan Leather Complex/DLC) which will consist of 13 tanneries with annual processing capacity of 10 million skins and hides, wool (annual capacity of 10000 tons) scouring and dehairing factories, as well as cashmere (annual capacity of 1000 tons), and gelatin factory and more.

Sponsor: SARAWAY LLC, Darkhan Municipal Government

SPV: Darkhan Leather Complex LLC

Location: Khongor Soum, Darkhan-Uul province

PROJECT READINESS



Technical readiness

Equipment and technology research

Engineering and geology research

Market readiness

Market research

Market test: Product testing and test sales

Sales agreement

Project action plan status/PMBOK/

Master plan

Project preparation finance agreement

Technical permission

Design drawing

Permission to start the complex construction

Investment contract

Lending contract

Approve fiscal finance

EPC contract

Start construction

Төслийн бэлтгэл

Төслийн төлөвлөлт

Төслийн санхүүжилт

Төслийн бүтээн байгуулалт


done

planned

PROJECT PREPARATION STATUS

	Works	Technical condition	Work of scope of technical	Engineer geology	Engineer geology expert	Design drawing	Budget	Approval of design drawing and budget	Construction
1	Ovine tannery	✓	✓	✓	✓	✓	✓	✓	
2	Bovine tannery	✓	✓	✓	✓	✓	✓	✓	
3	Wool factory	✓	✓	✓	✓	✓	✓	✓	
4	Electricity sub station	✓	✓	✓	✓	✓	✓	✓	
5	Electricity sub station for construction	✓	✓	✓	✓	✓	✓	✓	✓
6	Heat pipeline	✓	✓	✓	✓	✓	✓	✓	
7	Water pipe	✓	✓	✓	✓	✓	✓	✓	
8	Waster water pipe	✓	✓	✓	✓	✓	✓	✓	
9	Wastewater treatment plant	✓	✓						

 done

 In progress

 pending

COMMITMENT LETTER

BEIJING DARIHAN INTERNATIONAL TRADE Co.LTD

INVESTMENT COMMITMENT LETTER

August 26, 2019

1. **Commitment.** Investor hereby commits, subject to the terms and conditions set forth herein, that, simultaneous with the Closing, we shall (i) purchase, or cause the purchase of, equity interests of Leather Capital LLC. for an aggregate amount equal to \$7,000,000.00 million (the "Cash Portion"), (ii) purchase, or cause the purchase of, an equity stake, comprised of a number of common stock shares in the Company beneficially owned by Investor as of the date hereof solely for the purpose of funding a portion of tannery plant in Darkhan leather complex and in accordance with the Equity investment agreement.

2. **Conditions.** Investor's obligation to satisfy the Commitment shall be subject to (a) the execution and delivery of the Equity investment agreement by the Company, and investment will be executed after Wastewater treatment plant in Darkhan leather complex become fully operational.

3. **No Modification, Entire Agreement.** This letter agreement may not be amended or otherwise modified without the prior written consent of Investment Investor. This letter agreement constitutes the sole agreement, and supersedes all prior agreements, representations, warranties, understandings and statements, written or oral, between Investor or any of its affiliates, on the one hand, and Investor, on the other hand, with respect to the transactions contemplated hereby. No transfer or assignment of any rights or obligations hereunder shall be permitted without the written consent of Investor. Any transfer or assignment in violation of the preceding sentence shall be null and void.

4. **Governing Law, Jurisdiction, Venue.** This letter agreement, and all claims and causes of action arising out of, based upon, or related to this letter agreement or the negotiation, execution or performance hereof, shall be governed by, and construed, interpreted and enforced in accordance with, the Laws of the Mongolian company law, without regard to choice or conflict of law principles that would result in the application of any Laws other than the Laws of the Mongolian company law. Any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement or the transactions contemplated hereby shall be brought solely in court within the Mongolia and any direct appellate court therefrom. Each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of such courts in respect of any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement and the rights and obligations arising hereunder and agrees that it will not bring any action arising out of, based upon or related to this letter agreement in any other court. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve process as set forth below, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by applicable Law, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum or (ii) the venue of such suit, action or proceeding is improper. Each of the parties hereto agrees that notice or the service of process in any action, suit or proceeding arising out of, based upon or relating to this letter agreement or the rights and obligations arising hereunder shall be properly served.

5. **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY AND ALL RIGHT SUCH PARTY MAY HAVE TO TRIAL BY JURY IN ANY LEGAL ACTION, SUIT OR PROCEEDING BETWEEN THE PARTIES HERETO ARISING OUT OF, BASED UPON OR RELATING TO THIS LETTER AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF.

6. **Counterparts.** This letter agreement may be executed in multiple counterparts (including by facsimile or PDF), all of which shall be considered one and the same agreement and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties.

7. **No Third-Party Beneficiaries.** This letter agreement shall inure to the benefit of and be binding upon Darkhan leather infrastructure LLC and Investor.

8. **Termination.** The obligation of Investor to fund the Commitment will terminate automatically and immediately upon the earliest to occur of (a) the termination of the Equity investment agreement in accordance with its terms and (b) the Closing, at which time the obligation will be fulfilled.

[Signature Page to Commitment Letter]

Agreed to and accepted:

Leather capital LLC

By: Leather Capital LLC
Name: Enkhbayar Davaatsuren
Title: CEO
Address: Room 503, 5th floor, BT Tower 2nd Khosholol 1st Khoroo, Sukhbaatar district, Ulaanbaatar city, Mongolia

Investor

By: Beijing Darihan International Trade Co., LTD
Name: Wang Wen Du Su
Title: Director
Address: Room 115, Dong Chang an hotel, No.A10, Jian Guo Men Vai street, Chao Yang district, Beijing China

COMMITMENT LETTER

IBC Delvalle LLC

INVESTMENT COMMITMENT LETTER

August 26th, 2019

1. **Commitment.** Investor hereby commits, subject to the terms and conditions set forth herein, that, simultaneous with the Closing, we shall (i) purchase, or cause the purchase of, equity interests of Leather Capital LLC, for an aggregate amount equal to \$ 6,000,000.00 (six million USD) minimum (the "Cash Portion"), (ii) purchase, or cause the purchase of, an equity stake, comprised of a number of common stock shares in the Company beneficially owned by Investor as of the date hereof solely for the purpose of funding a portion of tannery plant in Darkhan leather complex and in accordance with the Equity investment agreement.

2. **Conditions.** Investor's obligation to satisfy the Commitment shall be subject to (a) the execution and delivery of the Equity investment agreement by the Company, and investment will be executed after all the conditions required in Darkhan leather complex become fully fulfilled by the funder.

3. **No Modification: Entire Agreement.** This letter agreement may not be amended or otherwise modified without the prior written consent of Investment Investor. This letter agreement constitutes the sole agreement, and supersedes all prior agreements, representations, warranties, understandings and statements, written or oral, between Investor or any of its affiliates, on the one hand, and Investor, on the other hand, with respect to the transactions contemplated hereby. No transfer or assignment of any rights or obligations hereunder shall be permitted without the written consent of Investor. Any transfer or assignment in violation of the preceding sentence shall be null and void.

4. **Governing Law: Jurisdiction: Venue.** This letter agreement, and all claims and causes of action arising out of, based upon, or related to this letter agreement or the negotiation, execution or performance hereof, shall be governed by, and construed, interpreted and enforced in accordance with, the Laws of France law, without regard to choice or conflict of law principles that would result in the application of any Laws other than the Laws of France law. Any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement or the transactions contemplated hereby shall be brought solely in court within the France and any direct appellate court therefrom. Each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of such courts in respect of any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement and the rights and obligations arising hereunder and agrees that it will not bring any action arising out of, based upon or related to this letter agreement in any other court. Each of the parties hereto hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any legal action, suit or proceeding arising out of, based upon or relating to this letter agreement, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve process as set forth below, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by applicable Law, any claim that (i) the suit, action or proceeding in such court is brought in an inconvenient forum or (ii) the venue of such suit, action or proceeding is improper. Each of the parties hereto agrees that notice or the service of process in any action, suit or proceeding arising out of, based upon or relating to this letter agreement or the rights and obligations arising hereunder shall be properly served .

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* * * * *

[Signature Page to Commitment Letter]

Agreed to and accepted:

Leather capital LLC

By: Leather Capital LLC
Name: Enkhbayar Davaatseren
Title: CEO
Address: Room 503, 5th floor, BT Tower, 5th Khoroos, 1st Khoroos, Sukhbaatar district, Ulaanbaatar city, Mongolia



Investor

By: IBC Delvalle LLC
Name: Manuel Angel Ganzalez Garcia
Title: CEO and Main Founder
Address: Calle Poeta Joan Maragall, N. 1, Planta 15 Madrid, Spain



SALES AGREEMENT -MEDIA POST

Trial sales agreement with Media post: Supply 600k pieces crust

July 2th 2019

LEGAL CONTRACT BETWEEN GLOBAL MONGOLIA S.L. Partner Saraway LLC AND "MEDIAPOST SPAIN S.L.

On the one hand Mr. Teimen Zorigt, of legal age, from Madrid, addressed in Paseo de la Castellana 95, Edificio Torre Europa, Planta 15, 28046, Madrid and with id number Y2282955N.

On the other hand Don Ignacio Pi Corrales, of legal age, marital status married, from Madrid, addressed in the Avenue of Majuelo 19 and with id number 405058-M

LEGALLY TAKING PART FROM

First. in name and representation of GLOBAL MONGOLIA S.L. Partner Saraway LLC, addressed in Paseo de la Castellana 95, Edificio Torre Europa, Planta 15, Book 29.848 O Paper Sheet 24. Sheet M-537030, 1st inscription, con C.I.F. B66420833.

Acts like General Director of the mentioned company legally empowered enough to grant contracts under the name of "GLOBAL MONGOLIA S.L.", conferred by the notary D. Eduardo Gonzalez Oviedo The 12 of March of 2012 in Madrid, with number 415 of protocol.

And the second. in name and representation, as General Manager of the mercantile society "MEDIAPOST SPAIN S.L.", addressed in Valdemoro (Madrid), Majuelo Av. 19, and registered in Madrid Book 26.120 O Paper Sheet 130. Section 8 Sheet M-470825, 1st Inscription, con C.I.F. B-35543304.

The mentioned empowerment comes from a public social agreement registered by Don Ignacio Martinez-Gil Vich, Notary of Madrid the 30 of December of 2008, with number 3949 of protocol. Both parts have the legal capacity necessary to grant the present document, and to its corresponding legal effect.

DECLARE

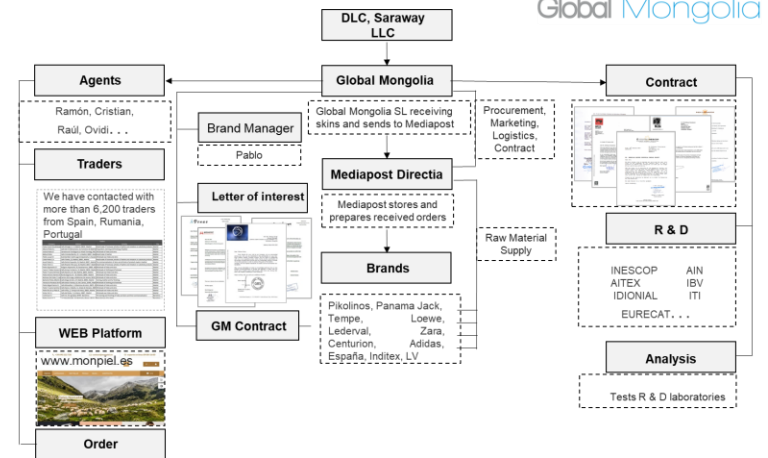
FIRST. - That "GLOBAL MONGOLIA S.L. Partner SARAWAY LLC" is interested in the hiring of services of storage, manipulation and distribution, being MEDIAPOST SPAIN S.L., a society that, among other own activities of its social object, dedicates itself to the accomplishment of these activities for third parties.

SECOND. - That, first being interested in entrusting to the second accomplishment of such activities, both parts have decided to celebrate the present contract to regulate the mentioned commercial supply relation, that will subject the following:

STIPULATIONS

FIRST. - Object and territorial scope. By means of the present document, GLOBAL MONGOLIA S.L. Partner Saraway LLC entrusts MEDIAPOST SPAIN S.L., the accomplishment of the storage activities, manipulation and distribution of his products, with a territorial scope that includes all the Spanish national territory (the Iberian Peninsula, Canary Islands and the Balears), and European territory, committing the second a to take to effect this work in accordance with the directives marked in the successive stipulations, and perceiving in exchange for the same economic return that also settles down in the present contract. Other territories might be included in this contract after written agreement between both parts.

Export Scheme



Letter of Interest and cooperation proposal



STRICTLY CONFIDENTIAL

THANK YOU!

Contact Us**Enkhbayar Davaatseren****CEO of DLC and Partner of SARAWAY LLC**

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