

**BIOMIND CORPORATION: PRIVATE OFFERING**

Registered Office: 2711 Centerville Road - Wilmington, Country of New Castle, Delaware 19808 - U.S.A. ; www.BiomindCorp.com  
Headquarters: Suite 619 – 7777 Alvarado Road - La Mesa, California 91941-3650 - U.S.A. Phone: +1 619 461-6511 Fax : +1 619 464-3824

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**CONFIDENTIAL  
PRIVATE OFFERING  
MEMORANDUM**

**March 1<sup>st</sup>, 2007**

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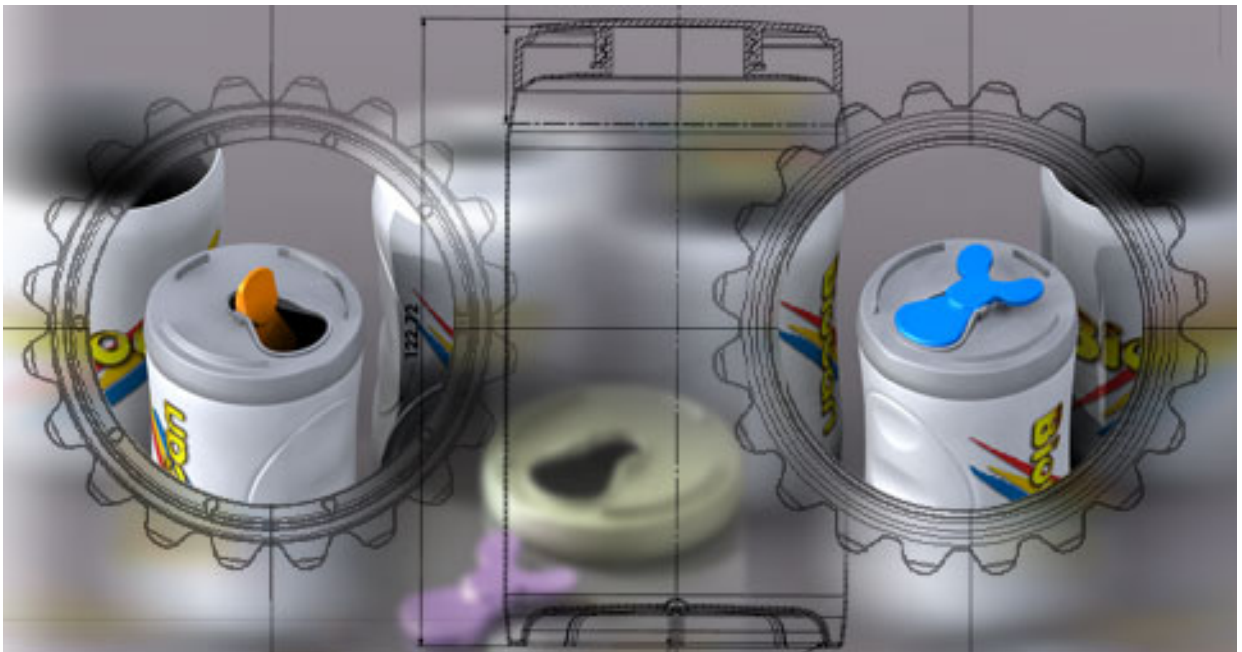


**Private Offering of USD 35,000,000  
Minimum Subscription USD 100,000**

**23,000,000 SHARES**

**At a progressive price from USD 1.00 to USD 2.00**

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# 1 DISCLAIMERS

## 1.1 DISCLAIMERS

There exists only an English version of this Private Offering Memorandum. The subscription agreement executed and signed by the Investor along with this Memorandum will be the reference in case of dispute.

## 1.2 CAUTIONARY STATEMENTS

This Disclosure Document contains statements relating to future results of the Company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform act of 1995 (the “Litigation Reform Act”). Section 27A(b)(2)(D) of the Securities Act and Section 21E(b)(2)(D) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as promulgated by the Litigation Reform act, expressly state that the safe harbor for forward-looking statements does not apply to statements made in connection with an initial public offering. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions, regulatory conditions, government healthcare spending and competitive pricing pressures.

When used in this Disclosure Document the words “estimate”, “project,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include those risks, uncertainties and risk factors identified in this Disclosure Document under the heading “Risk Factors.” The Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

## 1.3 GENERALITIES, DISCLAIMERS AND LIMITS OF RESPONSIBILITY

Biomind Corporation (the "Company") is offering for sale up to 23,000,000 shares of Common Stock, at a progressive price from USD 1.00 to USD 2.00, no par value (the "Common Stock"), of the Company.

The placement agents in connection with this offering are . The Shares are being offered in round lots of 25,000 shares. No trading market presently exists for the Shares. The minimum investment is USD 100,000.

The Private Offering price has been arbitrarily determined by the Company and approved by the placement agents. The Private Offering will begin on 1<sup>st</sup> February 2007 and continue until the Company has sold all of the Shares offered hereby, or such earlier date as the Company may in its discretion close or terminate the Private Offering. There is no required minimum amount of capital to be sold in the Private Offering. The Company reserves the right to cancel the Private Offering and to refund the investors at nominal cost, without further indemnification, if the Board of Directors believes that the amount raised through this Private Offering is not sufficient to achieve the contemplated goals.

IN CONNECTION WITH THIS PRIVATE OFFERING, NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE PRIVATE OFFERING MEMORANDUM. IF GIVEN OR MADE, SUCH REPRESENTATIONS SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THIS PRIVATE OFFERING DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY SHARES IN ANY COUNTRY OR STATE WHERE THE OFFER AND SALE OF THE SHARES IS NOT LAWFUL. THE DELIVERY OF THIS PRIVATE OFFERING MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN CONTAINED IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, OR TO ALLOT LESS THAN THE NUMBER OR AMOUNT OF SHARES FOR WHICH ANY PROSPECTIVE PURCHASER HAS SUBSCRIBED.

THE SHARES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AS THEY WILL BE OFFERED

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TO ACCREDITED INVESTORS ONLY. IT IS ANTICIPATED THEY WILL BE EXEMPT FROM THE REGISTRATION PROVISIONS OF SUCH ACT UNDER SECTION 4(2) THEREOF.

THIS OFFERING IS BEING MADE IN RELIANCE UPON THE EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 3(b) OF THE SECURITIES ACT OF 1933, AS AMENDED (the "1933 ACT") AND THE PROVISIONS OF REGULATION D PROMULGATED UNDER THE 1933 ACT ("REGULATION D"), THAT PERMITS GENERAL SOLICITATION AND GENERAL ADVERTISING SO LONG AS SALES ARE MADE ONLY TO "ACCREDITED INVESTORS" AS DEFINED IN RULE 501(a).

THESE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THERE FROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE PURCHASE OF THE SHARES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF ADEQUATE MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THIS INVESTMENT. POTENTIAL INVESTORS ARE URGED TO REVIEW CAREFULLY THE RISK FACTORS SECTION OF THIS MEMORANDUM FOR THE DISCUSSION OF THE CERTAIN RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY. THE PURCHASE PRICE OF THE SHARES HAS BEEN ARBITRARILY DETERMINED AND EACH PROSPECTIVE INVESTOR SHOULD MAKE AN INDEPENDENT EVALUATION OF THE FAIRNESS OF SUCH PRICE.

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, THE RECIPIENT AGREES NOT TO REPRODUCE IT OR DISCLOSE ANY OF ITS CONTENTS TO ANY PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY. THE RECIPIENT FURTHER AGREES TO PROMPTLY RETURN THIS MEMORANDUM AND ALL RELATED DOCUMENTS IN THE EVENT THAT SHARES WILL NOT BE PURCHASED.

THERE IS CURRENTLY NO PRIVATE OR PUBLIC MARKET FOR THE SHARES. EVEN IF A GOING PUBLIC PROCEDURE HAS BEEN INITIATED, NO ASSURANCE CAN BE GIVEN THAT ONE WILL DEVELOP. IN ADDITION, THERE ARE RESTRICTIONS UPON THE TRANSFER OF THE SHARES CONTAINED IN APPLICABLE SECURITIES LAWS IN THE UNITED STATES OF AMERICA. ACCORDINGLY, THE SHARES SHOULD NOT BE PURCHASED BY PERSONS WHO MAY NEED TO LIQUIDATE THEIR INVESTMENT.

AT ALL REASONABLE TIMES PRIOR TO THE CONCLUSION OF THE PRIVATE OFFERING, THE COMPANY WILL GIVE POTENTIAL SUBSCRIBERS AND THEIR REPRESENTATIVES THE OPPORTUNITIES TO ASK QUESTIONS AND RECEIVE ANSWERS FROM THEM CONCERNING THE TERMS AND CONDITIONS OF THIS PRIVATE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION TO THE EXTENT THAT THE COMPANY POSSESSES, OR CAN ACQUIRE SUCH INFORMATION WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE, INVOLVE A HIGH DEGREE OF RISK, AND SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT AFFORD THE LOSS OF HIS ENTIRE INVESTMENT. SEE "RISK FACTORS".

THIS DOCUMENT AND THE INFORMATION CONTAINED HEREIN ARE CONFIDENTIAL. IT IS SUPPLIED ON THE CONDITION THAT IT IS FOR THE SOLE USE OF THE PERSON WHOSE NAME APPEARS ON THE COVER PAGE AND SHALL NOT BE PASSED TO ANY OTHER PERSON. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC TO SUBSCRIBE FOR, OR TO PURCHASE ANY SECURITIES OF BIOMIND CORPORATION.

THIS MEMORANDUM HAS NOT BEEN REVIEWED, APPROVED OR DISAPPROVED, NOR HAS THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH HEREIN BEEN PASSED UPON BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES ADMINISTRATOR OF ANY OTHER JURISDICTION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

ANY DOCUMENT WHICH A POTENTIAL SUBSCRIBER WISHES TO REVIEW WILL BE MADE AVAILABLE FOR INSPECTION OR PROVIDED, UPON REQUEST, SUBJECT TO ALL POTENTIAL SUBSCRIBERS AGREEMENT TO MAINTAIN SUCH INFORMATION IN CONFIDENCE AND TO RETURN THE SAME TO THE COMPANY IF THE RECIPIENT DOES NOT PURCHASE THE SECURITIES OFFERED HEREUNDER. ANY SUCH INQUIRIES OR REQUESTS FOR ADDITIONAL

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INFORMATION OR DOCUMENTS SHOULD BE MADE IN WRITING TO THE COMPANY, ADDRESSED AS FOLLOWS:

Biomind Corporation  
Route des Jeunes 5d  
CH-1227 Les Acacias / Geneva  
Switzerland

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR TO GIVE ANY INFORMATION, WITH RESPECT TO THESE SECURITIES, EXCEPT IN ACCORDANCE WITH THE INFORMATION CONTAINED HEREIN AND, IF MADE OR GIVEN, SUCH REPRESENTATIONS CANNOT BE CONSTRUED AS GIVEN BY THE COMPANY OR THE OFFERING AGENTS. NEITHER THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF.

THE INFORMATION REPRESENTED HEREIN WAS PROVIDED BY THE COMPANY AND IS BEING FURNISHED SOLELY FOR THE USE OF THE PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFERING DESCRIBED HEREIN. THE OFFERINGS AGENTS HAVE NOT PREPARED THIS MEMORANDUM, MAKE NO REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THE MEMORANDUM, AND EXPRESSLY DISCLAIM ANY RESPONSIBILITY FOR THE INFORMATION CONTAINED HEREIN, EVEN IF A PROPER DUE DILIGENCE WAS PERFORMED.

THE STATEMENTS CONTAINED HEREIN ARE BASED ON INFORMATION BELIEVED BY THE COMPANY TO BE RELIABLE. NO WARRANTY CAN BE MADE AS TO THE ACCURACY OF SUCH INFORMATION, OR THAT CIRCUMSTANCES HAVE NOT CHANGED SINCE THE DATE SUCH INFORMATION WAS SUPPLIED.

THE PRICES AND OTHER TERMS OF THE SECURITIES TO WHICH THIS MEMORANDUM RELATES HAVE BEEN DETERMINED BY NEGOTIATION BETWEEN THE COMPANY AND THE OFFERING AGENT AND ARE ARBITRARY IN THAT THEY DO NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY, OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

THIS MEMORANDUM SHOULD BE READ IN CONJUNCTION WITH THE EXHIBITS HERETO INCLUDING, AND, IN PARTICULAR, THE COMPANY'S FINANCIAL INFORMATION.

THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY THE COMPANY OR THE OFFERING AGENT WITHOUT NOTICE. THE COMPANY AND THE OFFERING AGENT RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, FOR ANY REASON, OR TO ALLOT TO ANY SUBSCRIBER LESS THAN THE NUMBER OF SECURITIES SUBSCRIBED FOR.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE SECURITIES OFFERED HEREBY.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, INVESTMENT OR TAX ADVICE. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR PERSONAL ADVISORS AS TO LEGAL, INVESTMENT, TAX AND RELATED MATTERS CONCERNING AN INVESTMENT BY SUCH PROSPECTIVE INVESTORS IN THE COMPANY.

IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THE SECURITIES TO SATISFY HIMSELF AS TO THE FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT JURISDICTION IN CONNECTION WITH ANY SUCH PURCHASES, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

## 1.4 JURISDICTIONAL NOTICES

NOTICE TO RESIDENTS OF ALL JURISDICTIONS

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THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES COMMISSION IN ANY JURISDICTION, OR ANY REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### 1.5 INVESTOR SUITABILITY STANDARDS

THIS INVESTMENT IS, IN GENERAL, ONLY SUITABLE FOR PERSONS WHO ARE “ACCREDITED INVESTORS” AS DEFINED BELOW. THE COMPANY MAY, HOWEVER, MAKE EXCEPTIONS TO THIS SUITABILITY STANDARD AND PERMIT SALE TO PERSONS WHO ARE NOT ACCREDITED INVESTORS IF SUCH PERSONS (i) ARE NOT RESIDENTS OR CITIZENS OF THE U.S. AND (ii) ARE ABLE TO DEMONSTRATE THEIR FINANCIAL SOPHISTICATION TO THE SATISFACTION OF THE COMPANY.

THE TERM “ACCREDITED INVESTOR” MEANS ANY PERSON WHO COMES WITHIN ANY OF THE FOLLOWING CATEGORIES, OR WHO THE COMPANY REASONABLY BELIEVES COMES WITHIN ANY OF THE CATEGORIES, AT THE TIME OF THE SALE OF THE COMMON STOCK TO THAT PERSON:

1. ANY BANK AS DEFINED IN SECTION 3 (a) (2) OF THE ACT, OR ANY SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION AS DEFINED IN SECTION 3 (a) (5) (A) OF THE ACT WHETHER ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY; ANY BROKER OR DEALER REGISTERED PURSUANT TO SECTION 15 OF THE SECURITIES EXCHANGE ACT OF 1934; ANY INSURANCE COMPANY AS DEFINED IN SECTION 2 (13) OF THE ACT; ANY INVESTMENT COMPANY REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940 OR A BUSINESS DEVELOPMENT COMPANY AS DEFINED IN SECTION 2 (a) (48) OF THAT ACT; ANY SMALL BUSINESS INVESTMENT COMPANY LICENSED BY THE U.S. SMALL BUSINESS ADMINISTRATION UNDER SECTION 301 (c) or (d) OF THE SMALL BUSINESS INVESTMENT ACT OF 1958; ANY PLAN ESTABLISHED AND MAINTAINED BY STATE, ITS POLITICAL SUBDIVISION OR ANY AGENCY OR INSTRUMENTALITY OF A STATE OR ITS POLITICAL SUBDIVISIONS, FOR THE BENEFIT OF ITS EMPLOYEES, IF SUCH PLAN HAS TOTAL ASSETS IN EXCESS OF USD 5,000,000; ANY EMPLOYEE BENEFIT PLAN WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 IF THE DECISION IS MADE BY A PLAN FIDUCIARY, AS DEFINED IN SECTION 3 (21) OF SUCH ACT, WHICH IS EITHER A BANK, SAVINGS AND LOAN ASSOCIATION, INSURANCE COMPANY, OR REGISTERED INVESTMENT ADVISER, OR IF THE EMPLOYEE BENEFIT PLAN HAS TOTAL ASSETS IN EXCESS OF USD 5,000,000 OR, IF A SELF-DIRECTED PLAN, WITH INVESTMENT DECISIONS MADE SOLELY BY PERSONS THAT ARE ACCREDITED INVESTORS;
2. ANY PRIVATE BUSINESS DEVELOPMENT COMPANY AS DEFINED IN SECTION 202 (a) 22 OF THE INVESTMENT ADVISERS ACT OF 1940;
3. ANY ORGANISATION DESCRIBED IN SECTION 501 (c) 3 OF THE INTERNAL REVENUE CODE, CORPORATION, MASSACHUSETTS OR SIMILAR BUSINESS TRUST, OR PARTNERSHIP, NOT FORMED FOR THE SPECIFIC PURPOSE OF ACQUIRING THE SECURITIES OFFERED, WITH TOTAL ASSETS IN EXCESS OF USD 5,000,000;
4. ANY DIRECTOR, EXECUTIVE OFFICER OR GENERAL PARTNER OF THE ISSUER OF THE SECURITIES BEING OFFERED OR SOLD, OR ANY DIRECTOR, EXECUTIVE OFFICER OR GENERAL PARTNER OF A GENERAL PARTNER OF THAT ISSUER;
5. ANY NATURAL PERSON WHOSE NET WORTH, OR JOINT NET WORTH WITH THAT PERSON’S SPOUSE, AT THE TIME OF HIS PURCHASE EXCEEDS USD 1,000,000;
6. ANY NATURAL PERSON WHO HAD AN INDIVIDUAL INCOME OF IN EXCESS OF USD 200,000 IN EACH OF THE TWO MOST RECENT YEARS OR JOINT INCOME WITH THAT PERSON’S

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- SPOUSE IN EXCESS OF USD 300,000 IN EACH OF THOSE YEARS AND HAS A REASONABLE EXPECTATION OF REACHING THE SAME INCOME LEVEL IN THE CURRENT YEAR;
7. ANY TRUST, WITH TOTAL ASSETS IN EXCESS OF USD 5,000,000, NOT FORMED FOR THE SPECIFIC PURPOSE OF ACQUIRING THE SECURITIES OFFERED, WHOSE PURCHASE IS DIRECTED BY A SOPHISTICATED PERSON AS DESCRIBED IN RULE 506 (b) (2) (ii) AND
  8. ANY ENTITY IN WHICH ALL OF THE EQUITY OWNERS ARE ACCREDITED INVESTORS.

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## 2 RESTRICTIVE LEGENDS

(THE INCLUSION OF RESTRICTIVE LEGENDS FOR EACH STATE IN THIS MEMORANDUM IS NOT INTENDED TO IMPLY THAT THE SHARES COVERED BY THIS MEMORANDUM ARE TO BE OFFERED FOR SALE IN EACH OF SUCH STATES, OR IN ANY NUMBER OF STATES, BUT IS MERELY A PRECAUTION IN THE EVENT THIS MEMORANDUM MAY BE DELIVERED, BROUGHT OR TRANSMITTED INTO ANY STATE OTHER THAN BY THE ISSUER).

FOR RESIDENTS OF ALL STATES:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD SOLELY IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND SUCH LAWS. THERE IS NO PUBLIC MARKET FOR THE SECURITIES OF THE COMPANY. EVEN IF SUCH MARKET EXISTED, PURCHASERS OF SECURITIES WILL BE REQUIRED TO REPRESENT THAT THE SECURITIES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY AND NOT WITH A VIEW TO SALE OR DISTRIBUTION, AND PURCHASERS WILL NOT BE ABLE TO RESELL THE SECURITIES UNLESS THE SECURITIES ARE REGISTERED UNDER THE ACT AND QUALIFIED UNDER THE APPLICABLE STATE STATUTES (OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION AND QUALIFICATION IS AVAILABLE). PURCHASERS OF THE SECURITIES SHOULD BE PREPARED TO BEAR THE ECONOMIC RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER STATE OR FEDERAL REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING NOR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE. THIS MEMORANDUM MAY BE SUPPLEMENTED BY ADDITIONAL STATE LEGENDS.

FOR ALABAMA RESIDENTS ONLY:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR ALASKA RESIDENTS ONLY:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR ARIZONA RESIDENTS ONLY:

THESE SECURITIES ARE BEING SOLD IN RELIANCE UPON ARIZONA'S LIMITED OFFERING EXEMPTION

FROM REGISTRATION PURSUANT TO A.R. S. 44-1844.

THE STOCKS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT, AS AMENDED, AND THEREFORE, CANNOT BE TRANSFERRED OR RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR AN EXEMPTION THEREFROM IS AVAILABLE.

AS A PURCHASER OF SUCH SECURITIES I HEREBY REPRESENT THAT I UNDERSTAND THESE SECURITIES CANNOT BE RESOLD WITHOUT REGISTRATION UNDER THE ARIZONA SECURITIES ACT OR AN EXEMPTION THEREFROM. I AM NOT AN UNDERWRITER WITHIN THE MEANING OF A.R.S. 44-1801(17), AND I AM ACQUIRING THESE SECURITIES FOR MYSELF, NOT FOR OTHER PERSONS. IF QUALIFYING AS A NON-ACCREDITED INVESTOR, I FURTHER REPRESENT THAT THIS INVESTMENT DOES NOT EXCEED 20% OF MY NET WORTH (EXCLUDING PRINCIPAL RESIDENCE, FURNISHINGS THEREIN AND PERSONAL AUTOMOBILES).

FOR ARKANSAS RESIDENTS ONLY:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(B)(14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR CALIFORNIA RESIDENTS ONLY:

THE SALE OF THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR THE RECEIPT OF CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE THEREOF IS EXEMPT UNDER APPLICABLE LAW. THE COMPANY IS RELYING ON THE EXEMPTION FROM SUCH QUALIFICATION PROVIDED BY SECTION 25102(f) OF THE CALIFORNIA CORPORATIONS CODE.

FOR COLORADO RESIDENTS ONLY:



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THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1981 BY REASONS OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1981, IF SUCH REGISTRATION IS REQUIRED

FOR CONNECTICUT RESIDENTS ONLY:

THE SECURITIES REFERRED TO IN THIS MEMORANDUM WILL BE SOLD PURSUANT TO THE EXEMPTION SET OUT IN SECTION 36-490(B) (9) OF THE CONNECTICUT UNIFORM SECURITIES ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF CONNECTICUT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR FLORIDA RESIDENTS ONLY:

PURSUANT TO SECTION 517.061(11)(a)(5) OF THE FLORIDA STATUTES, IF SECURITIES ARE SOLD TO FIVE OR MORE FLORIDA RESIDENTS, FLORIDA INVESTORS WILL HAVE A THREE (3) DAY RIGHT OF RESCISSION. INVESTORS WHO HAVE EXECUTED A SUBSCRIPTION AGREEMENT MAY ELECT, WITHIN THREE (3) BUSINESS DAYS AFTER THE FIRST TENDER OF CONSIDERATION THEREFORE, TO WITHDRAW THEIR SUBSCRIPTION AND RECEIVE A FULL REFUND OF ANY MONEY PAID BY THEM. SUCH WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH SUCH WITHDRAWAL, AN INVESTOR NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY AT THE ADDRESS SHOWN HEREIN INDICATING HIS INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM MUST BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THIRD BUSINESS DAY. IF SENDING A LETTER, AN INVESTOR SHOULD SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND TO EVIDENCE THE TIME WHEN IT IS MAILED. ANY ORAL REQUESTS FOR RESCISSION SHOULD BE ACCOMPANIED BY A REQUEST FOR WRITTEN CONFIRMATION THAT THE ORAL REQUEST WAS RECEIVED ON A TIMELY BASIS.

FOR GEORGIA RESIDENTS ONLY:

THESE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10-5-9 OF THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

FOR IDAHO RESIDENTS ONLY:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT AND THEREFORE CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE SO REGISTERED OR UNLESS

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AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR ILLINOIS RESIDENTS ONLY:

THESE SECURITIES HAVE NOT BEEN REGISTERED, APPROVED OR DISAPPROVED BY THE STATE OF ILLINOIS NOR HAS THE SECRETARY OF STATE OF THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OF THIS CONFIDENTIAL DOCUMENT. IN ADDITION, THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE CONFIDENTIAL DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR INDIANA RESIDENTS ONLY:

THE INDIANA SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATION OF, NOR RECOMMENDED NOR GIVEN APPROVAL TO, THE SECURITIES HEREBY OFFERED, NOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. PENDING PERFECTION OF THE EXEMPTION UNDER SECTION 23-1-2(B) (10) OF THE INDIANA BLUE SKY LAW, THE OFFERING IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE. THESE SECURITIES ARE SPECULATIVE, HAVE NOT BEEN REGISTERED UNDER SECTION 3 OF THE INDIANA SECURITIES ACT AND, THEREFORE, CANNOT BE RESOLD OR TRANSFERRED, UNLESS THEY ARE SO REGISTERED NOR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR LOUISIANA RESIDENTS ONLY:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE LOUISIANA SECURITIES LAW AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED NOR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE SECURITIES HAVE NOT BEEN APPROVED NOR DISAPPROVED BY SECURITIES EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING NOR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR MARYLAND RESIDENTS ONLY:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE ACT) NOR THE MARYLAND SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE ACT OR THE MARYLAND SECURITIES ACT, IF SUCH REGISTRATION IS REQUIRED.

FOR MASSACHUSETTS RESIDENTS ONLY:

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THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR THE MASSACHUSETTS SECURITIES ACT, BY REASON OF THE MASSACHUSETTS UNIFORM LIMITED OFFERING EXEMPTION RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS SECURITIES ACT, IF SUCH REGISTRATION IS REQUIRED.

FOR MICHIGAN RESIDENTS ONLY:

THE SECURITIES REFERRED TO IN THIS MEMORANDUM WILL BE SOLD TO AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 402(B)(9) OF THE MICHIGAN BLUE SKY LAW. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID LAW AND MAY NOT BE RESOLD EXCEPT IN ACCORDANCE WITH SAID LAW. WITHIN SIX MONTHS OF THE COMMENCEMENT OF THE OFFERING OF THE SECURITIES, OR THE TERMINATION OF THE SUBSCRIPTION PERIOD AS SET FORTH IN THIS PRIVATE OFFERING MEMORANDUM, WHICHEVER FIRST OCCURS, THE COMPANY SHALL, IF SALES OF THE SECURITIES ARE MADE TO MICHIGAN RESIDENTS, PREPARE AND FURNISH TO INVESTORS A DETAILED WRITTEN STATEMENT OF THE APPLICATION OF PROCEEDS OF THE OFFERING, AS WELL AS ANY OTHER APPLICABLE STATEMENTS AND REPORTS REQUIRED TO BE FURNISHED UNDER APPLICABLE LAW.

FOR NEW HAMPSHIRE RESIDENTS ONLY:

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE UNDER THIS CHAPTER HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FOR NEW JERSEY RESIDENTS ONLY:

THESE SECURITIES ARE OFFERED IN RELIANCE ON AN EXEMPTION FROM REGISTRATION UNDER THE NEW JERSEY UNIFORM SECURITIES LAW. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFER OR RESOLD WITHOUT COMPLIANCE WITH THE REGISTRATION PROVISIONS OF SAID LAW OR AN EXEMPTION THEREFROM. THE BUREAU OF SECURITIES OF NEW JERSEY HAS NOT PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM AND DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF THE SECURITIES.

FOR NEW MEXICO RESIDENTS ONLY:

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THE SECURITIES DESCRIBED HEREIN ARE OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF NEW MEXICO (THE "ACT"). ACCORDINGLY, THE NEW MEXICO SECURITIES BUREAU HAS NOT REVIEWED THE OFFERING OF THESE SECURITIES AND HAS NOT APPROVED OR DISAPPROVED THIS OFFERING. THE NEW MEXICO SECURITIES BUREAU HAS NOT PASSED UPON THE VALUE OF THESE SECURITIES OR UPON THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PRIVATE OFFERING MEMORANDUM. THESE SECURITIES MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED WITHOUT REGISTRATION UNDER THE ACT OR AN EXEMPTION THEREFROM.

FOR NEW YORK RESIDENTS ONLY:

THIS CONFIDENTIAL PRIVATE OFFERING MEMORANDUM DOES NOT KNOWINGLY CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT NOR KNOWINGLY OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON NOR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE OFFERING OF THE SECURITIES HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK BECAUSE OF THE OFFERORS' REPRESENTATIONS THAT THIS IS INTENDED TO BE A NONPUBLIC OFFERING PURSUANT TO REGULATION D, AND THAT IF ALL THE CONDITIONS AND LIMITATIONS OF REGULATION D ARE NOT COMPLIED WITH, THE OFFERING WILL BE RESUBMITTED TO THE ATTORNEY GENERAL FOR AMENDED EXEMPTION. ANY OFFERING LITERATURE USED IN CONNECTION WITH THE OFFERING HAS NOT BEEN PRE-FILED WITH THE ATTORNEY GENERAL AND HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL.

EACH NEW YORK INVESTOR WILL BE REQUIRED TO AGREE THAT HE OR SHE WILL NOT SELL OR OTHERWISE TRANSFER THESE SECURITIES, UNLESS THEY ARE REGISTERED UNDER THE SECURITY ACT OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. EACH NEW YORK INVESTOR WILL BE REQUIRED TO REPRESENT THAT HE OR SHE HAS ADEQUATE MEANS OF PROVIDING FOR HIS OR HER CURRENT NEEDS AND POSSIBLE PERSONAL CONTINGENCIES AND THAT HE OR SHE HAS NO NEED FOR LIQUIDITY OF THIS INVESTMENT. ALL DOCUMENTS, RECORDS AND BOOKS PERTAINING TO THIS INVESTMENT WILL BE MADE AVAILABLE FOR INSPECTION BY EACH NEW YORK INVESTOR AND HIS OR HER ATTORNEY OR HIS OR HER ACCOUNTANT OR HIS OR HER PURCHASER REPRESENTATIVE, AND THAT THE BOOKS AND RECORDS OF THE ISSUER WILL BE AVAILABLE, UPON REASONABLE NOTICE, FOR INSPECTION BY INVESTOR AT REASONABLE HOURS AT ITS PRINCIPLE PLACE OF BUSINESS.

ALL NEW YORK INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY UNDERSTAND THAT THE OFFERING MAY BE MADE ONLY TO THOSE NON-ACCREDITED RESIDENTS OF NEW YORK WHO: HAVE A NET WORTH (ALONE OR JOINTLY WITH A SPOUSE, BUT EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF THREE TIMES THE AMOUNT OF THE INVESTMENT AND AN ADJUSTED GROSS INCOME (ALONE OR JOINTLY WITH A SPOUSE, BUT EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF FIVE TIMES THE AMOUNT OF THE INVESTMENT.

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### FOR OREGON RESIDENTS ONLY:

THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE DIRECTOR OF THE DEPARTMENT OF INSURANCE AND FINANCE FOR THE STATE OF OREGON UNDER PROVISIONS OF OAR 441-65-060 THROUGH 445-65-240. THE INVESTOR IS ADVISED THAT THE DIRECTOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT, AND HAS NOT REVIEWED THIS DOCUMENT. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES, AND OF THE TERMS OF THE OFFERING INCLUDING THE MAKING OF AN INVESTMENT DECISION ON THESE SECURITIES.

### FOR PENNSYLVANIA RESIDENTS ONLY:

EACH SUBSCRIBER WHO IS A PENNSYLVANIA RESIDENT HAS THE RIGHT TO CANCEL AND WITHDRAW HIS SUBSCRIPTION AND HIS PURCHASE OF SECURITIES THEREUNDER, UPON WRITTEN NOTICE TO THE COMPANY GIVEN WITHIN TWO BUSINESS DAYS FOLLOWING THE RECEIPT BY THE COMPANY OF HIS EXECUTED SUBSCRIPTION AGREEMENT. ANY NOTICE OF CANCELLATION OR WITHDRAWAL SHOULD BE MADE BY TELEGRAM OR CERTIFIED OR REGISTERED MAIL AND WILL BE EFFECTIVE UPON DELIVERY TO WESTERN UNION OR DEPOSIT IN THE UNITED STATES MAIL, POSTAGE OR OTHER TRANSMITTAL FEES PREPAID. UPON SUCH CANCELLATION OR WITHDRAWAL, THE SUBSCRIBER WILL HAVE NO OBLIGATION OR DUTY UNDER THE SUBSCRIPTION AGREEMENT TO THE COMPANY OR ANY OTHER PERSON AND WILL BE ENTITLED TO THE FULL RETURN OF ANY AMOUNT PAID BY HIM, WITHOUT INTEREST.

NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY PASSED OR ENDORSED THE MERITS OF THIS OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

PENNSYLVANIA SUBSCRIBERS MAY NOT SELL THEIR SECURITIES FOR ONE YEAR FROM THE DATE OF PURCHASE IF SUCH A SALE WOULD VIOLATE SECTION 203(D) OF THE PENNSYLVANIA SECURITIES ACT.

PENNSYLVANIA RESIDENTS WHO ARE NOT ACCREDITED INVESTORS MUST MEET THE SUITABILITY REQUIREMENTS SET FORTH IN THIS MEMORANDUM AND MUST HAVE A NET WORTH (EXCLUSIVE OF HOMES, HOME FURNISHINGS AND PERSONAL AUTOMOBILES) OF AT LEAST FIVE (5) TIMES THE AMOUNT OF HIS PROPOSED INVESTMENT.

### FOR SOUTH CAROLINA INVESTORS ONLY:

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

### FOR SOUTH DAKOTA RESIDENTS ONLY:

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EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE WHOLE OR FRACTIONAL SECURITIES MUST WARRANT THAT HE HAS EITHER A MINIMUM ANNUAL GROSS INCOME OF USD30,000.00 OR A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF USD75,000.00. ADDITIONALLY, EACH INVESTOR WHO IS NOT AN ACCREDITED INVESTOR OR WHO IS AN ACCREDITED INVESTOR SOLELY BY HIS NET WORTH, INCOME OR AMOUNT OF INVESTMENT SHALL NOT MAKE AN INVESTMENT IN HIS PROGRAM IN EXCESS OF TWENTY PERCENT (20%) OF HIS NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES).

FOR TENNESSEE RESIDENTS ONLY:

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE TENNESSEE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO THE REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR TEXAS RESIDENTS ONLY:

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE TEXAS SECURITIES ACT, AS AMENDED, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE SECURITIES HAVE NOT BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION NOR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON NOR ENDORSED THE MERITS OF THIS OFFERING NOR THE ACCURACY NOR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR VIRGINIA RESIDENTS ONLY:

ANY PREDICTIONS OR REPRESENTATIONS, ORAL OR WRITTEN, WHICH DO NOT CONFORM TO THOSE PRESENTED IN THIS MEMORANDUM ARE STRICTLY PROHIBITED.

FOR WASHINGTON RESIDENTS ONLY:

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THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER TRHE SECURITIES ACT OF 1933, AS AMENDED, OR THE WASHINGTON SECURITIES ACT, CHAPTER 21.20 RCW, BY REASONS OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WASHINGTON SECURITIES ACT, IF SUCH REGISTRATION IS REQUIRED.



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# 4 EXECUTIVE SUMMARY

## 4.1 INTRODUCTION

Biomind Corp's objective is to develop, produce and sell a full range of biodegradable and compostable products and packages. Those products can easily replace those using fossil resources such as plastic, without changing habits, and offer a simple alternative solution to petrochemical materials.

## 4.2 CONTACT

The senior personnel are:

Biomind Corporation M. Bernard IVALDI - President Route des Jeunes 5d CH – 1227 Les Acacias / Geneva Switzerland Phone: +41 22 787 6000 Fax: +41 22 787 6001 E-mail: investor@biomindcorp.com	The Placement Agents:
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## 4.3 COMPANY SUMMARY

Biomind Corp already develops and offers a wide range of biodegradable and compostable products and packages, originated by now integrated companies:

LipUp started in the late '90s in France with the Lipup® System™ and merged in '06 with Biomind W. Eckey in Germany that had complementary products and know-how. The new Biomind Corp Company now offers a unique full range of products, materials, and expertise in its marketplace.

The newly formed company operates in a fast emerging market - biodegradable products and packages – that only represents 0,2% of plastic packages market worldwide at the moment. This market is due to face outstanding growth in the new years, due to a strong pressure at all levels, to reduce or ban the use of fossil resources when alternative ones exist. This heavy trend is a Worldwide trend.

Biomind Corp. holds a number of patents and know-how that will help become a leading company in the near future:

The FlipCup™:

- The BioCan™:
- The BioTainer™:
- Lipup® System™:

See detailed description on section 6.6

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### 4.4 MANAGEMENT

This is key information:

Name	Position	Age
Dany Prieto	Chairman/General Manager (Switzerland)	55
Bernard Ivaldi	President	59
Eric Naszalyi	Chief Executive Officer	40
Wolfgang Eckey	Chief Operational Officer	58
Mehdi Lograda	Chief Financial Officer	27
Kelly Lehrmann	Chief Marketing Officer	36
Glenn Tobias	Chief Design Officer	48
Bruno Bimet	Chief Sales Officer	38
Francis Romero Cortell	Chief Administrative Officer	47
Pascal Berger	VP Product Manager	38
Neddy Otmani	VP Research & Development	28
Christian Lau	Legal Department Manager	27
Alain Faucher	Key Account Manager	41

Dany PRIETO: French citizen and Swiss resident. Inventor of LipUp System, Biocan and Biotainer. Graduated Engineer he managed a 35 people firm among other experiences. He is fully dedicated to providing solutions to protect earth and replace the use of fossil resources whenever possible.

Bernard IVALDI: French citizen and Swiss resident and Graduated from Columbia Pacific University. He has held a number of senior administrative positions in the USA, France, Belgium and Switzerland over the past 30 years, including Laboratories Helvetica Pharma.

Eric NASZALYI: French citizen graduated from Paris Business School. Worked for Kimberly-Clark and SC. Johnson, then started the Gojo France Operations. His main expertises are marketing, sales and sales management.

Wolfgang ECKEY: German citizen. He worked with Novamont in developing the process for molding Mater-Bi materials. He founded Biomind W. Eckey in 2004 and supplied the Winter Olympic in Torino, Italy with cutlery and cups. He also developed biodegradable trays for the air industry.

Mehdi LOGRADA: French citizen. Graduated from a French Business School and MBA in financial engineering earned in Geneva. Wrote a thesis about IPOs for Corporate financing purposes.

Kelly LEHRMANN: American citizen. BS in Finance from Mankato State University, she has 21 years of sales and marketing experiences. As President of Biocorp Inc, she has consistently increased sales and revenues, being involved with key organizations such as Wal-Mart, Target or Ikea.

Glenn TOBIAS: American citizen. Inventor of the FlipCup system, he is the Chief Designer for new products and will also help for promotion using is considerable expertise and capabilities in the media, due to his 20 years of involvement in infomercials.

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Bruno BIMET: French citizen. He has strong manager skills earned through previous experiences at Apple Center, Kenobee Multimedia. As Co-Founder of Novalto Company he is also able to be in a start-up position, and recruit, train and develop sales and sales forces.

Francis ROMERO CORTELL: French citizen. Graduated in Business Management and specialized in Human Resources. Former Corporate Supervisor for Europcar France, he also ran the administrative and financial department for a 35 people company.

Pascal BERGER: French citizen. Graduated on International Trade, he worked for companies such as Rank Xerox or Carrefour, and directed F&B in Geneva. He then launched the first range of disposable biodegradable/compostable crockery.

Neddy OTMANI: French citizen. Graduated from the famous engineer school Ecole des Mines with a Master degree. His skills and training are Manufacturing Management and Supply Chain. He was involved with Dany Prieto in the early days in developing the biodegradable can.

Christian LAU: Polynesian citizen and Swiss resident. He has an academic formation in Legal and Laws, and a Bachelor in Literature. Former teacher, he is astute in Human Relation and is a skillful jurist.

Alain FAUCHER: French citizen. Among his 15 years of experience, he has been in charge of Sales Development and well involved in Import-Export businesses for Mitsui Osk Lines, the Japanese firm.

## 4.5 PRODUCT OR SERVICE

BIOMIND holds a number of patents, and is the only one supplier able to offer a full line to catering industry and food service, the Bioline. Besides standard cutlery and plates, some unique products are ready to be introduced in a big way in the marketplace:

**-The FlipCup™:**

Cup with linked lid, made in one piece from 100% biodegradable/compostable materials. Having all in one piece prevents from having a plastic cover on top of the cardboard cup.

**- The BioCan™:**

Our first can in the market is to be made from 100 % biodegradable/compostable raw materials. It is resealable. That can is the answer to Aluminum cans that are overtaxed in some countries, or even banned (Germany).

**-The BioTainer™:**

The BioTainer we author is designed to be 100 % biodegradable/compostable and capable of being reclosed.

**-Lipup® System™:**

An in-lid integrated technology with a popup straw with an ejection system. Since the Company has changed its strategy to use only 100% biodegradable/compostable raw material, it is now reorienting its Lipup® System™ to equate with all of the Company's Bioline™ production. The Company intends to further evaluate the market opportunity for such a popup straw system embedded in the BioCan™.

## 4.6 COMPANY POSITION IN MARKETPLACE & COMPETITION

The packaging industry is a large and fragmented market with thousands of competitors. Biomind found that the competition it faces in its own market segment of biodegradable, compostable products remains limited even though the potential market is huge and global. The Company's current major competition is reflected in the existing non-biodegradable products that proliferate and pollute the environment. We estimate that biodegradable product offers now represent about 0.2% of all food and beverage packaging. BIOMIND is the only one company that offers such a wide and extensive range of biodegradable products.

We classify the limited competition we face today into six major categories – manufacturers of:

- Non-biodegradable cups
- Biodegradable cups ("FlipCup™")
- Non-spill and disposable cups
- Bio-plastics

This limited but wide range of competitors is related to the Company's multi-product lines of 100% biodegradable products – a Biomind Product Line covering the full range of food and beverage packaging. In contrast, a typical competitor will offer very few, if any, biodegradable products.

## 4.7 FUNDS REQUESTED

The Company is in need of USD 35,000,000 for the acquisitions of FlipCup™, Lipup® System™, Biocorp Inc, Biomind W. Eckey (Germany), and for fast global and outstanding development of its business. Please see section 4.9 Use of Proceeds (Offering Proceed Budget).

Consequently, the Company is selling 23,000,000 shares, no par value, at a progressive price from USD 1.00 to USD 2.00 per share. This progressive price is shown in the table below:

Please see section 10.2 "Incremental Issue Price" for details.

Stages	Number of shares	Global Valuation	Valuation for one percent	Price for one share
Stage 1	7,200,000 shares	USD 81,440,000	USD 814,400	USD 1.00
Stage 2	7,600,000 shares	USD 122,160,000	USD 1,221,600	USD 1.50
Stage 3	8,200,000 shares	USD 162,880,000	USD 1,628,800	USD 2.00

## 4.8 INCREMENTAL PRICE

The principal obstacle to raising money is that the earlier investors have greater risk than subsequent investors. To offset this greater risk, it is necessary to offer a better deal for the earliest funds. The earliest investors do not have the advantage of knowing future company results before they incur the risks associated with their investment. All fund raising is based on the general principal that the longer it takes to begin the business, the more difficult it is to raise the balance of the money.

The incremental price system is intended to reward the earlier investors by offering them a lower price. The system, simply, is as follows:

- a) The issuing company's management determines different objective requirements in the growth of the company for particular projects.
- b) Each step results in a progressive incremental price tied to an important event.

Given this logic, the company has decided on three steps that will define the different price levels for the offering to be subscribed to. See § 4.7 Funds requested.

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In order to determine these difference steps for the investor and the issuing company, objective steps needed to be set. The company's accountants are in charge of determining when these objective steps have been obtained. All payments are deemed dated on the previous day based solely in the accountant's determination who are well known and respected. Subscriptions that come after an increase in price including all money transactions received after this date will be at the next higher price. This system is not intended to penalize any pending transactions. The accountants will contact the Company within 15 days after it renders its opinion. All transactions executed before the date of such opinion and the receipt of payment before the date of communication, will receive the lower price for the purchase of shares.

### 4.9 USE OF PROCEEDS

The expected company funds from the offering will be spent as follows:

<b>Use of Proceeds</b>		
<b>Total Offering Amount</b>	USD 35,000,000	100.00%
<b>Costs of the Offering</b>		
Commissions and Expenses of Offering (1):	4,200,000	12%
Expenses (2):	2,800,000	8%
<b>Total Commissions and Expenses :</b>	<b>7,000,000</b>	<b>20%</b>
	-----	
Application of Proceeds to Company:		
Sales network deployment & Marketing (3):	<b>4,088,296</b>	11.68%
- Corporate (common infrastructure)	75,000	
- Corporate USA	35,400	
- Corporate Switzerland	66,600	
- Corporate Morocco	69,900	
- Switzerland subsidiary	258,496	
- France subsidiary	651,900	
- Italy subsidiary	619,550	
- Spain subsidiary	336,650	
- Germany subsidiary	343,850	
- UK subsidiary	435,750	
- Uruguay subsidiary	151,150	
- USA 1 subsidiary	760,300	
- USA 2 subsidiary	586,750	
Communication & Public Relations (4):	<b>220,000</b>	0.63%
Product Development (5):	<b>900,000</b>	2.57%
- BioCan industrialization	200,000	
- Raw matreial development	500,000	
- New material development	100,000	
- Country settlement survey	50,000	
- Standardization and regulation	50,000	

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Acquisition :	<b>6,950,000</b>	19.85%
- <i>Flipcup license</i>	2,900,000	
- <i>US sales division through Biocorp acquisition</i>	1,050,000	
- <i>Biomind W. Eckey</i>	3,000,000	
Anticipated IPO Expenditures (6):	<b>1,000,000</b>	2.85%
Debt reimbursement (7):	<b>6,196,736</b>	17.77%
- <i>Debts</i>	4,951,736	
- <i>Reported last year loss</i>	700,000	
- <i>Backlog</i>	45,000	
- <i>Management Consultant Douglas Hanson / Jeffrey Brown</i>	500,000	
Working Capital (8):	<b>8,644,968</b>	
- <i>Stock of products</i>	4,000,000	24.7%
- <i>Corporate operating costs</i>	4,644,968	
<b><u>Total Application of Proceeds</u></b>	<b>28,000,000</b>	80%
	=====	
	=	
<b>TOTAL:</b>	<b>USD 35,000,000</b>	<b>100%</b>

- (1) Commissions payment to the Placement Agent 12% of the Total Offering Amount.
- (2) Expenses: 8 % of the Total Amount.
- (3) Investments which allows the Company to immediately deploy and important sales network in order to increase its sales force, sales office facilities, portable demonstration systems, and the like, as well as advertising and promotional efforts to develop brand awareness: Market Opener Salary, Office equipment installation, Subsidiary incorporation, Market Opening events, Administrative fees, Office furniture, Software and website acquisition.
- (4) Includes events and communication cost for each corporation and subsidiary.
- (5) Includes R&D for product development and new product offerings.
- (6) Reserve for Anticipated expenses and costs associated with the current and future financings of the Company, including an Initial Public Offering.
- (7) Includes Investors debts, reported last year loss, Backlog and Management Consultant.
- (8) Includes USD 4,000,000 for the first stock products, first year Switzerland operational cost for all staff expenses (social charges, travel, telecommunication, computers and office expenses), Computer rooms, Executive meeting rooms, Insurance liability, Consultants, Server farms, Websites maintenance and Team building.

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## 5 GENERAL REMARKS

### 5.1 CONTACTS

If you have any question concerning the Private Offering, please contact:

Biomind Corporation Mr. Bernard IVALDI - President Route des Jeunes 5d CH-1227 Les Acacias / Geneva Switzerland Phone: +41 22 787 6000 Fax: +41 22 787 6001 E-mail: <a href="mailto:investor@biomindcorp.com">investor@biomindcorp.com</a>	The Placement Agents :
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### 5.2 CURRENT INFORMATION

To know the current progress of the incremental price in the Private Offering, you should contact your broker or the Placement Agents. Our website also contains information that can help your understanding of our business or of our corporate status: [www.biomindcorp.com](http://www.biomindcorp.com)

### 5.3 MARKET INFORMATION

The following web sites provide current market information on several markets in which we operate:

- [www.sustainablepackaging.org](http://www.sustainablepackaging.org)
- [www.bpiworld.com](http://www.bpiworld.com) (The Biodegradable Products Institute)
- [www.european-bioplastics.org](http://www.european-bioplastics.org)
- [www.europen.be](http://www.europen.be)
- [www.packagingeurope.com](http://www.packagingeurope.com)

## **6 BUSINESS ACTIVITIES**

### **6.1 GENERAL**

Beginning with the development of a popup straw system for beverage cans, Biomind had started to implement a dynamic growth strategy by acquiring (see 6.3 History):

- Biomind W. Eckey, (Germany), a three-year old personal business producing a large range of biodegradable/compostable utensils, cups and plates.
- A revolutionary patent for a self-sealing beverage cup.

These first two acquisitions provide an excellent platform to create a 100% biodegradable Product Line of food and beverage packaging products as well as inexpensive outsourced, unlimited production capacity.

This Private Offering Memorandum (POM) will provide the funds needed to quickly expand company size, complete scheduled product enhancement and initiate promotion activities and its worldwide deployment through its marketing plan (see 10.8 Use of Proceeds).

The Company operates only with 100% biodegradable/compostable raw materials. The Company currently produces and distributes a large range of biodegradable/compostable goods, replacing the traditional petroleum based ones. Initially begun in specific markets in the USA and EU, our expansion will be extended to other markets. The production is outsourced (see 6.17 Strategic Growth) and the distribution will be implemented through an international network of distribution (see 6.9 Marketing).

The Company has created its own new packaging in several important food and beverage area that will be available in the next 12 to 18 months (see 6.6 Products and Services).

The Company will also promote its image as the number one choice for those concerned with our environment, providing expertise and consulting in law and regulation as well as production and waste management to manufacturers and in support of the environmentally correct and highly motivated global community.

In the near future, the Company intends to design or redesign existing products, producing or licensing these products using only raw biodegradable resins created in collaboration with well known laboratories.

The Company's initial sales plan is:

- To provide some major fast food chains with samples of its products, beginning with a new cup (see 6.6 Products and Services) to be available within the next 6 to 12 months.
- To replace many traditional polluting food and beverage containers with biodegradable/compostable ones expected to be available in the next 12-18 months.
- To have a dominant market position for biodegradable/compostable food and beverage packaging products in the USA and EU (see 11.9 Management of the growth of the business) expected to be available within the next 12 to 24 months.

Our next step will be to file an IPO (Initial Public Offering) to increase the Company's capital in order to consolidate its worldwide deployment and to make possible the huge production volumes required to service the demand as well as preparing for the next generation of goods.

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Biomind Corporation  
Route des Jeunes 5d  
CH-1227 Les Acacias / Geneva  
Switzerland



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Phone: +41 22 787 6000  
Fax: +41 22 787 6001  
Email: investor@biomindcorp.com

### 6.2 NATURE OF THE BUSINESS

Humanity has become well aware of the shortage of raw fossil materials. The huge and growing effect of this shortage on our global community impacts the social, environmental and economical standards of living values. Because of this established fact, our Company has decided to position itself as both a creator and a producer, as well as a distributor of biodegradable/compostable food and beverage packaging with a variety of existing and future products during the startup phase.

In order to facilitate our achievement of these goals, we intend to subcontract and outsource production to partners of reputation (see 6.13 Strategic Partners and Suppliers - 6.14 Subcontractors). As soon as possible, the Company intends to license or sublicense raw material. Our purpose for the future is based on the level of the expected market penetration.

The Company will focus its sales as an environmentally correct producer of packaging by applying its solutions for a more innovative use of biodegradable/compostable raw material capable of achieving a real substitution of raw fossil materials. Our products will be created under rules and norms now in force and anticipated ones to be adopted in the future.

The Company wishes to offer alternative solutions in order to reduce the huge expense of waste recycling and the use of raw fossil petroleum based materials.

### 6.3 HISTORY

The history of the Company is represented by the prior experiences and capabilities of itself and its individual partners in the United States and Europe.

The origins of Biomind began in Europe in the late 1990's as Lipup S.A. when its founder, Dany Prieto, made several trips around Africa and noticed the unsafe health conditions to carry, unload and store beverage cans. Consumers, while being satisfied with a ready to use pull tab can, were also very dissatisfied with touching their lips to a can, recognizing that germs, bacteria and viruses or dust could settle on the cans and be consumed. Since 1995, Mr. Prieto and his technical staff in Europe, led by Jacky Lecointe, have developed, patented and trademark protected the Lipup® System™. In 2006, the Company purchased the patents to produce a self-sealing cup (the "FlipCup™") from its creator, Glenn Tobias. The same year, in order to develop the biodegradable raw material for the can, Mr. Prieto began merger negotiations with Biomind W. Eckey engaged in production in Asia and Eastern Europe of biodegradable food and beverage packaging. These partners understood that it should be profitable to merge Lipup and Biomind and to incorporate in Delaware as Biomind Corporation in 2006.

For the past fifteen years, Biomind W. Eckey's founder, Wolfgang Eckey, has focused his efforts from offices located in Unna (Germany) to create and provide biodegradable food and beverage utensils, plates, cups, trays and containers. The new Biomind, utilizing technologies developed or licensed by Lipup's Neddy Otmani and Dany Prieto, supplemented by Mr. Eckey's ten years of development and production, are key factors in early negotiations now underway with large-scale bottlers and fast food chains.

Patents for a self-sealing cup were acquired by the Company in 2006 from its founder, Glenn Tobias, so that self-sealing beverage cups, as replacements for cumbersome two-piece cups now used, can be produced using biodegradable resins.

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Biocorp, Inc., a Minnesota corporation, is known worldwide for supplying biodegradable bags, liners and food service ware. Founded in 1996, Biocorp offers the most cost effective and best performing biodegradable products on the market under the proprietary Biocorp trademark. At the Salt Lake City Olympics, Biocorp partnered with the Coca Cola Company to provide 100% biodegradable cups. The company also obtained the contract to supply the summer Olympic games in Sydney, Australia in 2000. More recent accounts include: The National Institute of Environmental Health Services (NIEHS), The Climate Project (Al Gore), Walmart, Target, Whole Foods, Clifbar, IKEA, IBM, Waste Management, Aramark and Sodexo. Our products are being used in facilities such as: Google, Stennis Space Center (NASA) and the Environmental Pollution Agency (EPA). Degradable plastic demand in the U.S. is projected to grow 13.7 percent annually to 370 million pounds in 2008, valued at USD 490 million. Gains will be stimulated by widening applications brought about by a more competitive pricing structure, improved performance characteristics, the continued development of degradability standards and consumer education as to the benefits of these materials. Compostable plastics are expected to grow more than 16 percent annually to more than 290 million pounds in 2008 as a result of lower prices and property enhancements. With the 10 years history of the company, Biocorp will continue its growth pattern and continue to be a leader in this thriving industry.

### 6.4 THE FUTURE

Our Company intends to become a leader in the food and beverage packaging market with the purpose of replacing the regular can with the biodegradable can. We also expect to replace the PET made plastic bottle with a biodegradable bottle. The new bottle will be utilized for all kinds of beverages.

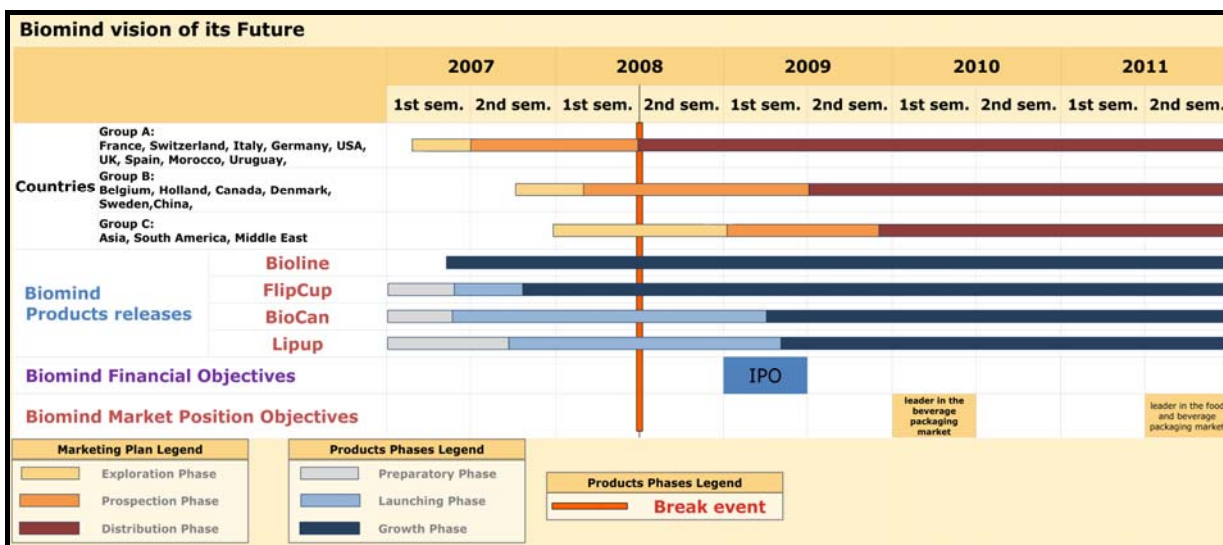
Through an existing commercial network now being enlarged, the Company expects to reach a position of leadership in the biodegradable beverage packaging market within the next three years. In order to achieve this goal, we intend to use funding from this Private Offering Memorandum (POM) and the Initial Public Offering (IPO) to follow to establish and manage efficiently our distribution system and support the existing large-scale distribution systems of 3<sup>rd</sup> party licensees (see 6.9 Marketing). At the same time, we intend to pursue an aggressive governmental lobbying effort intended to mandate the replacement of petroleum based plastics with biodegradable resins. We plan to progressively orientate consumer habits and preferences for “touch and feel” to accept these needed changes.

Our Company expects to be a leader in biodegradable packaging within the next five years. This will require that we identify and seize all opportunities presented to progressively replace regular packaging with biodegradable technologies. We expect to manage our potentially explosive growth production by outsourcing and licensing of production to 3<sup>rd</sup> parties.

The global economy is becoming increasingly aware of its finite limits in non-renewable resources, primarily petroleum. Future dramatic change is anticipated with the emergence of the Asian giants, India and China, as well as other emerging nations who are collectively utilizing a growing proportionate share of the world's petroleum resources. The Company intends to acquire, to partner or to license its in-can and cup technologies to those who seek a similar solution to the growing cost to recycle these traditional cans and cups. It intends to continue manufacturing biodegradable eating utensils and plates in Asia and Eastern Europe. Wherever appropriate, the Company will align itself with federal legislators who seek to reduce dependence on petroleum and who also appreciate the biodegradable solutions offered – often resulting in legislative mandates that could compel manufacturers to utilize our Biomind Product Line™.

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## 6.5 UNIQUE ASPECTS OF BUSINESS

Biomind exclusively supplies 100% biodegradable and compostable food and drink packaging products. The Company is the only global company owning and selling a complete range of quality biodegradable/compostable products: cans, bottles, lids, cups, straws, bowls, plates, trays, etc. The Company has unique patents for an exciting new FlipCup™ technology and for the famous 100% biodegradable BioCan™. The Company uniquely provides programmable biodegradability as a core ingredient in all their products.

We suggest that these unique aspects will permit the Company to achieve their crucial goals to become the global leader in the biodegradable cup and can market.

## 6.6 PRODUCTS AND SERVICES

Biomind intends to market 4 major product lines as described below:

### A. Proprietary Bioline™ - Proprietary biodegradable Products:

- The FlipCup™:

Cup with linked lid, made in one piece from 100% biodegradable/compostable materials. Our BioCup™ is expected to reduce manufacturing costs compared to the overall cost of the traditional two-piece cups. It should be introduced to our market as soon as the second quarter of 2007.



- The BioCan™:

Our first can in the market is to be made from 100% biodegradable/compostable raw materials. Furthermore, it will contain a new tab design that is resealable. At this early stage in our startup, the price of our BioCan™ is slightly more expensive compared to the regular



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aluminum can. Price differentials exist from one geographic sector to another. Direct savings is also possible through eliminating the recycling taxes that can cost between 4 to 10 cents (USD) per can. These combined elements are expected to assist the Company to project itself into the center place in a very interesting competing debate concerning true recycling and the reduction in our dependence on oil. The BioCan™ is in its final developmental phase. Volume production is scheduled to begin in 2008.

### - The BioBottle™:

The BioBottle is the environmentally correct enhancement of the PET bottle. The BioBottle has the same characteristics as the PET one but it is 100 % biodegradable/compostable. Price will be set to be attractive and competitive. This product is in its final developmental phase. Volume production is scheduled to begin in 2008.



### - The BioTainer™:

The BioTainer we author is designed to be 100 % biodegradable/compostable and capable of being reclosed. Prices will be set to be attractive and competitive. The product is in its final developmental phase. Volume production is scheduled to begin in 2008.



### - Lipup® System™:

An in-lid integrated technology with a popup straw with an ejection system. Since the Company has changed its strategy to use only 100% biodegradable/compostable raw material, it is now reorienting its Lipup® System™ to equate with all of the Company's Bioline™ production. The Company intends to further evaluate the market opportunity for such a popup straw system embedded in the BioCan™. Our redesign of the lid to be biodegradable and compostable is in the research phase. Our ejection system material is not currently produced. For this reason, no financial projections for Lipup® System™ have been stated in the POM.



## B. **BiolineWare™** – Composed of biodegradable/compostable products already in the public domain:

BiolineWare™ is a 100 % biodegradable/compostable range of plates, cups, cutlery, straws, bowls, lunch box, trays, ... The Company's products should have the same lifecycle than those already on the market. Each product is evaluated every 3 to 5 years for esthetic design reasons. The prices of the BiolineWare™ are projected to be comparable to competitors of similar quality requirements. They are available now and our sales are growing.

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C. **Customized Bioline™** - Customized products:

The Company expects to study the production of multiple lines of biodegradable/compostable food and beverage packaging. In designing or redesigning customers' products, we hope to develop them with creativity, customized to reflect orders requested by customers. New products are projected to be available in 2008.

D. **Bioline™ material** - Biodegradable raw material developed and produced for our Company:

The Company is a proponent for working with resin manufacturers in the development of better biodegradable resins and wishes to assume a leadership position through policies of acquisition or the granting of strong licenses with our new bio-technological partners. Added to the fact that there are several producers of traditional resins (ex: PLA), the Company remains optimistic that it will not suffer a shortage of raw materials for production purposes.

The production of biodegradable/compostable products responds well to society's desire to take care of the environment, reduce the costs to recycle wastes, use our Bioline™ products to make fertilizer and provide opportunities for agriculture to increase profits in developing countries.

The Company will promote itself with an aggressive pricing policy and will try to compete directly to reduce the global expenses generated by all the use of oil based plastics.

The Company, as its first priority, intends to obtain the certification of biodegradability/compostability from its suppliers and partners.

The company has studied and intends to manage the risk factors concerning conception, production, distribution and use of all of its product line.

To the best of the Company's knowledge, there are no risk factors affecting the supply of vital raw material. In producing the resins, however, due to some technical limitations, we intend to plan for and reduce the potential, if any, for regional supply inadequacies.

Resins are the result of technology in production processes using inexpensive raw materials and their subsequent transformation to be partnered with our continual oversight and assistance – a client service we believe is essential to our success and which reflects the superiority of the Company's know-how and expertise.

## 6.7 INDUSTRY AND MARKETS

The food and beverage packaging industry is huge in size and global in its reach. The following are some examples of those related product and service areas benefiting from our biodegradable offers:

- Governmental entities, military, prisons, schools
- Airline caterers
- Beverage industries
- Food packaging industries
- Chemical industry
- Pharmaceutical industry
- Cosmetics industry
- Hospitals and healthcare services
- Refuse disposal and composting companies

In spite of its size, our industry is tradition bound and often adverse to change unless it is influenced by regulatory mandates or consumer safety. It is also highly influenced by user perceptions of “touch and feel.” It is our ambition to provide quality and equate prices, using only 100% biodegradable and compostable materials. All of our products’ disposal should avoid costly recycling – benefiting the publics’ and landfill operators’ willingness to save time while they participate in realistic efforts to reduce pollution. We differentiate Biomind from some competitors’ products that may be biodegradable but are often not compostable, - capable of being returned and reused, for example, as a soil amendment. Biomind’s entire production is made from only biodegradable and compostable materials in compliance with regulation (see 6.23 Rules and Regulations).

The Biomind Product Line approach is unique (see 6.8 Competition) and not reflected elsewhere. The industry is composed for the most part of mono-line product offerings most often sold in tandem with non-biodegradable equivalents.

Our ability to penetrate our markets will depend on these success factors:

- Our products closely resemble and can be produced at or near the same cost of existing non-biodegradable packaging;
- Product functionality as well as “touch and feel” are not degraded and, in fact, may be improved; and,
- We retain exclusive patents with our improved one-piece “FlipCup™” and our resealable BioCan™.

Our existing and future technologic diversity and superiority now applies to and will adjust to legislative mandates to use biodegradable compostable materials.

The barriers to adopting our solutions are being reduced as a result of the dramatic increase in the price of fossil fuels. FDA regulatory approvals in the US and EU are now more easily obtained due to government’s interest in the environment and the fear of the overdependence on petroleum. At the same time, as a wholesaler, we recognize the effect of change upon our distribution network. We intend to support subcontractor partners in a timely manner, standing with them as they are also forced to negotiate pathways leading to full regulatory compliance. Our product lines are intended to become an everyday necessity integrated into the publics’ busy lifestyle. Our substantial existing client base for generic products is intended to be a force for change and is expected to result in the expanded penetration of our huge and diverse marketplace.

## 6.8 COMPETITION

The packaging industry is a large and fragmented market with thousands of competitors. Biomind found that the competition it faces in its own market segment of biodegradable, compostable products remains limited even though the potential market is huge and global. The Company’s current major competition is reflected in the existing non-biodegradable products that proliferate and pollute the environment. We estimate that biodegradable product offers now represent about 0.2% of all food and beverage packaging.

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We classify the limited competition we face today into six major categories – manufacturers of:

- Non-biodegradable cups
- Biodegradable cups (“FlipCup™”)
- Non-spill and disposable cups
- Bio-plastics

This limited but wide range of competitors is related to the Company’s multi-product lines of 100% biodegradable products – a Biomind Product Line covering the full range of food and beverage packaging. In contrast, a typical competitor will offer very few, if any, biodegradable products.

Our survey of competition was global and extensive – resulting in the discovery of no competitors that have ambitions to address root problems of disposal costs, biodegradability and compostability faced by the fast food industry, airlines, prisons and the military. It is a worldwide market dominated by large corporations with a built-in history of avoiding container design and production changes. In comparison, the micro-computer and e-commerce marketplace represent constant change and adaptation. Most beverage containers are identical to those manufactured 40+ years ago.

### Representative Bio-plastic Producers and Laboratories

#### Producers of starch polymers:

- Novamont - a European leader in bio-plastic resin production – representing 60% of the global market, owner of Mater-Bi®, also acquired in 2004 EasterBio® (Eastman)
- Rodenbourg Polymers
- Biop, Germany - owner of BIOpar®
- Biotec - owner of Bioplast® TPS
- Japan Corn Starch - owner of Cornpol®
- Cereplast

#### Producers of Polyactic acid (PLA):

- Cargill - owner of NatureWorks PLA™, packaging made from corn

#### Bio based polyesters producers:

- Dupont - owner of Biomax®
- BASF - owner of Ecoflex®, biodegradable aliphatic aromatic copolyesters and Ecovio® (Combination of PLA and Ecoflex)

#### PHA producers:

- Metabolix
- Archer Daniels Midland Company (ADM) – Strategic alliance with Metabolix
- Biomer

#### PLA/Cellulosic polymers producers/compounders:

- Fasalex - developed by the Institute of AgroBiotechnology of Kopfig, Austria
- Natureflex™ (UCB)
- Fkur – Biograde
- Lyocell (Lenzing)
- DaniMer Scientific

### Product Manufacturers and Distributors

Various examples of our competitors’ single product approach include:

- Non-biodegradable cups:
  - Insulair – (1) a hot beverage cup with a built-in sleeve, and (2) EcoSmart cup – made with recycled fiber and is not compostable
  - Dart Container Corporation - plastic foam cups with separate lids. Lift Lock and Re-close- a locking post separate lid concept

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- Solo Cup Company
- Duni
- Ambican Ltd. (UK) – distributor, two-piece cup
- Fabri-Kal – clear plastic cups
- International Paper
- SEDA
- Biodegradable cups:
  - GEO Cup – blends plastics and forest-free fibers as a two-pieces splash resistant solution
  - Clovermook (International Paper) – biodegradable coffee cups
  - Greenware (Fabri-Kal) – cups made from NatureWorks PLA™ for cold drinks
  - Ecotainer™: (International Paper) – cup made from NatureWorks PLA™ modified by Danimer Scientific
  - BioWare – owned by Huhtamaki – Cold drink cup made from NatureWorks PLA™
  - DVLOZ Products (Australia) – Clear cups for cold drinks
  - Swisspack Ltd. – a two-piece biocup. Hot and cold beverages
  - Tree Cycle – (multi-product distributor similar to our Germany based operation)
  - Custom Cup – two-piece hot cups
  - Greenwave – made from natural fibers such as sugarcane plasm, grass plasm and reed plasm
  - Cereplast – manufacturer and distributor of biodegradable resin from corn and potato starch. Sells final products through its Nat-ur branch
  - CF Cup from Chien Fua Chinese Manufacturer. Cups made from NatureWorks PLA™
  - Earthcycle – cups derived from palm fiber
  - Mansfield paper Co. Inc.: Biodegradable paper hot cup
  - The Brenmar Company - Cold drink cups made from NatureWorks PLA™
  - The Harvest Collection™ from Genpack - offers biodegradable and compostable cups made from resin containing PLA, proteins, starches from potato, wheat or rice along with other bio based material
  - Bagasseware™ by Excellent packaging & supplies - Paper pulp packaging derived from plant fibers, either grown or recovered as crop residue. May be sugarcane, wheat, bamboo or rice based pulps. Biodegradable,& compostable
  - Biosphere Industries LLC
- Non-spill disposable cups:

Most of so called non spill cups are designed for toddlers to teach them how to hold a glass without experiencing spillage disasters. (Ex: The Anyway Cup (UK) - cup with a locking mechanism, etc.). Others are designed for convalescents.

These sorts of cups are made of hard non-biodegradable plastic, they are designed to be reused and are more expensive than disposable cups, such as FlipCup™.

Major cup manufacturers, such as Dart and Insulair offer a non spill solution: two-pieces cup, non-biodegradable.

  - Optima™ – Reclosable lid from Dart
  - Snap'n Drink™ from Insulair
- Biodegradable non-spill and disposable cups:
  - Sip Cup – 100% biodegradable two-pieces cup with hinge is the only “one piece competitor” – requires toothpick to widen drink holes.

### **The BioCan™**

Our Company intends to carefully maintain its image as a provider of all biodegradable and compostable products required by the general public and governmental institutions and as expected to be further mandated by legislative action in the future. Based upon the Company's knowledge and research, there is no current competitor to the BioCan™.

From a functional aspect the competitors are the aluminum cans producers. The aluminum cans are now recycled at great cost and pollution as they do so. The aluminum can market is highly dependent upon its access



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to low cost recycled cans. In Europe, these cans are recycled at a rate of 70% - 80% and at the rate of 60% - 70% in the United States. We are confident that this shift will occur, hopefully encouraged by legislative mandate.



### The Lipup® System™

Based upon the Company's knowledge and research, there is no current competitor to the Lipup® System™



## 6.9 MARKETING

We intend to market and sell our Biomind products and equipment manufacturing services through regional partners with synergistic and related food and beverage service product needs. We expect to work in tandem with the local and national legislative bodies to encourage Biomind's Product Suite™ acceptance. We propose to promote the Product Line at conventions and other gatherings promoting our area of technology and the savings achievable for costly waste and recycling disposal. Therefore, we intend to initially have only several full-time employees engaged in sales and marketing.

### Startup Phases

Biomind intends to implement a four phased startup sales promotional effort.

In **Phase I { Exploration }**, we will aggressively pursue our existing accounts and new accounts with existing products and products that are in the introduction phase. We recognize that the food packaging industry is large and global and that 100% biodegradable resins are just now emerging as a preferable content to petroleum based plastics. We intend to provide a focused Public Relations effort – a structured approach requiring careful planning.

In **Phase II { Prospecting }**, a process is already in progress for cutlery, plates and cups. Using these existing clients, we will grow our revenue base through the consolidation of Biomind SA's existing networks of agents

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and brokers, making them familiar with the opportunities represented by the Company's larger capabilities and financial resources.

In *Phase III { Distribution }*, as needed, we will expand and train our distribution network. This network will include importers, agents, brokers and sales partners.

In *Phase IV { Institutionalization }* will serve to invigorate and institutionalize our sales focus with our new distribution network participants - recognizing, incentivizing and supporting their efforts to obtain expanded clientele. The Company intends to operate as a wholesaler using our distributors' contacts and retail sales infrastructure to grow revenues.

### Marketing Strategies

In some instances, the Company intends to license its patents to large-scale 3<sup>rd</sup> party manufacturers with a built-in base of satisfied clients reacting well to a recognized brand. Our partnered sales strategy is expected to be thorough and demonstrate each client's specific needs. This will require market analysis and ongoing support by our technical team. Each pilot effort will require our support of conversion efforts and adaptations resulting in a new biodegradable manufacturing capability.

Biomind expects to prioritize its startup sales efforts using a focused advertising effort directed to specific environmentally health conscious beverage container and fast food companies. A second environmentally concerned lobbying effort could be directed to regulatory agencies and Congress. This strategy assumes that both Biomind and its new sales partners, by working together, can achieve market penetration through regulatory change. Any proposed partnered sales method, as usual, must be thorough and be preceded by market specific analysis directed at prospective clients and their perceptions of value, savings and other image related advantages to be gained through use of Biomind.

We or our sales partners in each USA/European region would always suggest that each fast food prospect "try us out" and work with us to connect Biomind by referral to their own can, bottle and cup container suppliers. We could then be better positioned to formally request their input, perhaps followed by a mutual analysis of the required conversions of new Biomind machinery, etc. Early results and interest levels have been favorable.

Biomind has an almost unlimited supply of potential new customer prospects seeking to adopt biodegradable solutions. This will require our selection of those sales candidates possessing the highest level of interest.

We suggest that most beverage container manufacturers would respond more favorably to a client's request than to a "front door" sales approach – recognizing that, if they didn't support their client's requests, the client could seek a competitor's response. It is a soft sell approach that focuses the first sales contacts upon market needs versus costly new product innovation. Manufacturers will recognize the future value of Biomind and then open more doors to their own suppliers of filling line equipment and moulds. This proposed sales strategy may be very simple to execute.

Government agencies represent both threats and opportunities. Once Biomind has a track record, it is our vision that the products we and other partners offer can be encouraged to mandate legislative changes such as the auto industry was forced to accept in the 1950's regarding emission controls. We believe these changes could be enacted in 12-18 months after startup.

Government regulators are more difficult and may best be managed as a Washington, D.C. lobbying effort. They would be reluctant to mandate changes in advance of a demonstration or an expensive piloted effort. And, public research funding in the USA to perform such a study has dried up at both the state and federal levels. As such, we would seek research funding in the EU. Once a 3<sup>rd</sup> party review such as this is written, it can be used by us to open sales doors and to gain entrance into new markets.

### Profitability

Our profitability will be reflected in licensing fees, royalties, equipment sales and installation maintenance charges, and the joint manufacturing of a biodegradable cans, cups and eating utensils.

Once an anticipated level of revenues are being generated, our marketing campaign will be expanded to include brochures, newspaper and magazine advertising directed to the can manufacturing industries and to selected

healthcare providers who serve beverages to patients. Partnered advertising efforts are deemed more profitable and less costly. They are to be augmented by timely direct market mailings using lists we own or will acquire from partners announcing our co-marketing or licensing efforts with various resin manufacturers and others in the distribution chain.

## 6.10 PRODUCTION

Biomind intends to create, on a large scale, a market for its biodegradable and compostable solutions. To encourage this technology transfer, Biomind’s solutions have adopted existing processes and standard production resources that are currently being used by traditional manufacturers.

The great majority of Biomind’s equipment manufacturing products benefits from standard manufacturing and resin technologies now utilized in the plastic industry:

- Similar fixed and variable production costs (except raw material);
- Similar rates and capacities;
- Similar cycle time;
- Similar inventory; and,
- Similar methods and operational times of control.

Biomind manages its supply chain from the customer order to final invoicing. Biomind optimizes and controls all the physical, information and financial flows. Materials required for production are delivered just in time. In order to answer to costs and flexibility problems, we intend to use third party subcontractors.

### A. Biomind Product Line & Biodegradable Resins

Biomind’s 100% biodegradable and compostable products prices and functionalities are viewed as comparable with their non-biodegradable equivalents. The strong added value of Biomind lies in the formulation of the innovating biodegradable resins we use supplemented by our technical expertise and parameters controlling production and moulding transformation.

The biodegradable and compostable plastics are manufactured from 100% natural raw materials renewable from our environment (wood, roots, etc.) and from agriculture. The polymerization operation, similar to that used for plastic polymer creation, allows for the stabilization of the macromolecules in order to obtain various biodegradable plastic characteristics according to the formulation used. It is Biomind’s ambition to utilize our expertise to economically convert manufacturing units of traditional plastic polymer into manufacturing units of biodegradable and compostable plastic polymer.

To adapt to its market, our processes and products we create and then market will be required to meet current federal regulations for biodegradable and composting products. It will have to also conform to the current health regulations applied to the several market product applications including, for example, Food & Drug Administration standards, Pharmacopoeia and the required manufacturing practices of the Pharmaceutical Industry.



### B. The BioCan™

The industrialization of BioCan™ will use processes different from the classic regular can, processes that closely resemble current PET bottles. This means substitution of regular can production with injection blowing for the body of the can and injection molding for the caps. The beverage filling and conveying chains will be the same as the ones currently used for regular cans. The assembly of the body and the lids will be guaranteed as sound by an ultrasound welding process already used commonly in other advanced technology based industries. Our adaptation of existing fill line equipment permits a huge reduction of variable costs while providing a guarantee of hygiene and safety and the continuation of the bottling industry’s fast cans packaging production



rate.

## **6.11 MANUFACTURING SPECIFICATIONS & CHARACTERISTICS**

The Company recognizes that the expedient use of our subcontractors is required to grow our capability. This use must be reflected in perceptions of Biomind’s ability to guarantee the delivery of quality products supported by a high level of service and responsiveness. To achieve this, all manufacturing subcontractors will immediately be trained to perform each Biomind production process.

Most Biomind production processes are not complicated. In order to guarantee the quality and optimize production performance, specific benchmarked settings will be installed onsite to monitor subcontractors’ performance of the manufacturing process. In each instance, Biomind’s role is to insure our subcontractors achieve a successful transfer from regular to biodegradable technology. For example, BioCan™, BioBottle™ and BioTainer™, body and lids will be assembled directly as an integrated part of the fill line process. The lids will typically be produced by a 3<sup>rd</sup> party subcontractor. We will serve as the intermediary “watchdog” between these two subcontractor partners. We intend to guarantee the supply reliability and to always protect the patent security of Biomind technology from infringement.

Our proprietary products and expert technological knowledge of manufacturing is offered as an added value to our manufacturing partners. Our capability to support manufacturing extends on a global basis from the agricultural products we use for resin production to the customers’ needs for tailored products to sell to consumers and to society’s environmentally correct disposal of the products we produce as compostable biomass.

Our resin components will be obtained, expressing the image of the Company’s leadership role in the larger context of geopolitical and geo-economics transformation.

In summary, the manufacturing strength of Biomind lies in its ability to react and adapt to the needs of its distribution network.



## **6.12 COMPANY EMPLOYEES**

We employ approximately 12 persons on a full-time or contract basis. A well-planned two-step marketing roll-out process will be initiated with the enlargement of our marketing network followed immediately with our

launch of sales. Our team will be expanded in step one to approximately 30 support personnel, growing in size to as many as 70 employees for the launch of our sales efforts. As production is to be outsourced, it will require only a maximum of 5 operational non-union support staff (see 6.14 Subcontracting of Operations). As startup training of our new staff is not complex, we anticipate no staffing difficulties.

It is our corporate policy to create one salary structure based upon a base plus a performance based incentive. The performance based incentive is divided into two parts, one part in cash and the other in stock option or stock award of the Company.

The workforce is organized based upon the corporation's structure, divided into departments which are again subdivided as required into operating units.

The Company will adopt a pension program that is standard with industry practice.

The Company does not foresee any problems in hiring and retaining key employees.

### **6.13 STRATEGIC PARTNERS AND SUPPLIERS**

The Company intends to maintain the confidentiality and success of our project. Nevertheless, this information can be accessible by execution of an NDA (Non-Disclosure Agreement). Biomind's current partner relationships have been developed with great thought, cost and care. These partners are developing resin materials in accordance with our needs. Included are laboratories in Europe and Asia, and many biodegradable & compostable "plastic" and fiber transformers, as well as injection molding and blow molding companies located and easily accessed in all our markets. Our network of laboratories and raw material production participants are geographically spread out in North American and Europe. Manufacturing facilities we now access for cost reasons are located primarily in China and Eastern Europe.

Biomind's subcontractors are considered to be valued partners and will therefore be managed as internal production resources (see 6.14 Subcontractors). Biomind intends to evaluate, on a regular basis, the extension of subcontractors into other continents. We intend to work with each subcontractor partner, guaranteed by confidentiality and exclusivity contracts, to install existing and to co-develop new biodegradable manufacturing processes.

We expect that our methods will reduce the risk factors, enabling the Company to retain competitive pricing simply because subcontractors can easily be replaced. Our relationships with the laboratories are most important to the Company for the production of the BioCan™. Various agreements are in process to be finalized soon that will better enforce our partnership processes.

For the past four years, Biomind has distributed a portion of its production through a variety of sales partners, including Biocorp, Inc. located in Minnesota. The substantial volume of business and the many new clients generated by Biocorp has resulted in a growing American sales presence. We intend to consolidate these American marketing efforts within our planning activity and expect to use existing distributor's clients to introduce our other compatible biodegradable products. To accomplish this, we expect to soon acquire, wherever possible, a portion of Biomind's major distributors such as Biocorp, Inc.

### **6.14 SUBCONTRACTORS**

In order to fix and control costs and provide for a flexible infrastructure, Biomind intends to utilize global outsourcing of its production. Biomind's subcontractors are considered to be its partners and are, therefore, managed as internal production resources. Each new partner is provided with Biomind's delivery expectations and with focused training, product knowledge and know-how.

To be partnered with Biomind, the subcontractors will be required to execute the following:

- Our contracts of confidentiality and exclusivity;

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- Acceptance of Biomind’s Ethics Charter;
- Willingness to meet the technical conditions of the Biomind’s requirements; and,
- Acceptance of the appointment procedure of subcontractors.

The industrial strategy concerning subcontractors will measure their value using these essential criteria:

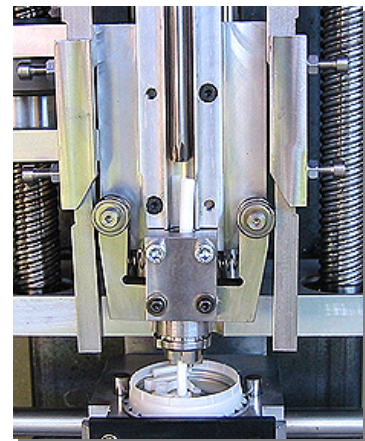
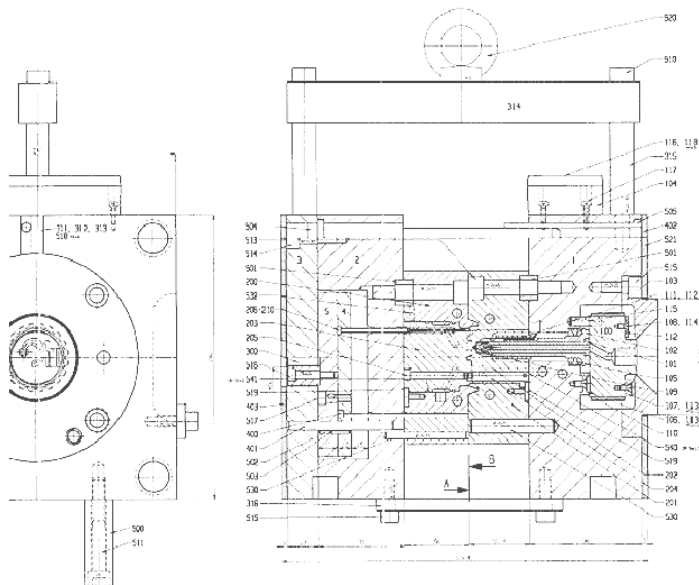
- The reliability of subcontractors followed by several indicators such as OTIF (one time in full) and OEE (their overall equipment effectiveness) for example;
- Representative of an innovative technological advance and is the favored process that is being used elsewhere with success and marketplace acceptance;
- The competitiveness brought to Biomind equates with the price/delay/quality ratio invoiced for any outsourced service; and,
- Its production location represents a favorable geographical proximity to the market, reducing the costs of transportation.

We intend to closely monitor subcontractors to reduce the risk factors and the need to replace a specific subcontractor. As part of our team, we want to adequately work with and reward our loyal long-term partners.

### 6.15 EQUIPMENT

To its day-to-day operations, Biomind will require and need to maintain various equipment resources:

- **Manufacturing Equipment:** For examples, various moulds and the renting of capacity from its subcontractors and developed machinery for Lipup® System™.



- **Infrastructure Equipment:** Office furniture and data centers in different continents – the latter necessary to insure the security of the Company’s information data and business continuity.
- **Infrastructure Equipment:** Office furniture and data centers in different continents – the latter necessary to insure the security of the Company’s information data and business continuity.
- **Workflow Management** to manage and control all of the physical, information and financial flows:

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- Enterprise Resources Planning software for all operational activities (from sales order to delivery, passing through production, subcontractors' management, customer invoicing, ...);
- Business Management Analysis tools for the reporting process; and,
- E-business and e-procurement tools for external activities.

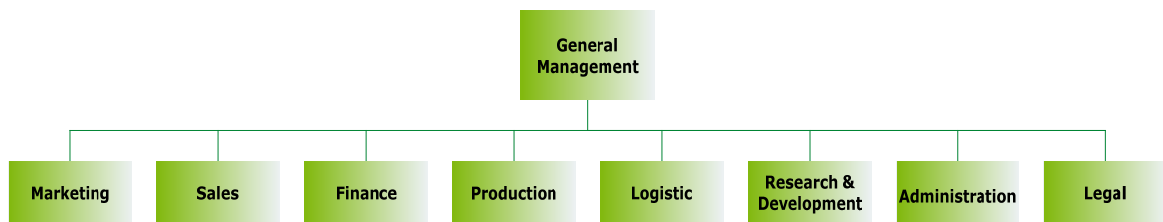
### 6.16 BUSINESS STRUCTURE

Hereinafter are detailed the main components of our business structure.

#### 6.16.3 Departmental structure

The Company is divided into eight departments:

- Marketing – responsible for the Company's distribution networks (see 6.9 Marketing);
- Sales Department;
- Financial Department;
- Production – in charge of the entire production processes in the USA, Europe and Asia;
- Logistics – source materials and then delivery “just in time” as well as the computer hardware acquisition and maintenance, travel, the setting up of new offices and the management of information technologies;
- Research and Development – sets new technologies and products;
- Administrative Department; and,
- Legal – manages contractual review and other related corporate legal affairs.



#### 6.16.4 Board of Directors

Our shareholders meet to appoint the Board of Directors that is in charge of the accomplishment of the business plan. The Board of Directors assigns to the department management directors specific objectives, time planning and subsidies.

Name	Position	Age
Dany Prieto	Chairman/General Manager (Switzerland)	55
Bernard Ivaldi	President	59
Eric Naszalyi	Chief Executive Officer	40
Jeffrey Brown	Corporate Secretary	59
Mehdi Lograda	Chief Financial Officer	27
Wolfgang Eckey	Chief Operational Officer	58
Glenn Tobias	Chief Design Officer	48
Kelly Lehrmann	Chief Marketing Officer	36

#### 6.16.5 Management

Name	Position	Age
Dany Prieto	Chairman/General Manager (Switzerland)	55

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Bernard Ivaldi	President	59
Eric Naszalyi	Chief Executive Officer	40
Wolfgang Eckey	Chief Operational Officer	58
Mehdi Lograda	Chief Financial Officer	27
Kelly Lehrmann	Chief Marketing Officer	36
Glenn Tobias	Chief Design Officer	48
Bruno Bimet	Chief Sales Officer	38
Francis Romero Cortell	Chief Administrative Officer	47
Pascal Berger	VP Product Manager	38
Neddy Otmani	VP Research & Development	28
Christian Lau	Legal Department Manager	27
Alain Faucher	Key Account Manager	41

### 6.17 STRATEGIC GROWTH

Our growth strategy depends on the achievement of goals related to the marketing strategy, the communication strategy, the production strategy and the financial strategy. The primary goal is to increase the attractiveness of our products by reducing production and distribution expenses.

Through an effective communication, the Private Offering Memorandum will give us the financial means to realize our lofty position of the actual products we produce in the food and beverage packaging markets. Our networks of sales distributors, importers and 3<sup>rd</sup> party production licensees are all very important components. We intend to fully support the efforts of those we work with on a close daily basis and anticipate the cohesive, partnered method will achieve the project growth in sales.

We intend to support ongoing growth by issuing an IPO that will allow us to launch our new products (see 6.6 Products) and progressively replace much of the non-biodegradable food and beverage packaging now present in America and Europe. As a second step, an IPO is expected to be issued within the next two years.

### 6.18 REGISTERED OFFICE

Our registered office is handled by the Company Corporation at the following address:

2711 Centerville Road  
Suite 400  
Wilmington, Country of New Castle  
Delaware 19808 - U.S.A.

### 6.19 PROPERTY AND FACILITIES

The Company intends to rent offices in Geneva, Switzerland and is now evaluating available spaces with approximately 3000 square feet of useable space. The Geneva office will be selected according to the requirements of the business, including office equipment and furniture. A warehouse for inventory storage will be established in Annecy France for the European distribution network. This storage will enable faster delivery while keeping prices lower than in a harbor or official duty free zone. Moreover, the warehouse shall apply for the private duty free zone status under French law.

Two data centers are proposed: the first in Geneva, Switzerland and the second in the USA. Both data centers are to become operational in about one year.

According to the marketing plan (see 6.9 Marketing), we have planned to create branch offices on a needed basis.



## **6.20 PATENTS AND TRADEMARKS**

Biomind currently owns an important range of patents and trademarks that protect its biodegradable packaging products.

The trademarks are related to biodegradable dishes: Bioline™, BioCan™, FlipCup™, BioSpoon™, BioFork™, Lipup® System™, BioBowl™, BioCutlery™, BioTainer™, BioKnife™, BiolineWare™, BioBottle™.

Many patents deal with our unique Product Line and reinforce the uniqueness of our Company.

### **A. The FlipCup™**

A first group of patents protects the FlipCup™. These patents previously belonged to Glenn Tobias and will be transferred to Biomind Corporation upon final payment. These US patents are:  
Patent # 6,164,488 - Patent # 5,960,987 - Patent # Des418,368

### **B. The BioCan™**

The patent deposit numbers are # 06/11543 - # 06/11544

### **C. The Lipup® System™**

The four main patents are # 1 114 782 - # 6491184 – # 1208048 – # 517501  
The whole list of patents is in addendum 15.3 Lipup® System™ Patents

## **6.21 RESEARCH AND DEVELOPMENT**

In order to insure its commercial success, Biomind has developed and/or co-developed a set of solutions at an application and conceptual new product level. All of our solutions emphasize the use of biodegradable materials. Most of these technologies are in a pre-industrialization phase.

Biomind's research and development department will be in charge of:

- Customizing products requested by the client;
- Developing new concepts for the market;
- Insuring proper industrialization through careful establishment of the technologies and thereafter the manufacturing processes required for further development and production of these new products;
- Adapting the existing manufacturing processes to utilize 100% biodegradable materials; and,
- Developing new and improved biodegradable materials in partnership with our laboratories.

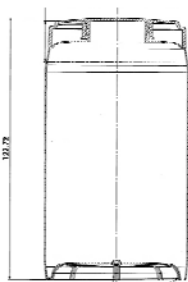
The research and development department budget is projected at USD 2,000,000 the first year and USD 900,000 the second year of operations.

The added value of our products corresponds to the valuation of regular products being sold in the market (for example, the regular can, the PET Bottles).

Besides launching its proprietary products on the market, Biomind intends to develop and launch new products as demanded by its clients and future clients.

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### 6.22 DISPUTES/LITIGATION

Biomind Corporation is a new company, recently incorporated in Delaware resulting from the alliance through acquisition of two companies, Lipup SA (Switzerland) and Lipup's recent acquisition of the assets of Biomind W. Eckey (Germany). The management of Biomind Corporation is not involved in any litigation or pending litigation. There is no dispute with any individual nor have we received or expect to receive any judgments.

Our subsidiary, Lipup S.A. (which could be renamed Biomind SA in the near future), and Mr. Dany Prieto settled a claim from the SCP Bignon, Lebray & Associés law firm for an approximate amount of € 29,000 pertaining to legal services rendered in connection with Lipup SA. No essential asset or intellectual property is involved in this completed minor legal activity. However, there is a likely risk of minor litigations pertaining mainly to former employees.

### 6.23 RULES AND REGULATIONS

Biomind Corporation is subject to general business law, labor law and tax law as well as the regulations of its corporate governance rules and its conformance with securities regulations.

Our activity is subject to:

#### A. Food and drinks packaging standards

The main organization which have their own norms

- FDA standards
- ISO (ISO 22000, ...)
- Food and Safety Management Systems
- CODEX HACCP
- ...

#### B. Biodegradable and compostable standards.

Biomind Corporation intends to respect all standards, and/or test methods. There are, however, a range of international standards and test methods developed specifically for biodegradability, product hygiene, product safety (alimentary) and also for compost derived products.

The main international organizations that have established standards or testing methods are:

- American Society for Testing and Materials (ASTM) ([www.astm.org](http://www.astm.org));
- European Standardization Committee (CEN) ([www.cenorm.be](http://www.cenorm.be));
- International Standards Organization (ISO) ([www.iso.org](http://www.iso.org));
- Institute for Standards Research (ISR),
- German Institute for Standardization (DIN); and

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- Organic Reclamation and Composting Association (ORCA) (Belgium).

The certification procedures for products made of compostable materials are to be performed using the following standards:

**DIN V 54900** “Testing of the compostability of plastics” (replaced by **DIN EN 13432**) - Testing of ultimate biodegradability is conducted in accordance with one of the methods specified in **DIN V 54900-2**:

- Method 1: Measuring the oxygen
- Method 2: Analysis of evolved carbon dioxide in an aqueous medium
- Method 3: Analysis of evolved carbon dioxide in compost

**EN 13432** “Packaging - Requirements for packaging recoverable through composting and biodegradation Test scheme and evaluation criteria for the final acceptance of packaging” Testing of ultimate biodegradability is conducted in accordance with the criteria of **EN 13432** by one of the following methods:

**ISO 14855** “Determination of the ultimate aerobic biodegradability and disintegration of plastic materials under controlled composting conditions – Method by analysis of evolved carbon dioxide”

**DIN EN 14046** “Packaging - Evaluation of the ultimate aerobic biodegradability of packaging materials under controlled composting conditions - Method by analysis of released carbon dioxide”; German version **EN 14046:2003**

**ASTM D 6400-99** "Standard Specification for Compostable Plastics" Testing is conducted in accordance with the methods specified in subclause 6.3 of **ASTM D 6400-9**:

**ASTM D 5338-98** "Standard Test Method for Determining Aerobic Biodegradation of Plastics Materials Under Controlled Composting Conditions"

**ASTM D 6002-96** "Standard Guide for Assessing the Compostability of Environmentally Degradable Plastics"

Biomind Corporation intends to quickly obtain, for all its products, the American and European certification label:

### - The Compostable Logo

Biodegradable Products Institute (BPI) manages the program of *Compostable* certification Logo, developed in collaboration with *United States Composting Council* (USCC). Thus, in order to be permitted to affix the *Compostable Logo* of BPI, a company must subject its product to a committee of evaluation which will determine if it respects approved criteria of compostability. Criteria retained by the BPI and the USCC are those established by standard ASTM 6400.

### - The 'OK Compost' logo

It can be used on the labeling of biodegradable plastics and other materials to signify that the material is 100% compostable and biodegradable. The logo is owned and managed by AIB-Vinçotte International (now Vinçotte), using the CEN - 13432 standard.



All these standards are essential and will be utilized to demonstrate and prove that our biodegradable products are also 100% compostable. A proven dual capability will assist the Company's efforts to command market penetration, reducing the number of potential competitors emerging in the expanding biodegradable/compostable food and beverage packaging market.

At present, no specific governmental rule forbids use of non-biodegradable food and beverage packaging. Nevertheless, on a rapidly increasing basis, many governments are becoming aware of the necessity to preserve the environment by reducing harmful wastes. For example, On November 28, 2005, the French Parliament decided to forbid the use of non-biodegradable plastic grocery bags beginning in 2010, a major revision in

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France’s “agriculture orientation law.” We expect the European Commission, with its coordinating role affecting member countries, will attempt to follow France’s leadership role, perhaps encouraged by the increased cost of petroleum based fossil fuel plastics.

### 6.24 CONFLICTS OF INTEREST

As of this day there are no conflicts of interest. None of the members of management of Biomind have any direct relationship with the suppliers.

The investors in the Company will be told of any conflicts of interests, and the possible existence of a conflict of interest, and the investors must renounce any legal rights against the Company concerning any conflicts of interest.

There is no representative of any supplier sitting on the Board of Directors.

There is no member who has any kind of interest in buying or selling anything to or from another company anything other than the market price.

### 6.25 CUSTOMER BACKLOG

The Company has orders to fill in its portfolio with existing customers of Biomind W. Eckey Germany.

The Company intends to maintain its excellent relationship with its existing customers by controlling the quality of its production and assuring that it is delivered on time as scheduled.

Customer's names	Items	Units ordered	Value	Cancel risks	Commentary
Biocorp	cutlery, plates, bowls	one 40' container	USD 120,000	0	
Lufthansa	special trays	one 40' container	USD 70,500	0	
Permapak	paper cups	250,000 pieces	USD 21,000	0	
SBG	Cutlery	one 20' container	USD 36,000	0	
Celebration Paper	Cutlery	250,000 pieces	USD 13,000	0	
Miscellaneous orders	plates, bowls, cutlery...	100,000 pieces	USD 15,000	0	

### 6.26 INSURANCE

The insurances necessary for the business are:

Civil Liability/Product Liability

Worker’s Compensation/UCI, etc.

Life & Health

The Company intends to and is in the process of completing its requests for the insurance coverage to become effective both in Europe and the United States. We will obtain these and any other required insurance coverage when this Private Offering is initiated.

The Company intends to obtain insurance that is sufficient to meet its risk exposures and provide adequate employee benefits, including key man insurance for its President and its COO in recognition of their importance.

Insurance Policy	Principal Covered Risks	MaximLRP Cover
Property and Fire	Premises Insurance	Stated in Each Lease
Civil Liability/Product Liab.	Corporate General Liability/Product Errors	USD 100,000,000
Worker’s Compensation/UCI, etc.	Regulatory	Statutory Limits
Life & Health	Key Management/Major Medical	1x’s earnings

The insurance needs will be reevaluated on a six month basis to better reflect the Company's resources and growth.

## 6.27 TAXES

Biomind Corporation was founded in Delaware on February 23, 2006. Revenues from partnered subsidiaries, if any, will not be consolidated as part of this offering until they become funded and managed by the Company. These partnered subsidiaries are expected to share at least 20% or more of the tax advantages of their company's ownership with Biomind Corporation. The Company will seek American tax advice. Wherever possible, taxes will reflect good tax planning.

There are no outstanding taxes payable. The Corporation has elected to domicile Biomind's efforts in the United States in the tax free state of Delaware versus attempting to do business from Europe as a foreign corporation. We may be required by regulators to incorporate or license in various states. The Company's US General Counsel, Jeff Brown, maintains relationships with a CPA and with an attorney for income tax accounting and reporting preparation purposes. These firms are familiar with SEC and California and Delaware requirements and are to be retained for specialized purposes in anticipation of conversion to public corporation status.

## 6.28 PUBLICATIONS AND ASSOCIATIONS

*Warning: These lists are not exhaustive. Biomind can not be held responsible for the contents and reputation of the various links.*

### 1. Biodegradable Polymers / Bioplastics Organisations

- BPI: Biodegradable Products Institute (USA) (<http://www.bpiworld.org>)
- US Composting Council: ([www.compostingcouncil.org](http://www.compostingcouncil.org))
- ABA: Australasian Bioplastica Association (<http://www.bioplastics.org.au/>)
- Belgian Biopackaging [nl] [fr] ([www.belgianbiopackaging.be/](http://www.belgianbiopackaging.be/))
- BCPN: Belangenvereniging Composteerbare Producten Nederland [nl] (<http://www.bcpn.nl>)

### 2. Standards Organizations

- American Society for Testing and Materials (ASTM) ([www.astm.org](http://www.astm.org)):
- European Standardisation Committee (CEN) ([www.cenorm.be](http://www.cenorm.be)):
- Food and Drug Administration: Packaging products comply with FDA requirements for contact with food ([www.fda.org](http://www.fda.org))
- International Standards Organisation (ISO) ([www.iso.org](http://www.iso.org)):
- Institute for Standards Research (ISR),
- German Institute for Standardisation (DIN) ([www.bpiworld.org](http://www.bpiworld.org))
- Organic Reclamation and Composting Association (ORCA) (Belgium)

### 3. Certification of Biodegradable Products

- Compostable Logo (BPI and USCC \_US)

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- [OK compost \(AVI Belgium\)](#)
  - [GreenPla \(Japan\)](#)
  - [BPI: Biodegradable Products Institute \(U.S.\) \(http://www.bpiworld.org\)](http://www.bpiworld.org)
  - [BPS: Biodegradable Plastics Society \(Japan\) \(http://www.bpsweb.net/02\\_english\)](http://www.bpsweb.net/02_english)
  - [DIN Certco: Gesellschaft für Konformitätsbewertung \(D, EU\) \(http://www.dincertco.de\)](http://www.dincertco.de)
  - [International Biodegradable Polymers Associations \(IBAW\)](#)
  - [DEBIO ensure that products meet the requirements for marketing organic products under the Norwegian "Ø-label", which certifies organic production. \(www.debio.no\)](http://www.debio.no)
- 4. Renewable and biodegradable raw materials**
- [BioMatNet - Biological Materials for Non-Food Products \(www.biomatnet.org\)](http://www.biomatnet.org)
  - [BIS: BioBased Information System \(www.biobased.org\)](http://www.biobased.org)
  - [Bioplastics Magazine - specialised magazine for bioplastics \(www.bioplasticsmagazine.com\)](http://www.bioplasticsmagazine.com)
  - [bioplastics24 - portal site on bioplastics and biodegradable polymers \(www.bioplastics24.com/\)](http://www.bioplastics24.com/)
  - [CARMEN e.V. - Centrales Agrar Rohstoff-Marketing- und Entwicklungs-Netzwerk \(www.carmen-ev.de/\)](http://www.carmen-ev.de/)
  - [CORDIS \(Database on EU projects\) http://cordis.europa.eu.int/en/home.html](http://cordis.europa.eu.int/en/home.html)
  - [FNR: Fachagentur Nachwachsende Rohstoffe e.V. \[de\] \(http://www.fnr.de/\)](http://www.fnr.de/)
  - [Friendly Packaging - easy to understand information on innovative packaging materials \(http://www.friendlypackaging.org.uk\)](http://www.friendlypackaging.org.uk)
  - [IENICA - Interactive European Network for Industrial Crops and their Applications \(http://www.ienica.net/\)](http://www.ienica.net/)
  - [INARO - Informationssystem Nachwachsende Rohstoffe \[de\] \[fr\] \(http://www.inaro.de/\)](http://www.inaro.de/)
  - [NaWaRo kommunal - Portal für den Einsatz von nachwachsenden Rohstoffen in Kommunen \[de\] \(www.nawaro-kommunal.de\)](http://www.nawaro-kommunal.de)
  - [NNFCC: National Non-Food Crops Centre \(U.K.\) http://www.nnfcc.co.uk/](http://www.nnfcc.co.uk/)
  - [NUC: New Uses Council \(U.S.\)\(http://www.newuses.org/\)](http://www.newuses.org/)
- 5. Associations**
- [BGK: Bundesgütegemeinschaft Kompost e.V. \[de\] \(www.bgkev.de\)](http://www.bgkev.de)
  - [CEFIC: European Chemical Industry Council \(www.cefic.org\)](http://www.cefic.org)
  - [ECN: European Compost Network \(www.compostnetwork.info\)](http://www.compostnetwork.info)
  - [EUPC: European Plastics Converter \(www.eupc.org\)](http://www.eupc.org)

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- [PlasticsEurope: Association of Plastics Manufacturers in Europe \(www.plasticseurope.org\)](http://www.plasticseurope.org)
- [EUPC European Plastics Converters www.eupc.org](http://www.eupc.org)
- [Plastiques & Caoutchoucs Magazine www.e-plasturgy.com](http://www.e-plasturgy.com)
- [AFNOR Association Française de Normalisation www.afnor.fr](http://www.afnor.fr)
- [ADEME - Agence de l'Environnement et de la Maîtrise de l'Energie www.ademe.fr](http://www.ademe.fr)
- [ECO-EMBALLAGES - Valorisation des emballages ménagers www.ecoemballages.com](http://www.ecoemballages.com)
- [BCPN: Belangenvereniging Composteerbare Producten Nederland \[nl\] http://www.bcpn.nl](http://www.bcpn.nl)
- [COBRO: Centralny Osrodek Badawczo-Rozwojowy Opakowan \(Poland\) \[pl\] http://www.cobro.org.pl](http://www.cobro.org.pl)
- [Compost UK: The Composting Association \(U.K.\) http://www.compost.org.uk](http://www.compost.org.uk)
- [L'Unesco http://portal.unesco.org](http://portal.unesco.org)



### 6. **Environment and Health**

- [Actu Environnement http://www.actu-environnement.com/](http://www.actu-environnement.com/)
- [Environnement Europe http://www.info-europe.fr/sea.dir/sea10.dir/sea10\\_.htm](http://www.info-europe.fr/sea.dir/sea10.dir/sea10_.htm)
- [UneTerre.net : information environnement en ligne http://www.uneterre.net/](http://www.uneterre.net/)
- [Courrier de l'environnement de l'INRA www.inra.fr/Internet/Produits/DPENV/pa.htm](http://www.inra.fr/Internet/Produits/DPENV/pa.htm)
- [Univers nature http://www.univers-nature.com/](http://www.univers-nature.com/)
- [Trio : Bulletin environnemental d'Amérique du Nord](#)
- [Environmental Health News !\[\]\(9dc885fa0d6d341860a6e69645e59475\_img.jpg\)http://www.environmentalhealthnews.org/](http://www.environmentalhealthnews.org/)
- [Environmental News Network !\[\]\(5d2b0686f24c91a69ec6f054f466d184\_img.jpg\)http://www.enn.com/](http://www.enn.com/)
- [Environmental news !\[\]\(ef97c4cf774c94401d40a852a635219b\_img.jpg\)http://www.edie.net/index2.html](http://www.edie.net/index2.html)
- [Nature Science Update !\[\]\(f8ef7bbfeae36453ca014751196aefd5\_img.jpg\) www.nature.com/news/channels/earthandenvironment.html](http://www.nature.com/news/channels/earthandenvironment.html)
- [News Yahoo US !\[\]\(c16c1d45ae17c42d924e54c1f9be81dd\_img.jpg\)http://news.yahoo.com/fc/Science/Environment\\_and\\_Nature](http://news.yahoo.com/fc/Science/Environment_and_Nature)
- [www.mindfully.org](http://www.mindfully.org)
- [Bulletin Science et Environnement Canada http://www.ec.gc.ca/science/new/tech\\_f.html](http://www.ec.gc.ca/science/new/tech_f.html)
- [News énergie plus http://www.energie-plus.com/](http://www.energie-plus.com/)
- [Futura Sciences http://www.futura-sciences.com/](http://www.futura-sciences.com/)
- [Science Now Home !\[\]\(95b5024aa73784eeb3bbb283901425f3\_img.jpg\) http://sciencenow.sciencemag.org/](http://sciencenow.sciencemag.org/)
- [Science Online !\[\]\(a5b8b0c6037342750f3bb8e3ea46081a\_img.jpg\) http://www.scienceonline.org/](http://www.scienceonline.org/)
- [Scientific American !\[\]\(1160f55bf8bdd53aa462eb354f999cab\_img.jpg\)http://www.sciam.com/](http://www.sciam.com/)

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- New Scientist  <http://www.newscientist.com/hottopics/environment/>
- Environmental Science & Engineering  <http://www.esemag.com/>

### 7. Publications

- Biodegradable polymers and plastics- Proceedings of the 7th World Conference on Biodegradable... - Emo Chiellini - 2003
- Novel food packaging techniques - Raija Ahvenainen - 2003
- Environmentally-Friendly Food Processing - de Berit Mattsson, Ulf Sonesson - Technology - 2003
- Plastic Films - Situation and Outlook - Françoise Pardos - 2004
- Green Plastics- An Introduction to the New Science of Biodegradable Plastics - Eugene S. Stevens - 2002
- Ecodesign- The Sourcebook - de Alastair Fuad-Luke – 2002
- Sustainable Solutions- developing products and services for the future - Ursula Tischner, Martin Charter - Business & Economics – 2001
- Plastics Technology Handbook - Manas. Chanda, Salil K. Roy - Technology – 1998
- Food Packaging- principles and practice - Gordon L. Robertson – 2005
- Degradable Polymers- Principles and Applications -Gerald Scott - 2003
- Wild Oats Widens Biodegradable Food Containers' Use - Denver Post 11jan04
- Degradable polymers in a living environment: where do you end up? - Polymer International Oct02
- Plant-Based Materials Replace Oil-Based Plastics, Polyesters - Washington Post 3may02
- Standard Guide for Assessing the Compostability of Environmentally Degradable Plastics - ASTM Designation: D 6002 — 96 (Reapproved 2002 )
- Biodegradable plastics from wheat starch and polylactic acid (PLA) - KSU Dept. Of Grain Science and Industry (rev.31mar01)
- Stakofsky, A. (2002) *The Status of Degradable Plastics for Composting*, BioCycle, mars 2002
- Department of the Environment and Heritage (2002) *Plastic Shopping Bags – Analysis of Levies and Environmental Impacts*, Australie, 75 p.
- Ecobilan PriceWaterhouseCoopers (2004) *Évaluation des impacts environnementaux des sacs de caisse Carrefour – Analyse du cycle de vie de sacs de caisse en plastique, papier et matériau biodégradables*, étude réalisée pour le compte de Carrefour, revue critique réalisée par l'ADEME.
- Centre de recherche industrielle du Québec (2002) *Projet-pilote de collecte, transbordement et compostage de matières putrescibles avec sacs dégradables*, 29p. [www.recyc-quebec.gouv.qc.ca](http://www.recyc-quebec.gouv.qc.ca)
- RECYC-QUÉBEC (2003) *Bilan 2002*
- Association Canadienne de l'Industrie du Plastique (2005) *Notre position sur les plastiques dégradables*, [www.cpia.ca](http://www.cpia.ca) 2005.



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- Bureau de normalisation du Québec (2005) *Normalisation consensuelle – Politique et règles de procédure*, [www.bnq.qc.ca](http://www.bnq.qc.ca)

### 8. **« Bio » Blogs**

- Ecofriend - <http://www.ecofriend.org>
- Packaging Gateway - <http://www.packaging-technology.com/>
- Organic Researcher - <http://organicresearcher.wordpress.com>
- BlogVert.org <http://www.blogvert.org/>
- Developpement-durable.viabloga.com <http://developpement-durable.viabloga.com/>
- Quotidiendurable.com <http://quotidiendurable.com/>
- Webzine du ministère de l'écologie <http://www.ecologie.gouv.fr/emeddiat/>
- Planète bleue <http://planetebleue.canalblog.com/>
- Environnement Info <http://environnement-info.blogspot.com/>
- EcoTalkblog <http://ecotalkblog.com/>
- EcoGeek <http://www.ecogeek.org/>
- GroovyGreen <http://groovygreen.com/>

### 9. **Trade shows:**

- Interpack 2008 **Düsseldorf, Germany 24-30 April 2008**
- BioFach – 15 au 18 February 2007 – Nuremberg (Germany)
- <http://www.compostingcouncil.org/section.cfm?id=12>
- <http://www.organicexpo.com/07/public/enter.aspx>
- <http://www.recyclingconference.org/>
- <http://www.restaurant.org/show/>
- <http://www.hospitalityexpos.com/event730.html>
- <http://www.hmrsss.com/>
- [www.catersource.com](http://www.catersource.com)
- [www.upshowonline.com](http://www.upshowonline.com)

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# 7 COMPANY STRUCTURE

## 7.1 BIOMIND CORPORATION

**Biomind Corporation** was founded in the state of Delaware, United States.

The details of its formation are as follows:

Biomind Corporation	
Incorporation Date :	23rd February 2006
Name Change Date	1st November 2006
Incorporation Number :	061005470-4114578
E.I.N. (IRS) Number :	20-4414575
Shareholder Structure :	See chapter 9
Directors and Officers :	See 8.1 & 8.2
Accounting Firm :	Under selection process
Auditing Firm :	KPMG
Legal Counsel :	Brown & Farmer, LLP

## 7.2 BRANCH OFFICES OF BIOMIND CORPORATION

Switzerland	
Registration Date :	Under registration process
Registration Number :	Under registration process
VAT Number :	Under registration process
Directors and Officers :	Dany Prieto, General Manager Wolfgang Eckey, Operational Director
Accounting Firm :	Boesiger & Partners AG
Auditing Firm :	KPMG
Legal Counsel :	Under selection process

Probably Morocco	
Registration Date :	Under registration process
Registration Number :	Under registration process
VAT Number :	Under registration process
Directors and Officers :	Gildas Ruys, Key Account Agent
Accounting Firm :	El Alami Fiduciaire
Auditing Firm :	KPMG
Legal Counsel :	Under selection process

The following branch will be planned depending on business evolution: China

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### 7.3 SEVERAL WHOLLY OWNED SUBSIDIARY COMPANIES

<b>Biomind Distribution Inc. in process of incorporation (USA)</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>E.I.N. (IRS) Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Under selection process
<b>Accounting Firm :</b>	Under selection process
<b>Auditing Firm :</b>	KPMG
<b>Legal Counsel :</b>	Brown & Farmer, LLP

<b>Biomind SA formerly Lipup SA (Switzerland)</b>	
<b>Incorporation Date :</b>	20th November 1998
<b>Incorporation Number :</b>	CH-677.3.001.631-8
<b>Directors and Officers :</b>	Dany Prieto, CEO Alain Jenny, Officer
<b>Accounting Firm :</b>	Boesiger & Partners AG
<b>Auditing Firm :</b>	KPMG
<b>Legal Counsel :</b>	Under selection process

<b>Biomind Srl (Italy) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Under selection process
<b>Accounting Firm :</b>	Under selection process
<b>Legal Counsel :</b>	Under selection process

<b>Biomind Sarl (France) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Pascal Berger, Managing Director Under selection process
<b>Accounting Firm :</b>	MG Expertise Sarl
<b>Legal Counsel :</b>	Bruno Maigné (pending)

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<b>Biomind Gmbh (Germany) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Tim Eckey, Managing Director Under selection process
<b>Accounting Firm :</b>	Under selection process
<b>Legal Counsel :</b>	Under selection process

<b>Biomind SL (Spain) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Javier Casillas, Director Under selection process
<b>Accounting Firm :</b>	Coromina
<b>Legal Counsel :</b>	Under selection process

<b>Biomind Ltd (England) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Under selection process
<b>Accounting Firm :</b>	Under selection process
<b>Legal Counsel :</b>	Theodore Goddard, LLP

<b>Biomind SA (Uruguay) in process of incorporation</b>	
<b>Incorporation Date :</b>	In process of incorporation
<b>Incorporation Number :</b>	In process of incorporation
<b>VAT Number :</b>	In process of incorporation
<b>Directors and Officers :</b>	Guzman Fernandez, President Under selection process
<b>Accounting Firm :</b>	Under selection process
<b>Legal Counsel :</b>	FBFS, Abogados

The following subsidiaries will be planned depending on business evolution:  
Belgium, Nederland, Canada, Asia, Sweden, Denmark, Middle East, South America.

## 7.4 ORGANIZATIONS

The following organizations are familiar with the Company:

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- BEPS: BioEnvironmental Polymer Society (USA) (<http://www.beps.org>)
- BMG: Biodegradable Materials Group (China) (<http://www.cnbm.org>)
- BPS: Biodegradable Plastics Society (Japan) ([http://www.bpsweb.net/02\\_english/](http://www.bpsweb.net/02_english/))

## 8 THE MANAGEMENT

### 8.1 BOARD OF DIRECTORS

The Board of Directors has 8 members. The Company intends to increase the number of Board of Directors with several experienced persons representing the financing groups. The Board of Directors will meet every month.

Name	Position	Age
Dany Prieto	Chairman/General Manager (Switzerland)	55
Bernard Ivaldi	President	59
Eric Naszalyi	Chief Executive Officer	40
Jeffrey Brown	Corporate Secretary	59
Mehdi Lograda	Chief Financial Officer	27
Wolfgang Eckey	Chief Operational Officer	58
Glenn Tobias	Chief Design Officer	48
Kelly Lehrmann	Chief Marketing Officer	36



**Dany Prieto, Chairman/General Manager (Switzerland)**, in charge of setting key orientations and running the Geneva Branch. He is determined to replace the “polluting packaging” with the new biodegradable ones. He has always been sensitive to nature and the sea. Now he wants to achieve improvement for the life quality by contributing concretely to the deployment of NO polluting packaging.

He began his engineering studies in France and worked as a high technology specialist for a factory making moulds for injection. He created his own company in the photolithography domain that was the first one of the region to have a revolutionary graphical scanner. His company became an important actor in the local market. He took another challenge by managing an import-export company covering the world. He also commercialized a license for surface floor based on concrete for France. After that, he decided to become an industrial inventor and work out the Lipup® System™. In the mean time, he built and manages the Lipup Company.



**Bernard Ivaldi, President**, in charge of defining the Company strategies both development and financial, and influencing expected laws evolution among government bodies. He is a Swiss resident who has spent the last thirty years living and working in the United States and Europe. Bernard Ivaldi has obtained diplomas from American and French Universities including a PhD (doctorate 1983) from Columbia Pacific University. He was a Doctoral Fellow in Bilingual Education at New-York University N.Y. (1977). From 1972 to date Bernard Ivaldi has held a number of senior administrative posts in the USA, France, Belgium and Switzerland.

Bernard Ivaldi serves on a number of international Board of Directors and is currently Vice-Président du Conseil de Fondation de l’Institut Supérieur des Affaires et du Management (INSAM), Genève and President of the Foundation for Excellence in Business Practice (FEBP), Geneva.

In 1994, Bernard Ivaldi formed his own company in Geneva (**BI Conseil**), specializing in the audit of institutions, company management and financial and human resources. He is familiar with various legislations including those particular to the USA, France, Switzerland and Geneva.

For the past twelve years, he has been consulting extensively with multinational companies in Europe, USA, South America and Australia.

He is currently serving as General Director of Laboratoires Helvetica Pharma S.A., a Swiss company providing Natural Health products and solutions and sits on the board of several small companies.

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**Eric Naszalyi, Chief Executive Officer**, in charge of managing the day to day business development and making sure goals and plans are met. He began his career at Kimberly-Clark, in charge of developing sales, then marketing and key account for France, and was implicated in the European sales force automation program. He then moved to SC. Johnson as Sales Manager, and moved to GOJO (Skin Care Manufacturer), in charge of setting up and developing the French Operation, as well as developing European contacts with distributors. His main expertises are strategic planning and development, sales and profitable growth as well as distributor network building. He is fully dedicated to building businesses that are sustainable, profitable, and substantial!"



**Jeffrey Brown, Secretary/General Counsel**. He is involved in corporate legal and specializes in both transactional and litigation areas. He is to be involved one-half time in his role of legal advice, patent and trademark licensing in the United States, corporate records, legal oversight and other day-to-day support roles of Lipup®, its shareholders and the Company's clients, sales partners and system users. He will assist Mr. Hanson with SEC compliance. He has been involved in international law (Coventry, England) and has held many honors and distinctions in law school (University of California – Davis) and is well known and respected in San Diego with his practice of corporate law



**Mehdi Lograda, Chief Financial Officer**, is in charge of the financial department, with budgets controls, Auditors and Board of directors reports, IPO introduction. After a 2 year intensive preparatory program (HEC) Mehdi Lograda entered a French Business School and obtained a masters degree, thereafter and added Master of Business Administration (Financial Engineering) earned in Geneva. He is writing a financial thesis about IPOs for Corporate financing purposes.



**Wolfgang Eckey, Vice President/Chief Operational Officer**, in charge of supervising production on all its aspects. He started his "Biodegradable Career" in 1995, switching the company Ecotrade into the biodegradable business. He worked together with Novamont in developing the process for molding Mater-Bi materials. In 1998, Biocorp took over Ecotrade and Wolfgang Eckey became Vice President Technology and President of Biocorp Europe. Biocorp became successful by making the 2000 Olympics in Sidney a green event by supplying biodegradable disposal bags and biodegradable service ware. From 2001 to 2003, Wolfgang Eckey was employed by a Belgium extrusion company, "Fardis." Fardis was the supplier for all biodegradable items for the Swiss Expo 2002. He started his company, Biomind, in 2004. Biomind supplied the Winter Olympics in Turin, Italy with cutlery and cups. It also developed some special biodegradable trays for the air industry.



**Glenn Tobias, SR. Chief Design Officer**, in charge of designing all new products. He conceived the concept of the Flip Cup after experiencing many instances of cup/lid mishaps. His patents form the basis for the self-sealing cup. Mr. Tobias' background has been principally in the television, film and entertainment industry. A member of the Writers Guild of America, Mr. Tobias has worked as a writer and producer until the early 90's when he became interested in television infomercials. He invented an exercise device known as the Bun Press for infomercial marketing. He then became interested in inventing something with broad mass appeal much like a paper clip or post-it. It was then that his frustrating experiences with take-out beverage cup/lid combinations led him to the solution, the

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FlipCup™ or Self-Sealing Cup. Mr. Tobias has met with cup machine manufacturers, cup manufacturers, distributors and end users like Coke, Pepsi, Burger King and McDonalds. A multi-dimensional strategy for marketing is the area Mr. Tobias intends on focusing with the company to ensure the self-sealing cup attains a maximum share percentage of the worldwide beverage and food cup container business. Mr. Tobias continues his television and film activities, recently producing the television series Mind Codes. He will assist in the distribution and sales effort using his considerable contacts made in the cup manufacturing industry in the past twenty years. He will also serve as technical director for promotion, using his considerable expertise and capabilities in media.



**Kelly Lehrmann, Chief Marketing Officer, in charge of supervising market research and product launches.** Kelly Lehrmann became interested in the biodegradable industry after working as a consultant for a landfill corporation and realizing the potential value of the industry. She attended UW-Eau Claire and Mankato State University to obtain a B.S. in Finance. Kelly has 21 years of sales, marketing and management experience with 14 years of that holding management and executive positions. Throughout her career she spent 7 years in retail management where she received hands on experience with inventory control, distribution channel management, purchasing, sales management, market research and public relations. Kelly began her career in the biodegradable industry in 2002 with Biocorp, Inc. As the President of Biocorp, Inc. she has been able to lead the company to a consistent increase in revenues by becoming involved with such key organizations as Aveda, Whole Foods, WalMart, Target and IKEA. Through her five years with Biocorp she has lead the company in product development, successful market penetration and a consistent annual increase in revenue.

## 8.2 MANAGEMENT

During the formation of the Company, Wolfgang Eckey and Dany Prieto will direct the operations, assisted by Pascal Berger, Mehdi Lograda and Francis Romero Cortell.

Name	Position	Age
Dany Prieto	Chairman/General Manager (Switzerland)	55
Bernard Ivaldi	President	59
Eric Naszalyi	Chief Executive Officer	40
Wolfgang Eckey	Chief Operational Officer	58
Mehdi Lograda	Chief Financial Officer	27
Kelly Lehrmann	Chief Marketing Officer	36
Glenn Tobias	Chief Design Officer	48
Bruno Bimet	Chief Sales Officer	38
Francis Romero Cortell	Chief Administrative Officer	47
Pascal Berger	VP Product Manager	38
Neddy Otmani	VP Research & Development	28
Christian Lau	Legal Department Manager	27
Alain Faucher	Key Account Manager	41

See section 8.1 for personal data for Board of Directors members



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**Bruno Bimet, VP Sales**, in charge of recruiting and developing sales network, market Openers in particular. He has a strong manager skill and he is a challenging person. He started as a commercial agent at Apple Center Grenoble and then he becomes, 2 years later, the Director of the Center. Sales Manager at Kenobee Multimedia he creates the web agency department. He was in charge of the sales and managed a structure of salesmen. He is also the Co-founder and General Manager of the Novalto Company. He carries on as President Founder of the Domtis Company.



**Francis Romero Cortell, Chief Administrative Officer**, in charge of supervising all administrative and human resources aspects of the company. After obtaining a university degree in Business Management, specializing in Human Resources Management, he started his career at Europcar France, a multinational firm, as the corporate supervisor. After that, he became the administrative and financial manager for a small company of 35 people. In 1988, he joined a European firm of consulting in organization and management; he successively occupied the positions of consultant, technical manager, consulting manager and finally sales manager. The group then made him in charge of the general management of the company in Spain, where the net results increased more than three times. He then joined the automobile sector to develop a Volkswagen-Audi concessionaire in Paris. He elaborates the first financial projections of the Lipup S.A. between 2000 to 2002.



**Pascal Berger, VP Production Manager**, in charge of coordinating all production aspects and purchases. After a formation in international trade, Pascal Berger evolved in various companies such as Rank Xerox, Carrefour, Cafés Folliet and finally directing F&B in Geneva. Then he launched in the Biodegradable one by integrating the Vimat Company, for which he set up one of the first ranges of disposable crockery biodegradable/compostable. Since 2005 it ensures the development of the bio market in partnership with Biomind W.Eckey. His principal motivation is the replacement of the actual packaging by biodegradable/compostable ones in the food and beverage sector.



**Neddy Otmani, VP Research & Development**, in charge of developing new products, new materials and processes. After receiving a diploma in Manufacturing Management and a Bachelor's degree in Supply Chain Management, he graduated from the famous French engineer school 'Ecole des Mines' with a Master's degree. This former high level judo athlete started his career in several industrial projects management for multinational companies in pharmaceutical, chemical and packaging industries. During 6 years he was in charge, with successful results, of implementation of optimization projects 5S,TPM, SMED, Visual Management, reduction of manufacturing costs, optimization of Supply Chain Management, reengineering of industrial process, implementation of Information and Decisional System like SAP, Business Object, ... He participated with Dany Prieto in technology related to the development of the biodegradable can.



**Christian Lau, Legal Department Manager**, will elaborate contracts, check laws and regulations evolution and elaborate a new ethical charter. Christian Lau has a bachelor in literature beside his academic formation in law. Former teacher, he is astute in human relation and he has proved to be a skillful jurist.

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**Alain Faucher, Key Account Manager**, is in charge of the commercial development for the company among key user groups. Fluent in English, he has more than 15 years experience in business development and team management. He has also been in charge of the container traffic from France to Far East for the Japanese shipping company Mitsui Osk Lines in the French harbor Le Havre (France). In that job he handled the sales, the organization and the follow-up of this export business. (1990-1993)

### 8.3 MANAGEMENT FIDELITY

The founders and top management have contractually and collectively committed themselves to the Company. By agreement, they are prohibited from competing with the Company.

Their stock position in the Company is the best assurance of their commitment to the long-term success of Biomind Corporation.

No member of the management team, no director, or any major investor in the company has ever been convicted in any material crime. Personal credit reports will verify that all individuals have excellent credit ratings.

### 8.4 MANAGEMENT COMPENSATION

The following table sets forth the annual compensation to be paid to the officers to the IPO and then they will be reviewed.

In addition to this compensation, the Company will provide bonuses to the officers' pro-rata based on their performance to the Company. The Company intends to create a stock-incentive plan for management, who can receive additional shares in the Company, tied to their performance and the success of the Company.

Management Compensation 2007 – 2008		
Position	Name	Base Salary*
Chairman	Dany Prieto	120,000
President	Bernard Ivaldi	250,000
Chief Executive Officer	Eric Naszalyi	250,000
Secretary	Jeffrey Brown	150,000
Chief Financial Officer	Mehdi Lograda	150,000
General Manager (Switzerland)	Dany Prieto	240,000
Chief Operational Officer	Wolfgang Eckey	200,000
Chief Design Officer	Glenn Tobias	150,000
Chief Marketing Officer	Kelly Lehrmann	230,000
Chief Sales Officer	Bruno Bimet	150,000
Chief Administrative Officer	Francis Romero Cortell	130,000
VP Product Manager	Pascal Berger	140,000
VP Research & Development	Neddy Otmani	150,000
Legal Department Manager	Christian Lau	60,000
Key Accounts Manager	Alain Faucher	100,000
<b>TOTAL MANAGEMENT COMPENSATION</b>		<b>USD 2,470,000</b>

\*These figures do not consider taxes or social security charges

## **8.5 DIRECTOR COMPENSATION**

The outside Directors who are not employed or contracted as consultants by the Company will receive USD 5,000 per meeting as long as they are Company Directors.

## **8.6 EMPLOYEE STOCK AND STOCK OPTIONS**

The Company has established a stock/stock option plan for its employees. According to this plan, the directors and employees who hold the key positions in the Company are eligible to receive stock over the next five years. Over 8.5 million shares (authorized but not issued) of the Company have been reserved for stock options and for meritorious bonuses. The founders of the Company are excluded from the plan.

The stock option awards will be determined by a subcommittee of the Board of Directors, chosen by the Board of Directors. This committee will have the authority to determine the terms and conditions applicable to the stock options.

## **8.7 EMPLOYEE AGREEMENTS**

List any employee agreements specific to any employee and the terms of the agreement stressing the compensation elements of the agreement.

## **8.8 CONFLICT OF INTEREST**

There are potential conflicts of interests for founder and president, Mr. Dany Prieto, which could adversely affect the well being of the financing and the perception of the Company by institutional investors.

Mr. Prieto is at the same time director, creditor and main shareholder of the Company. Notwithstanding, his investment that shall remain fully invested in the Company, he is a creditor of the Company for an estimated USD 4,951,736 funds he borrowed and personally guaranteed. These personal loans were utilized by the Company and were required for it to maintain its existence. Mr. Prieto and the Company intend to fully reimburse these loans from the proceeds of this offering, including those funds borrowed from Mr. Prieto's life companion, Marie Bailleul, and from his oldest friend, Mr. Jacques Veber.

There is no property which belongs personally to any employee

Biomind owns 100% of all its properties. Lipup SA was owned at 92 % by Dany Prieto before Biomind acquired it. The remaining 8% are about to be acquired.

## **8.9 CONSULTANTS**

Cmyle for IT implementation

Gian-Filippo Filippopoulos for Information Security and Inquiries

Business Process Institute for IT specifications, Legal and Marketing excluding any management decision

## **8.10 ACCOUNTANTS**

Boesiger & Partners AG

Treuhandgesellschaft

Mattenstr. 84

Postfach 2501

CH-2503 Biel/Bienne

Account manager: Mr. Cam-Phat La

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### 8.11 LAWYER

Alexandre J. Schwab  
SCHWAB FLAHERTY HASSBERGER CRAUSAZ  
+41 22 840 50 00  
4, Avenue Krieg  
CH-1208 GENEVE

### 8.12 BANKER

Burki Jean Luc  
+41 22 393 24 03  
Crédit Suisse  
rue de Lausanne 11-19  
1201 Geneva - Switzerland  
Account N°: 0251-32343-82-2  
SWIFT: CRESCHZZ12A  
IBAN: CH65 0483 5003 2343 8200 2

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# 9 SHARE STRUCTURE & SHAREHOLDERS

Valuation of Biomind Corporation						
<i>Number of Authorized Shares</i>		<i>100,000,000</i>				
	Name	Initials	Initial Attribution or before Offering		Situation after Offering	
			Percentage	Shares	Percentage	Shares
Founders	Dany Prieto (1)	DP	36.2%	36,190,225	16.8%	16,808,550
	Glenn Tobias	GT	20.0%	20,000,000	9.3%	9,289,000
	Paysley Trusthand Ltd	PT	20.0%	20,000,000	9.3%	9,289,000
	Wolfgang Eckey	WE	15.0%	15,000,000	7.0%	6,966,750
	Jacques Veber	JV	4.0%	4,000,000	1.9%	1,857,800
	Total "Founders" without below			95.2%	95,190,225	44.2%
Interests from debts	Véronique Fournier	VF	0.9%	861,234	0.4%	400,000
	Elanrange Limited	ER	0.6%	645,925	0.3%	300,000
	Jean Audouin	JA	0.6%	559,802	0.3%	260,000
	Gilles Hernandez	GH	0.6%	559,802	0.3%	260,000
	Marie Bailleul	MBA	0.4%	437,076	0.2%	203,000
	Bruno Ramain	BR	0.3%	279,901	0.1%	130,000
	Jean Luc Zammit	JLZ	0.3%	279,901	0.1%	130,000
	Robert Flammang	RF	0.2%	150,716	0.1%	70,000
	Carole de Souza	CDS	0.1%	107,654	0.1%	50,000
	Françoise Léchenne	FL	0.1%	64,593	0.0%	30,000
	Pierre Fleury	PF	0.0%	43,062	0.0%	20,000
	Jean Noël Buchwalder	JNB	0.0%	35,741	0.0%	16,600
	René Delaunay (2)	RD	0.0%	32,296	0.0%	15,000
	Jean François Le Charbonnier	JFLC	0.0%	15,502	0.0%	7,200
	Hervé Richard	HR	0.0%	13,995	0.0%	6,500
	Hervé Varron	HV	0.0%	10,765	0.0%	5,000
Hervé Pinson	HP	0.0%	7,751	0.0%	3,600	
François Chabrand	FC	0.0%	7,751	0.0%	3,600	
Total "Interest from Debts"			4.1%	4,113,468	1.9%	1,910,500
Compensation for help in critical moments	Marie Bailleul	MBA	0.4%	424,158	0.2%	197,000
	Hervé Pinson	HP	0.1%	100,549	0.0%	46,700
	Jean Noël Buchwalder	JNB	0.1%	71,913	0.0%	33,400
	Hervé Richard	HR	0.0%	29,067	0.0%	13,500
	Jean François Le Charbonnier	JFLC	0.0%	27,559	0.0%	12,800
	Jean Pierre Cotica	JPC	0.0%	21,531	0.0%	10,000
	Denis Deketelaere	DD	0.0%	21,531	0.0%	10,000
	Total "Compensation for help in critical ..."			0.7%	696,307	0.3%

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Valuation of Biomind Corporation (continued)						
<i>Number of Authorized Shares</i>		<i>100,000,000</i>				
	Name	Initials	Initial Attribution or before Offering		Situation after Offering	
			Percentage	Shares	Percentage	Shares
Management	Management Team	MT			8.6%	8,560,000
	Bernard Ivaldi	BI			0.3%	250,000
	Eric Naszalyi	EN			0.2%	200,000
	CMO	CMO			0.2%	200,000
	Neddy Otmani	NO			0.2%	200,000
	Pascal Berger	PB			0.2%	200,000
	Manager US	MUS			0.1%	100,000
	VP Sales US	VPUS			0.1%	100,000
	Bruno Bimet	BB			0.1%	100,000
	Alain Faucher	AF			0.0%	10,000
	Ariana Kastanias	AK			0.0%	10,000
	Christian Lau	CL			0.0%	10,000
	Francis Romero Cortell	FRC			0.0%	10,000
	Gian Filippo Filippopulos	GFF			0.0%	10,000
	Jacky Lecointe	JL			0.0%	10,000
	Marketing Assistant Europe	MB			0.0%	10,000
Mehdi Lograda	ML			0.0%	10,000	
Pascal Dutoit	PD			0.0%	10,000	
Shareholders before POM	Business Process Institute (3)	BPI			10.0%	10,000,000
	Robert Flammang (4)	RF			0.2%	200,000
	Alexia Dechaume (5)	AD			0.0%	30,000
	Patrice Ryder (5)	PR			0.3%	325,000
Investors	Treasury	TRE			10.0%	10,000,000
	Investors	INV			23.0%	23,000,000
<b>Total</b>			<b>100.0%</b>	<b>100,000,000</b>	<b>100.0%</b>	<b>100,000,000</b>

- (1) Dany Prieto had 41,000,000 shares. He gave 4,113,468 of his shares to pay "Interest from Debts" as well as 696,307 shares for "Compensation for help in critical moments"
- (2) Uncertainty due to loss of document
- (3) Business Process Institute received their shares as a compensation for the restructuring from Lipup to Biomind including the commissions for the FlipCup, Biomind W. Eckey as well as months of unpaid services.
- (4) Investment before POM @ USD 0.60
- (5) Investment before POM @ USD 0.80

The founders will have a dilution in their stockholdings by 46.4%. They will transfer such diluted stock to the Company's management team and treasury stock which will then be mainly sold pursuant to this Private Offering.

The value of the founders' shares after the dilution should be greater based following anticipated future trading of the stock on public stock exchanges.

Significant shareholders are Dany Prieto, Glenn Tobias, Paysley Trusthand Ltd, Wolfgang Eckey and Business Process Institute.

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# 10 FINANCING DESCRIPTION

## 10.1 FINANCIAL PROPOSAL

Pursuant to this Private Offering **Biomind Corporation** is raising USD 35,000,000 in minimal sales round lots of 25,000 shares for a cost ranging from USD 1.00 to USD 2.00 (incremental price from USD 1.00 to USD 2.00 per share). The minimum investment is USD 100,000.

The number of shares that can be sold pursuant to this Private Offering is 23,000,000. Once all the shares are sold at the incremental prices, the Company's value is expected to increase as set forth in the table below in Section 10.2. Pursuant to the Private Offering, 23% on a fully diluted basis (49.5% on a non diluted basis) of the stock of the Company can be sold.

The present fund raising will result in a dilution to the founders' stockholdings in the Company. The sales proceeds, net of commission, raised pursuant to the Private Offering will be available to be used by the Company.

There is no minimum number of shares which must be sold pursuant to this Private Offering. The sales will begin on the date of this Private Offering and will continue until the following objectives have been attained:

- The Company has sold all the shares offered by this Private Offering;
- The Company cancels or stops this Private Offering;
- The Company's stock is traded on public exchanges;
- The Company files to go public with U.S. Securities and Exchange Commission.

Every investor must represent that they are purchasing the stock for investment purposes and not for resale. Furthermore, each investor should be aware that they will be required to bear the financial risks of the investment for an indefinite period of time, or until such shares can be sold under an applicable securities law exemption.

At the moment of the subscription, each investor is required to pay the full amount of the investment by either transfer or check made payable to the order of the Biomind Corporation. If a subscription is not accepted, the funds will be returned, without interest and with no deductions. At the moment, the Company does not foresee paying any dividends.

Each share has one vote.

There are no preference shares, nor is it expected that any will be issued.

Will dividends be paid on the shares, and if it is missed, will it be cumulative?

What voting rights will each shareholder have?

## 10.2 INCREMENTAL ISSUE PRICE

The issue price for the 23,000,000 shares being sold. Pursuant to this Private Offering is fixed at an incremental price starting at USD 1.00 and increasing to USD 2.00 per share. The price increments are set forth in the table below:

Stages	Number of shares	Global Valuation	Valuation for one percent	Price for one share
Stage 1	7,200,000 shares	USD 81,440,000	USD 814,400	USD 1.00
Stage 2	7,600,000 shares	USD 122,160,000	USD 1,221,600	USD 1.50
Stage 3	8,200,000 shares	USD 162,880,000	USD 1,628,800	USD 2.00

The incremental price is intended to compensate the earlier investors who have accepted the greater risks of the venture by investing earlier than other investors. The more cautious investors who wait until various matters have materialized will have a more expensive subscription which corresponds to lesser risk and more likelihood of success.

The different stage prices were determined objectively based on the development of the Company's business, and in case there is a dispute to determine which price is applicable, the decision of the Arbiter shall be final. The possible balance of shares not sold will be held in the treasury of the Company.

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### 10.3 BOARD OF DIRECTORS COMPOSITION

The Company anticipates having a Board of Directors consisting of more members than is presently the case. Any investor who purchases at least USD 20,000,000 will have the right to nominate a member to the Board of Directors.

### 10.4 INITIAL INVESTMENT

The initial investment in the company by the founders has been converted into shares in the Company.

### 10.5 GUARANTEES

There are no personal guarantees within the framework of this financing.

The sale of all the shares pursuant to this Private Offering is expected to take up to eight months.

### 10.6 CONDITIONS

There are no specific conditions on the financing set forth in this Private Offering. Nevertheless, the Company reserves the right to cancel the Private Offering in the sole discretion of its Board of Directors even if some shares have been sold. The Company, the Board of Directors, and its principal shareholders will endeavor to take the Company public on a public stock exchange during the two to three years following the completion of the stock sales pursuant to this Private Offering.

### 10.7 SHAREHOLDER INFORMATION

Because the shares of the Company are not registered on public stock exchanges, unless the Company obtains an exemption from the U.S. Securities and Exchange Commission, the Company will provide an annual report to the shareholders setting forth its activities for the past year, including audited financial statements. Once the shares are registered or an exemption is obtained from registration, information will be provided to investors as required by the rules and regulations of the U.S. Securities and Exchange Commission.

The Wall Street Journal and other financial newspapers are excellent sources for providing financial information to the public on public companies.

### 10.8 USE OF PROCEEDS

The expected company funds from the offering will be spent as follows:

<b>Use of Proceeds</b>		
<b>Total Offering Amount</b>	USD 35,000,000	100.00%
<b>Costs of the Offering</b>		
Commissions and Expenses of Offering (1):	4,200,000	12%
Expenses (2):	2,800,000	8%
<b><u>Total Commissions and Expenses :</u></b>	<b>7,000,000</b>	<b>20%</b>
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Application of Proceeds to Company:		
Sales network deployment & Marketing (3):	<b>4,088,296</b>	11.68%
- Corporate (common infrastructure)	75,000	
- Corporate USA	35,400	
- Corporate Switzerland	66,600	
- Corporate Morocco	69,900	
- Switzerland subsidiary	258,496	
- France subsidiary	651,900	
- Italy subsidiary	619,550	
- Spain subsidiary	336,650	
- Germany subsidiary	343,850	
- UK subsidiary	435,750	
- Uruguay subsidiary	151,150	
- USA 1 subsidiary	760,300	
- USA 2 subsidiary	586,750	
Communication & Public Relations (4):	<b>220,000</b>	0.63%
Product Development (5):	<b>900,000</b>	2.57%
- BioCan industrialization	200,000	
- Raw material development	500,000	
- New material development	100,000	
- Country settlement survey	50,000	
- Standardization and regulation	50,000	
Acquisition :	<b>6,950,000</b>	19.85%
- Flipcup license	2,900,000	
- US sales division through Biocorp acquisition	1,050,000	
- Biomind W. Eckey	3,000,000	
Anticipated IPO Expenditures (6):	<b>1,000,000</b>	2.85%
Debt reimbursement (7):	<b>6,196,736</b>	17.77%
- Debts	4,951,736	
- Reported last year loss	700,000	
- Backlog	45,000	
- Management Consultant Douglas Hanson / Jeffrey Brown	500,000	
Working Capital (8):	<b>8,644,968</b>	24.7%
- Stock of products	4,000,000	
- Corporate operating costs	4,644,968	
<b>Total Application of Proceeds</b>	<b>28,000,000</b>	80%
	=====	
	=	
<b>TOTAL:</b>	<b>USD 35,000,000</b>	<b>100%</b>

- (1) Commissions payment to the Placement Agent 12% of the Total Offering Amount.
- (2) Expenses: 8 % of the Total Amount.
- (3) Investments which allows the Company to immediately deploy and important sales network in order to increase its sales force, sales office facilities, portable demonstration systems, and the like, as well as

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advertising and promotional efforts to develop brand awareness: Market Opener Salary, Office equipment installation, Subsidiary incorporation, Market Opening events, Administrative fees, Office furniture, Software and website acquisition.

- (4) Includes events and communication cost for each corporation and subsidiary.
- (5) Includes R&D for product development and new product offerings.
- (6) Reserve for Anticipated expenses and costs associated with the current and future financings of the Company, including an Initial Public Offering.
- (7) Includes Investors' debts, reported last year loss, Backlog and Management Consultant.
- (8) Includes USD 4,000,000 for the first stock products, first year Switzerland operational cost for all staff expenses (social charges, travel telecommunication, computer, and office price), Computer rooms, Executive meetings rooms, Insurance liability, Consultants, Server farms, Websites maintenance and Team building.

### 10.9 FEES PAID

At the completion of the Private Offering, the Company intends to pay a maximum of 12% brokers' commission on all the funds raised pursuant to the Private Offering. The legal fees for the Offering shall be assumed by BIOMIND Corporation, and additional expenses can be incurred by the company under the normal course of business of an issuer organizing such a private offering.

### 10.10 INVESTOR OBLIGATIONS

The investors are not obligated to the Company other than their financial investment and confidentiality provisions set forth in the Private Offering Memorandum. If an investor purchases at least USD 20,000,000 in stock, they will have the right to nominate a person to the Board of Directors.

The Company encourages interested investors to consider their commercial relationships that may pertain to the commercial business of the Company. Interested investors are encouraged to inform the Company of their commercial relationships. In each case, Biomind will strive to offer the best commercial conditions possible.

### 10.11 DETERMINATION OF THE SALES PRICE OF THE STOCK

The price of the stock offered herein is not based on any objective criteria nor is the potential value. The Company's valuation is arbitrary. Each investor must make his own evaluation and independent opinion of the situation of the company and of the value for dollar of his contemplated investment. If the investor feels he is unable or unqualified to do so, he should seek proper advice from professional or decline to invest.

### 10.12 METHOD OF SUBSCRIPTION

Upon subscribing to purchase stock in the Company, each potential investor must complete the subscription document, date and sign it, and return it to the Company. A copy of the subscription document is attached as Exhibit D. Each investor must pay the corresponding amount subscribed to for such stock. The Company reserves the right to reject a subscription for whatever reasons among the different interested parties.

## **11 RISK FACTORS**

AN INVESTMENT IN THE COMPANY IS A HIGHLY SPECULATIVE INVESTMENT AND SHOULD ONLY BE CONSIDERED BY PERSONS WHO ARE CAPABLE OF ASSUMING THE FINANCIAL RISKS OF AN INVESTMENT FOR AN INDETERMINATE PERIOD OF TIME. POTENTIAL INVESTORS ARE REQUESTED TO PAY PARTICULAR ATTENTION TO THE FOLLOWING RISK FACTORS THAT COULD AFFECT THE COMPANY'S ACTIVITIES.

### **11.1 MAIN RISK: UNBALANCED FINANCING**

The Company has differentiated itself in an emerging and potentially huge and global marketplace for biodegradable and compostable products through the amalgamation of the widest range of technologies, patents and product ware. To do so, the Company has incurred acquisition expenses and obligations to its founding shareholders and patent holders, thereby impacting and lessening the funds available from this financing for ongoing operations and market development. While Biomind management believes it possesses sufficient financing to execute its plan, potential investors should be made aware of this reality and the disproportionate use of financing for its prior activities.

#### **11.2 Previous Acquisitions' Valuation and Future Value**

The market for Bio products is just now emerging and represents approximately 0.2% of the now available potential market. Although Biomind's suite of products, obtained by purchase of companies and intellectual property and patents, is believed to be unique and correctly positioned for success, there exists few and perhaps no realistic and scientific methods to measure each product's potential current or future value. Their value, when bundled together, may exceed each product's individual value. Although, if needed, the Company could unbundle its product array and sell a specific product to an interested buyer, there are currently few methods available to estimate each product's value at time of resale.

### **11.2 LIMITED OPERATING HISTORY**

The Company was incorporated recently and has limited operational experience. There can be no guarantees that the Company will obtain its objectives or that it is capable of making a profit.

The Company's management has been carefully selected to be capable of penetration of a worldwide global market. In each instance, the position has been filled with the best available and interested technical sales and supervisory persons. These various team members have worked with each other only for a limited period of time. As such, the Company, as an operating entity, represents a limited history of combined delivery of its products and services. The Company's capability to execute its plan is dependent upon the capabilities of the recently assembled team to coordinate, promote and further improve its market acceptance.

### **11.3 NATURE OF THE PRODUCT**

There are no known risks that can or could be related to products or packages sold by the Company.

### **11.4 LIMITED RESOURCES**

The Company is in need of capital and financial help (please refer to the section that discusses use of funds). There can be no guarantees that the Company will find sufficient investors to invest in the operations over an extended period of time. If the Company is not able to attract sufficient funds to pursue its business objectives, it will not obtain its sales objectives.

### **11.5 NEED FOR ADDITIONAL FINANCING**

The Company has planned this Private Placement in order to obtain the necessary resources so it can eventually go public. There can be no assurance that the Company will have sufficient funds, and that it may need

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additional funds in order to obtain its goals due to unforeseen circumstances that may slow or prevent it from augmenting the costs to reach its business objectives.

The Company intends to use the services of investment bankers, or special persons to assist in becoming a public company, particularly in the United States. One of the principal requirements of the stock exchanges, in the United States is the requirement of full disclosure by delineating all the company's facts and circumstance relative to directing the investment bankers who are responsible to help the shareholders interests.

In case the investment bankers do not conform to this principal, the Company may be liable for damages in the future.

### 11.6 MARKET UNCERTAINTIES

The opportunity and market awareness for biodegradable and compostable products and packages is in its very early period. Political, Ethical and Economical pressure as well as consumer pressure are so strong that there is no risk nor uncertainty regarding the market's outstanding growth. The market already exists and expected cost decreases will help the market grow at an even faster rate.

### 11.7 PRODUCTION UNCERTAINTIES

Most of the risks are related to the climate (for agriculture and transport). Biomind limits those risks by dealing with several subcontractors located in various regions of the world.

### 11.8 COMPETITION

Current competition is not an issue but the main risk is that one competitor, existing or not, starts offering a broader product range to a broader customer base than ours. Another risk can be that a competitor develops and launches a totally new material and produces this material on a broad scale.

### 11.9 JUDICIAL PROCEEDINGS

There may exist two principal areas of risk in litigation:

- While the business is susceptible to problems in its products and services, the Company may be subject to litigation from a third party which directly competes with Biomind in the marketplace. The competition may also try to discredit the Company, its management, and its activities and its results. While the Company may be able to deal with these problems, the cost, expense, and bad publicity of such legal actions to Biomind may jeopardize it and put in peril the Company's future.
- The Company intends to legally pursue all persons who fail in their contractual obligations to the company.

### 11.10 MANAGEMENT OF THE GROWTH OF THE BUSINESS

After the first phase of the development is finished, the Company intends to begin the second phase of fast economic growth. The Company has a strategy to control its finances during this period of rapid growth. However, there can be no assurances that the Company can make this rapid growth and the corresponding financial requirements.

### 11.11 LIQUIDATION

In case of liquidation, the Company's activities will terminate and the Company will not be able to repay the Investors money raised by the Private Placement. The principal value of the Company will have been invested in the infrastructure and strategic alliances. The Company's know-how and its technology perhaps could be sold to repay some of the prior investment if there is a buyer available. Nevertheless, there can be no assurances that there will be sufficient revenues to pay back any portion of funds raised pursuant to the Private Placement.

## **11.12 DEPENDENCE ON MANAGEMENT**

All the business model methods will be patented and registered in due course. There exists nevertheless Company dependence on its founding members for a two year period to complete the Private Placement offering. The founders are important investors in the Company. They have executed non-competition agreements preventing them from competing with the project, and to work exclusively for the Company. Nevertheless, their departure due to an accident, a conflict, or other problems would affect the normal course of affairs of the business.

## **11.13 LACK OF OPERATIONAL PROFITS**

While Biomind is projected to achieve profitability in its second year, neither the Company nor its partner(s) can guarantee that they will achieve their payment goals to shareholders as projected

## **11.14 RECRUITMENT OF LOYAL EMPLOYEES**

The Company's activities require the recruitment of very qualified employees, particularly in the management, marketing, research and development, production and legal departments. There can be no assurance that the Company will be able to recruit and retain qualified employees necessary for the Company's growth.

## **11.15 REGULATIONS**

The finances are subject to extensive regulations at the national and international levels. These interests are not necessarily compatible with the Company's shareholders. Many regulatory organizations exist such as the United States Securities and Exchange Commission who have absolute authority with respect to their rules and regulations.

Include any other regulatory bodies to which the company or its products must comply (FDA, Medical, State).

Certain regulatory agencies could enforce rules and regulations against the Company's business. The operations of the Company and its ability to pay a dividend could be seriously affected in the event the Company does not have sufficient funds due to the adverse affect of new regulations, if it is legally required to raise the minimum capital requirements, and/or if there are any extraordinary penalties against the Company.

The profitability of the Company could be affected in the case of new regulations, or modifications to existing regulations, or a change of interpretation or application of the rules and regulations.

## **11.16 SHORTAGE OF FINANCIAL COMPARISONS**

As an intellectual property rights company, you may have difficulty assessing our business because this market is a developing and rapidly evolving sector as it evolves rapidly into the huge food and beverage marketplace. There are very few other multiple purpose businesses now specializing in this type of synergistic business activity. In addition, we believe that none of these other private or public companies is comparable to us for reasons related to their wider geographical focus and our own business partnered corporate structure. Performance and trends are therefore more difficult to assess than in many other more established sectors.

Because of the uniqueness of its professional research support systems and its affect on recycling and waste disposal, there are no similar models or comparisons for the investor to evaluate.

For this reason, neither the Company nor the partners it selects in each global region are able to predict with certainty its projections.

## **11.17 OTHER RISKS**

Our results of operations may fluctuate significantly on a quarterly basis due to a variety of factors, including:

- the timing of favorable legislative environmental changes;
- the timing of our first pilots in the USA;
- capital expenditure relating to the completion of new brochures, sales materials and first stage promotional activities;
- changes in revenue and working capital caused by changes in materials pricing, manufacturing and equipment expenditures or other business conditions; and,
- increases in costs, including product liability insurance costs in the USA.

Accordingly, you should not rely on quarter-to-quarter comparisons of our results of operations as an indication of our future performance.

## **11.18 ARBITRARY DETERMINATION OF SALES PRICE OF STOCK**

The price of the stock was determined by the Company and has no relationship with its activities, the current value of the business, or any other objective criteria. Each potential investor should make his own analysis concerning an evaluation of Biomind Corporation. The Company cannot guarantee explicitly or implicitly that the price of the shares to be sold pursuant to this Private Placement represents a fair price in the marketplace.

## **11.19 NO MINIMUM PROCEEDS OF THE OFFERING**

There is no minimum number of shares to be subscribed for in this Private Placement, and the Company can not represent that all the shares offered will be sold.

## **11.20 SUBSCRIPTION IRREVOCABILITY**

The subscriptions are irrevocable when executed and delivered to the Company or to one of its representatives. The Company has the right to require all the money of each subscription that is properly executed by the investor and which the Company accepts. Immediately after the Company accepts the subscription, the investor can not reject his executed subscription delivered to the Company for any reason. Upon executing the subscription forms the investor represents the following to the Company:

The investor is an accredited investor as defined under the rules and regulations of the United States Securities and Exchange Commission.

The investor has the legal ability to make such investment.

The investor is financially able to make such investments and is not currently subject to a legal judgment, lien or bankruptcy.

If the investor is a company of another type, it must be represented by its directors who are completely responsible for it. They must authorize that they have legal authority to commit the organization or the company to the representations, and that it is their legal signature on the subscription forms.

## **11.21 ESCROW ACCOUNT**

A deposit account has been established for the investors to use in accordance with the heads of the organizations which they represent. The investors who utilize this account are requested to contact a representative of the Company.

The use of such account is used to transfer monies of USD 5 million or more, excluding taxes that may apply. All other subscriptions are to be paid directly to the Company and are final.

## **11.22 ABSENCE OF LIQUIDITY IN THE INVESTMENT**

The sale of the proposed shares, by the present document has not been registered in the United States under federal or state laws, nor has it been registered in any other jurisdiction. This sale is a legal exemption for this type of financing. An investor may not resell or transfer his stock without an applicable legal exemption, and such transfer must be allowed by the rules and regulations or by a legal exemption to registration. Each investor must represent that he acquired his shares for his account and not for resale or distribution. The Company has no obligation to register these shares under the Securities Act of 1933 (the “Securities Act”), nor allow the sale of such stock to be sold, or obtain an exemption from registration. The long term plan of the Company is to provide liquidity for these shares by taking the Company public and enabling the sale of these shares. There can be no assurances that a public market will exist for these shares, or that one can be developed. Consequently, investors may not be able to liquidate their investment.

## **11.23 NO ASSURANCE OF A PUBLIC MARKET**

The Company is committed to pursue an initial public offering (IPO) which will create a public market for the shares. Management has substantial motives to pursue this initiative to success, but there can be no guarantees to the investors, nor may there be a public market available for the Company’s stock. The favorable conclusion of an initial public offering depends strongly on the financial conditions in the marketplace. Each investor represents that the Company stock they purchased is not for resale.

## **11.24 DEPENDENCE ON PRIVATE PLACEMENT**

The Company is depending on raising funds through the Private Placement in order to develop its business. If all the shares are not sold, the Company will be constrained and may have to modify its plans, which will adversely affect the development of the Biomind business. If supplementary funds are necessary, there is no guarantee that such funds can be raised on a timely basis and on terms acceptable the Company.

## **11.25 CONTROL OF THE MAJORITY OF STOCK**

The elected Board of Directors involves a simple majority approval by the investors, unless the rules and regulations of the bylaws or articles of incorporation are changed.

## **11.26 HOSTILE ACTIONS AND ADVERSARY SHAREHOLDERS**

Although the Board of Directors has the discretionary right to refuse new subscriptions which are permitted under the Private Placement, there can be no assurance against shareholders seeking to utilize their influence to create the possibilities of disputes or litigation involving the company.

## **11.27 CONFLICTS OF INTEREST**

There exist several agreements between the Company and one or more parties which may fall within the legal definition of a conflict of interest which gives rights to investors who are aware of such conflicts of interest. There exist in the formation and incorporation agreements of the Company statements that commissions will be paid for obtaining certain results and notably for going public on a stock exchange. Because commissions will be paid for raising funds, there is a possibility that one could be influenced by this incentive. It could happen that a director of the Company could also be a director of another company which does business with Biomind As part of his investment in the Company, an investor represents that he has been advised of the possible conflicts of interest, and he accepts their existence and agrees not to pursue his legal rights against the Company and its representatives or other parties in respect to preexisting contracts described above.

## **11.28 FINANCIAL PROJECTIONS**

The projected business operations listed under “Financial Projections” elaborated on by the Company are the best conservative estimate of revenues and expenses of the plan. These projections do not include new services or activities that may be proposed in the future. If you include these new services or activities, the Company’s performance would be substantially better. However, these projections are not exact. They are based on assumptions and estimates that may be incorrect commercial Company assumptions. There can be no guarantee that the Company will attain the projected results, or that it will generate profits.

## **11.29 FORCE MAJEURE**

In the case of force majeure, such as a war, rioting, or other external factors like the insolvency of a supplier which negatively affects the Company’s marketplace and affects its financial results, there can be no assurance that the Company will achieve profitability, or attain its financial projections.



## **12 INVESTOR EXIT STRATEGY**

There are several ways for an investor to sell his investment:

- Public offering
- Sell the shares to a new investor or Repurchase of shares
- Sale of the Company

The first option is the preferred option of the Company. The other options are nevertheless alternatives to be considered.

### **12.1 PUBLIC OFFERING (IPO)**

The timing of a public offering by the Company depends on the market conditions and the potential subscribers' firm commitment. The date to be fixed for the IPO is about two years after the public launch. This time is necessary to take the time to analyze the initial reactions in the market.

### **12.2 REPURCHASE OF SHARES**

A plan to repurchase the shares based on the projections tied to cash flow of the Company may be a way to assist in the repurchase of the shares and resale to another investor. It will not be the case for the investor to force the Company to buy back the shares pursuant to a "put", but a voluntary act by the Company for the benefit of all the shareholders.

### **12.3 SALE OF THE COMPANY**

There is a possibility the company would be sold but this is currently not contemplated.

### **12.4 EXIT**

Upon registration of the shares with the U.S. Securities and Exchange Commission, a public offering on the stock exchange will provide the shareholders a suitable easy way to sell their investment. This process is expected to begin during 2010. In the event this option is not available, the other possibilities described above could be looked at.

### **12.5 RETURN OF INVESTMENT**

The Company anticipates that its capitalization on the stock exchange will provide a substantial return for the investors. The degree of success will depend on the market acceptance of Biomind Corporation on confirming the initial financial projections. The Company intends to promote its business activities and its know-how and to follow the financial advice of its financial advisers. That is the most reasonable approach for the investors to obtain a multiple return on their investment.

## **13 SUBSCRIPTION AGREEMENT SUMMARY**

The investors must complete the Subscription Agreement.

The summary of the Subscription Agreement below is subject to the specific terms and conditions of the Subscription Agreement.

The Company must deliver the shares within five days of acceptance. The Subscription Agreement does not contain any guarantees or warranties of the Company. The Company will promote annual financial information to the investors within 120 days after the end of the fiscal year.

### **13.1 ACCEPTANCE OF THE SUBSCRIPTION**

The Company has the right to accept or reject a subscription in its entirety or to divide the shares between the interested purchasers. In such case, the Company will return the Subscription Agreement and the total monies (or a portion if the subscription is accepted in part) without interest or deduction. If the Private Offering subscription is oversubscribed, the Company has the right to reduce all the investors pro rata, or to reject subscription received last or by any other means.

### **13.2 INVESTOR QUALIFICATIONS**

The investors must make a series of representation and warranties as set forth in the Subscription Agreement concerning different matters associated with this Private Offering which are required under the Securities Act. It is necessary that the investor represent and warrant that they have financial experience that enables them to evaluate the advantages and risk of their possible investment.

### **13.3 U.S. RESTRICTIONS ON THE SALE OF THE SHARES**

The shares are not registered pursuant to the Securities Act and are not registered under state security laws. The shares can not be offered, sold, transferred, secured, or hypothecated without subsequent registration or legal securities exemption. Each investor must represent that he purchases the stock for investment and not for sale or transfer, and that he is able to deal with the financial risks for an indefinite period of time. The stock certificates contain a written restrictive legend, which the Company will enforce, in the case of transfer of such shares, where it is necessary for the Company to receive a legal opinion that the transfer will comply with the federal (U.S.) rules and regulations applicable to such shares.

### **13.4 COMPANY INDEMNIFICATION**

The Purchaser shall indemnify and hold harmless the Company and its officers and director from any and all damages, losses, costs and expenses (including reasonable attorney's fees) which they may incur (i) by reason of the Purchaser's failure to fulfill any of the terms and conditions of the Subscription Agreement, (ii) by reason of any breach by the Purchaser of any representation, warranty or agreement contained in the Subscription Agreement, and (iii) with respect to any and all claims made by or involving any person, other than the Purchaser, claiming any interest, right, title, power or authority in respect of the shares of Common Stock. In addition, the Purchaser agrees to indemnify and hold harmless the Company and its officers and directors from and against any and all losses, damages, liabilities and expenses (including reasonable attorney's fees) incurred in connection with defending any claim brought by the Purchaser with respect to an investment in the Company if judgment is rendered against the Purchaser and in favor of such indemnified party.

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# 14 EXHIBITS

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### 14.1 EXHIBIT A: Financial Projections and Operational Costs for 5 years

(All figures in US\$)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Income</b>					
Equity	35,000,000	0	0	0	0
Sales Turnover	60,885,770	131,690,137	200,479,558	254,189,424	306,518,302
<b>Total Income</b>	<b>95,885,770</b>	<b>131,690,137</b>	<b>200,479,558</b>	<b>254,189,424</b>	<b>306,518,302</b>
<b>Direct Expenses</b>					
POM Expenses	7,000,000	0	0	0	0
Flipcup licence	2,900,000	0	0	0	0
Investors debt	4,951,736	0	0	0	0
Biocorp	1,050,000	0	0	0	0
Biomind W. Eckey	3,000,000	0	0	0	0
Reported last year loss	700,000	0	0	0	0
Backlog	45,000	0	0	0	0
Subsidiaries Investment	4,696,296	3,063,586	1,451,240	0	0
Other investment (R&D)	900,000	2,000,000	0	0	0
<b>Direct expenses total</b>	<b>25,243,032</b>	<b>5,063,586</b>	<b>1,451,240</b>	<b>0</b>	<b>0</b>
<b>Other Expenses</b>					
Insurance RC	500,000	650,000	1,000,000	1,250,000	1,500,000
Financial charges (4% of turnover)	2,435,431	4,867,605	6,819,182	8,167,577	9,060,732
Stocks	4,000,000				
<b>Other expenses total</b>	<b>6,935,431</b>	<b>5,517,605</b>	<b>7,819,182</b>	<b>9,417,577</b>	<b>10,560,732</b>
<b>Variable Costs</b>					
Purchase	41,794,304	75,352,229	100,154,228	116,468,164	127,836,308
<b>Total Variable Costs</b>	<b>41,794,304</b>	<b>75,352,229</b>	<b>100,154,228</b>	<b>116,468,164</b>	<b>127,836,308</b>
<b>Cash before Operating Expenses</b>					
Cash revenu	21,913,003	45,756,718	91,054,908	128,303,683	168,121,262
Mark-up ratio before operating expenses	36%	35%	45%	50%	55%
<b>Fixed Costs (Operating Expenses)</b>					
Corporate (common infrastructure)	897,000	837,045	837,691	838,808	840,305
Corporate (USA)	1,471,175	1,499,236	1,653,729	1,604,711	1,639,363
Corporate (Switzerland)	5,636,470	5,704,047	6,011,206	6,120,665	6,253,220
Corporate (Morocco)	308,389	310,875	342,086	333,402	340,787
Switzerland (subsidiary)	154,700	155,469	181,280	166,997	170,542
France	350,480	351,616	385,099	378,791	386,681
Italy	229,298	230,682	259,290	247,910	253,297
Spain	218,498	219,882	248,058	236,229	241,383
Germany	229,298	230,682	259,290	247,910	253,297
UK	236,030	237,616	266,432	255,266	260,874
USA 1	441,620	444,144	510,755	477,368	487,684
USA 2	365,060	367,357	431,023	394,575	403,176
USA 3	0	365,509	407,592	380,629	388,681
Uruguay	225,680	226,651	255,192	243,746	248,875
Belgium	0	230,382	246,460	234,603	239,490
Netherland	0	317,612	338,031	329,686	336,498
Canada	0	230,382	246,460	234,603	239,490
Denmark	0	256,032	273,136	262,346	267,787
Sweden	0	239,888	256,344	244,880	249,971
Asia	0	0	196,874	183,130	186,898
South America	0	0	326,792	318,477	324,980
Middle East	0	0	331,797	323,359	330,044
<b>Total Fixed Costs (operating expenses)</b>	<b>10,763,698</b>	<b>12,455,111</b>	<b>14,264,616</b>	<b>14,058,089</b>	<b>14,343,324</b>
<b>Cash before Taxes and Reinvestments</b>					
Cash Income	95,885,770	131,690,137	200,479,558	254,189,424	306,518,302
Earnings Before Taxes	11,149,305	33,301,607	76,790,291	114,245,594	153,777,938
Earnings Before Taxes (%)	18%	25%	38%	45%	50%

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### 14.1.1 Resulting Assumptions

Equity: Biomind Corp. opens its capital at over 23% or USD 35,000,000.

**CASE SCENARIOS:** Herein are considered three different cases for the sales forecasts and their respective results.

#### Pessimistic case scenario:

- Turnover: USD 41,825,000 composed of both following components:
  - Latent orders: USD 20,000,000
  - Sales force: USD 21,825,000

There are 39 Market Openers who recruit 2.5 Brokers each. The latter generate USD 450,000 each per annum. The Brokers work 6 months the first year. That will represent:

**97 brokers x USD 225,000 = USD 21,825,000 overall**

- Direct and other expenses (stock, insurance and fees): USD 31,375,000
- Variable Costs: USD 28,650,000 made of:
  - Product Purchase (included transport and donation) (68.5% of sales)
- Fixed costs : USD 10,650,000

➤ **Result before Taxes and Duty : USD 6,100,000**

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#### Realistic case scenario:

- Turnover: USD 62,100,000 composed of both following components:
  - Latent orders: USD 33,000,000
  - Sales force: USD 29,100,000

There are 39 Market Openers who recruit 2.5 Brokers each. The latter generate USD 600,000 each per annum. The Brokers work 6 months the first year. That will represent:

**97 brokers x USD 300,000 = USD 29,100,000 overall**

- Direct and other expenses (stock, insurance and fees): USD 32,230,000
- Variable Costs : USD 42,000,000 made of:
  - Product Purchase (included transport and donation) (68.5% of sales)
- Fixed costs : USD 10,650,000

➤ **Result before Taxes and Duty : USD 12,220,000**

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### Optimistic case scenario:

- Turnover: USD 76,375,000 composed of both following components:
  - Latent orders: USD 40,000,000
  - Sales force: USD 36,375,000

There are 39 Market Openers who recruit 2.5 Brokers each. The latter generate USD 750,000 each per annum. The Brokers work 6 months the first year. That will represent:

**97 brokers x USD 375,000 = USD 36,375,000 overall**

- Direct and other expenses (stock, insurance and fees): USD 32,800,000
- Variable Costs : USD 52,315,000 made of:
  - Product Purchase (included transport and donation) (68.5%)
- Fixed costs : USD 10,650,000

**➤ Result Before Taxes and Duty: USD 15,610,000**

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### 14.1.2 Projections

- EXAMPLE OF EXPENSES PER COUNTRY: FRANCE

(All figures in US\$)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>EMPLOYEES</b>	3	3	3	3	3
salary	205,200	205,200	213,408	221,944	226,383
office price	19,275	19,853	20,449	21,062	21,694
office space	56 m2	56 m2	56 m2	56 m2	56 m2
computer/equipment	3,600	3,600	3,600	3,600	3,600
telecommunication/supplies	0	0	0	0	0
travel/representation	0	0	0	0	0
<b>INVESTMENT</b>	651,900	0	0	0	0
<b>OPERATION COST</b>	350,480	351,616	385,099	378,791	386,681
<b>DETAILS</b>					
<b>Employees</b>	3	3	3	3	3
<b>Management</b>					
<b>Manager</b>	158,084	158,290	164,503	170,962	174,433
number of managers	1	1	1	1	1
unit salary	100,000	100,000	104,000	108,160	110,323
salary	100,000	100,000	104,000	108,160	110,323
office price	6,884	7,090	7,303	7,522	7,748
office space	20 m2	20 m2	20 m2	20 m2	20 m2
computer/equipment (leased)	1,200	1,200	1,200	1,200	1,200
telecommunications and office supplies	0	0	0	0	0
travels & representative expenses	0	0	0	0	0
social charges	50,000	50,000	52,000	54,080	55,162
<b>Assistant</b>	59,896	60,081	62,373	64,754	66,093
number of assistants	1	1	1	1	1
unit salary	35,000	35,000	36,400	37,856	38,613
salary	35,000	35,000	36,400	37,856	38,613
office price	6,196	6,381	6,573	6,770	6,973
office space	18 m2	18 m2	18 m2	18 m2	18 m2
computer/equipment (leased)	1,200	1,200	1,200	1,200	1,200
telecommunications and office supplies	0	0	0	0	0
travels & representative expenses	0	0	0	0	0
social charges	17,500	17,500	18,200	18,928	19,307
<b>Staff</b>					
<b>Coordinator</b>	112,696	112,881	117,285	121,863	124,343
number of coordinators	1	1	1	1	1
unit salary	70,200	70,200	73,008	75,928	77,447
salary	70,200	70,200	73,008	75,928	77,447
office price	6,196	6,381	6,573	6,770	6,973
office space	18 m2	18 m2	18 m2	18 m2	18 m2
computer/equipment (leased)	1,200	1,200	1,200	1,200	1,200
telecommunications and office supplies	0	0	0	0	0
travels & representative expenses	0	0	0	0	0
social charges	35,100	35,100	36,504	37,964	38,723
<b>Additional Facilities</b>					
<b>Executive Meeting Room</b>	8,084	8,290	8,503	8,722	8,948
number of executive meeting rooms	1	1	1	1	1
office price	6,884	7,090	7,303	7,522	7,748
office space	20 m2	20 m2	20 m2	20 m2	20 m2
computer/equipment (leased)	1,200	1,200	1,200	1,200	1,200
<b>Computer Room</b>	1,721	1,773	1,826	1,881	1,937
number of computer rooms	1	1	1	1	1
office price	1,721	1,773	1,826	1,881	1,937
office space	5 m2	5 m2	5 m2	5 m2	5 m2

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<b>Other Operational Cost</b>					
Events & Communication	10,000	10,300	30,609	10,609	10,927
events (running expenses)	5,000	5,150	15,305	5,305	5,464
communication (adverts, leaflets, ...)	5,000	5,150	15,305	5,305	5,464
<b>Investment</b>					
Market opener	282,000	0	0	0	0
number of market openers	6	0	0	0	0
efficient brokers under management	15	15	15	1	0
unit salary	60,000	0	0	0	0
salary	180,000	0	0	0	0
office price	0	0	0	0	0
office space	0 m2	0 m2	0 m2	0 m2	0 m2
computer/equipment (leased)	0	0	0	0	0
telecommunications and office supplies	0	0	0	0	0
travels & representative expenses	0	0	0	0	0
samples & communication material	12,000	0	0	0	0
social charges	90,000	0	0	0	0
Office equipment installation	6,250	0	0	0	0
telephone switch (leased)	0	0	0	0	0
fix phones (leased)	0	0	0	0	0
fix phones	200	0	0	0	0
mobiles phones	300	0	0	0	0
fax	250	0	0	0	0
paper shredder	250	0	0	0	0
scanner	300	0	0	0	0
copier	1,000	0	0	0	0
copier - fax	0	0	0	0	0
printers (b&w)	750	0	0	0	0
printer (color)	2,500	0	0	0	0
computers (desktop & mobile total )	0	0	0	0	0
Office furniture (desk, cabinet, chairs, ...)	7,650	0	0	0	0
desk	500	0	0	0	0
chair	250	0	0	0	0
cabinet	200	0	0	0	0
office cupboard	250	0	0	0	0
light	50	0	0	0	0
reception furniture	1,200	0	0	0	0
executive meeting room furniture	2,700	0	0	0	0
executive meeting room # seats	6	0	0	0	0
Subsidiary incorporation	6,000	0	0	0	0
Market opening events	350,000	0	0	0	0
kickoff events (investment dor market investment)	350,000	0	0	0	0
<b>Staff Expenses</b>					
Salaries	205,200	205,200	213,408	221,944	226,383
Office price	19,275	19,853	20,449	21,062	21,694
Office space	56 m2	56 m2	56 m2	56 m2	56 m2
Computer, equipment and lease office improvement	3,600	3,600	3,600	3,600	3,600
Telecommunication/supplies	0	0	0	0	0
Travel/representation	0	0	0	0	0
Social charges	102,600	102,600	106,704	110,972	113,192
<b>Total Staff Expenses</b>	<b>330,675</b>	<b>331,253</b>	<b>344,161</b>	<b>357,579</b>	<b>364,869</b>
<b>Total cost</b>					
Total Investment Cost	651,900	0	0	0	0
Total Operation Cost	350,480	351,616	385,099	378,791	386,681



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### • LIST OF PRODUCTS:

Products	Quantity	Purchase price	Sales price	Gross Margin	Net Margin
<b>PLA</b>					
<i>Cup 100 ml</i>	901422	0,01	0,11	88,59%	68,59%
<i>Cup 200 ml</i>	901422	0,02	0,115	78,66%	58,66%
<i>Cup 300 ml</i>	901422	0,03	0,12	76,31%	56,31%
<i>Cup 400 ml</i>	901422	0,04	0,2	82,21%	62,21%
<b>CELLULOSE</b>					
<i>Plate 24 cm</i>	36056862	0,02	0,118	79,66%	73,66%
<i>Plate 22 cm</i>	28845489	0,03	0,11	68,58%	48,58%
<i>Plate 18 cm</i>	18028431	0,02	0,085	77,75%	57,75%
<i>Plate 26 cm</i>	10817059	0,06	0,13	55,69%	35,69%
<i>Plate 3 compartments 26 cm</i>	10817059	0,04	0,16	72,10%	52,10%
<i>Bowl 680 ml</i>	3605686	0,04	0,15	72,48%	52,48%
<i>Bowl 340 ml</i>	3605686	0,04	0,1	63,04%	43,04%
<b>CARDBOARD</b>					
<i>FlipCup</i>	36056862	0,10	0,15	35,76%	29,76%
<i>Hot drink cup 100 ml</i>	3605686	0,05	0,105	54,55%	34,55%
<i>Cup 200 ml</i>	3605686	0,06	0,11	43,21%	23,21%
<i>Cup 300 ml</i>	3605686	0,08	0,12	33,09%	13,09%
<i>Cup 400 ml</i>	3605686	0,10	0,15	32,80%	12,80%
<i>Coffee Cup 100 ml</i>	3605686	0,05	0,105	54,55%	34,55%
<i>Cup 1 graduation 200 ml</i>	3605686	0,10	0,11	12,41%	-7,59%
<i>Cup 500 ml</i>	3605686	0,12	0,196	39,17%	19,17%
<b>BIODEGRADE 300 A</b>					
<i>Fork</i>	121151056	0,02	0,088	72,25%	52,25%
<i>Spoon</i>	34614587	0,03	0,088	63,35%	43,35%
<i>Fork spoon spork</i>	18028431	0,02	0,06	73,12%	53,12%
<i>Knife</i>	17307294	0,03	0,082	67,69%	47,69%
<i>Spoon small</i>	7211372	0,02	0,064	74,80%	54,80%
<i>Set (Knife+Fork+Napkin)</i>	5408529	0,10	0,31	69,34%	49,34%
<i>Knife</i>	7200000	0,03	0,0329	19,47%	13,47%
<i>Fork</i>	50400000	0,02	0,0329	25,77%	19,77%
<i>Spoon</i>	14400000	0,03	0,0387	16,65%	10,65%
<b>FIBRE</b>					
<i>Spoon for Lunch Box (Prisons)</i>	109500000	0,01	0,018	36,00%	30,00%
<i>Lunch Box (Prisons)</i>	109500000	0,10	0,146	30,96%	24,96%

The royalties begin in year 2. They represent:

- Year 2: USD 10,000,000
- Year 3: USD 30,000,000
- Year 4: USD 50,000,000
- Year 5: USD 80,000,000

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### • EXAMPLE OF PRODUCT:

(All figures in US\$)	Year 1	Year 2	Year 3	Year 4	Year 5
<b>3 compartments Plate 26 cm re 10405&lt; CELLULOSE</b>	<b>1,730,729</b>	<b>4,156,561</b>	<b>5,844,306</b>	<b>6,776,737</b>	<b>7,322,422</b>
(14% commissions)					
End users sales via market openers, brokers & agents	1,250,729	3,556,561	3,898,633	2,254,322	676,944
<i>sales volume increase in % (based on default above)</i>	0.0%	5.0%	5.0%	5.0%	5.0%
<i>average sales volume increase in % (new-old brokers)</i>	0.0%	3.6%	4.3%	5.0%	5.0%
<i>quantity</i>	7,817,059	22,228,508	25,120,059	14,974,503	4,635,724
<i>sales price decrease in % by brokers</i>	0.0%	0.0%	-3.0%	-3.0%	-3.0%
<i>sales price / unit</i>	0.16000	0.16000	0.15520	0.15054	0.14603
<i>total of sales price</i>	1,250,729	3,556,561	3,898,633	2,254,322	676,944
<i>purchase price decrease in %</i>	-4.0%	-12.0%	-9.0%	-7.0%	-6.0%
<i>quantity</i>	7,817,059	22,228,508	25,120,059	14,974,503	4,635,724
<i>purchase price / unit</i>	0.0446400	0.0392832	0.0357477	0.0332454	0.0312506
<i>total purchase price</i>	348,953	873,207	897,985	497,833	144,869
<i>commissions for market openers, brokers &amp; agents</i>	375,219	1,066,968	1,169,590	676,296	203,083
<i>"net" margin amount (commissions paid)</i>	526,557	2,683,354	3,000,649	1,756,489	532,075
<i>"net" margin in % (commissions paid)</i>	42.1%	75.4%	77.0%	77.9%	78.6%
(Distribution price, no commission)					
Biomind sales via distributors & importers			1,218,173	3,640,322	5,575,939
<i>sales volume increase in % group 1</i>			42.9%	15.0%	15.0%
<i>sales volume increase in % group 2</i>				42.9%	15.0%
<i>sales volume increase in % group 3</i>					42.9%
<i>time in years / man to sell</i>			48.8	36.3	18.8
<i>quantity group 1</i>			12,075,463	27,773,565	31,939,599
<i>quantity group 2</i>				9,428,150	21,684,745
<i>quantity group 3</i>					5,120,461
<i>sales price / unit</i>	0.10400	0.10400	0.10088	0.09785	0.09492
<i>total of sales price</i>			1,218,173	3,640,322	5,575,939
<i>purchase price decrease in %</i>	-4.0%	-12.0%	-9.0%	-7.0%	-6.0%
<i>quantity</i>			12,075,463	37,201,715	58,744,805
<i>purchase price / unit</i>	0.04464	0.03928	0.03575	0.03325	0.03125
<i>total purchase price</i>			431,670	1,236,785	1,835,813
<i>commissions for handling, transport &amp; donation</i>			194,908	582,451	892,150
<i>"net" margin amount (no commission paid)</i>			591,595	1,821,085	2,847,975
<i>"net" margin in % (no commission paid)</i>			48.6%	50.0%	51.1%
Biomind direct sales via distributors & end users	480,000	600,000	727,500	882,094	1,069,539
<i>sales volume increase in %</i>	0.0%	25.0%	25.0%	25.0%	25.0%
<i>quantity</i>	3,000,000	3,750,000	4,687,500	5,859,375	7,324,219
<i>sales price / unit</i>	0.16000	0.16000	0.15520	0.15054	0.14603
<i>total of sales price</i>	480,000	600,000	727,500	882,094	1,069,539
<i>purchase price decrease in %</i>	-4.0%	-12.0%	-9.0%	-7.0%	-6.0%
<i>quantity</i>	3,000,000	3,750,000	4,687,500	5,859,375	7,324,219
<i>purchase price / unit</i>	0.04464	0.03928	0.03575	0.03325	0.03125
<i>total purchase price</i>	133,920	147,312	167,567	194,797	228,887
<i>commissions for handling, transport &amp; donation</i>	76,800	96,000	116,400	141,135	171,126
<i>"net" margin amount (commissions paid)</i>	269,280	356,688	443,533	546,162	669,526
<i>"net" margin in % (commissions paid)</i>	56.1%	59.4%	61.0%	61.9%	62.6%

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### 14.2 EXHIBIT B: PRODUCT LITERATURE AND BROCHURE

The Biomind presentation brochures are available for review upon request by email addressed at [investor@biomindcorp.com](mailto:investor@biomindcorp.com).



**BIOMIND**  
CORPORATION

To set alternative products respecting the environment without changing habits

The Bioline range<sup>®</sup> is 100% biodegradable. The biodegradable materials, coming from organic products are degraded or naturally absorbed by living micro-organisms, mushrooms and bacteria.

**What does a biodegradable product mean ?**  
A product is considered biodegradable when after its use, it can be naturally broken down by living organisms. Biodegradability is a determining parameter to set the environmental impact of an organic product. It is connected on the one hand with the ability to be degraded and on the other hand the product digestion speed by the biological environment. For example, a dead leaf is 100% biodegradable within few weeks when a plastic bottle needs about 4000 years.

Human being became conscious of the fossil resources exhaustion and the harmful impact on environmental and economical questions.

BIOMIND offers alternative solutions in order to rationalize and optimize the household waste management and to minimize energy use of fossil fuel.

BIOMIND company develops, produces and sells a large range of packaging and single-use products which are 100% biodegradable and compostable. It applies simple alternative solutions for petrochemical material in respecting regulations.

**What does a compostable product mean ?**  
The composting process degrades organic material by micro-organisms such as microscopic mushrooms and bacteria. Composting is a biological natural process !

**Bioline is a full range of biodegradable and compostable packagings and table-services produced only from renewable resources. Our products concern social and public events, receptions, take-away and fast-foods, caterers and bio producers...**

[www.biomindcorp.com](http://www.biomindcorp.com)

### 14.3 THE MISSION

Impose substitution's products which respects environment without changing habits.

Biomind provides alternative solutions which rationalize and optimize management of household waste and reduce energy consumption of fossil and petroleum materials.

## **15 MAIN ASSETS**

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Biomind positions on the market thanks to 3 main assets:

### **15.1 PRODUCTS ASSETS:**

- The company offers a range of product 100% biodegradable and compostable.

In terms of products, Biomind meets to the needs of current markets but also and especially to the demands of tomorrow's market.

### **15.2 COMPANY ASSETS:**

- The issue of Biomind W. Eckey was to face the volume of orders in terms of working capital. By acquiring this company we have a complete range of products already commercialized and well known on the market as well as a customer list in the American and European market.
- Thanks to the R&D developed in partnership with W. Eckey, the company is able to replace many food & beverage packing made of fossil materials into biodegradable and compostable packing. These packing represent a substantial amount of activity in the world.
- These contacts in the USA will help the company to acquire quickly an existing operational commercial structure, specific to our market in order to be set up directly in the USA.
- The company already has a good experience in the choice of the materials and also regarding the suppliers.
- The company works with two well known laboratories for the development of new materials. The company also has its own R&D unit.
- The company is the designer and the distributor. The outsourcing finances the production investment so the company doesn't have to pay for it.

### **15.3 ECONOMICAL ASSETS:**

- Except the manufacturers, who are positioned on the market of the packing only through fossil and petroleum materials, all main principals know that this change of material is inevitable and it will be a real commercial disadvantage to fight it.
- The control and current experiences of the market and the materials will allow the company to sell its products to prices comparable to those from fossil and petroleum materials sold today, so there won't be any additional costs in the long term. The term is a function of the quantities to be produced.
- Regarding competition, the company is multi products 100% biodegradable and compostable. Many products are in intellectual property and so without competitors.
- The company plans to sell a quantity which represents 0.015% of the conventional plastic market. I.e. about 7% of the biodegradable market.

So we are talking about a long term constant development. For example, only one of our products: the Biocan, is an answer to the can market needs which represents...230 billion cans per year (source: BCME).

## 16 OUR APPROACH

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### 16.1 PRICE POLICY

The forecast was estimated with sales prices globally fixed on average 10 % below those of the main "competitors". Plus, it was budgeted a drop.

Organization of this drop in prices:

- Year 3 = - 3%
- Year 4 = - 3%
- Year 5 = - 3%

### 16.2 COMMERCIAL APPROACH

The different steps of the display are the following:

During the 24 first months:

- Integration of a sales force appropriate and confirmed with the necessary commercial supervision. This team has been selected and is now ready (see the employees list). This team sells directly to final customers.
- The recruitment process of the Market Openers, which first goal is to recruit a sales force throughout the set up of an event: "the kickoff". Some of them are already selected and are ready to work (see employees list). These Market Openers will be recruited by the commercial supervision. We estimated the number of Market Opener by country according to various criteria: geographical, economical, political and environmental. These Market Openers will have a forecast life time of 6 months in the company. (*the Market Openers are noted MO*)
- First year :
  - o France ..... 6 MO
  - o Germany ..... 3 MO
  - o Italy ..... 6 MO
  - o Spain ..... 3 MO
  - o Switzerland ..... 2 MO
  - o UK ..... 4 MO
  - o Uruguay ..... 1 MO
  - o USA (1) ..... 8 MO
  - o USA (2) ..... 6 MO
- Second year :
  - o Belgium ..... 4 MO
  - o Canada ..... 8 MO
  - o Denmark ..... 3 MO
  - o Sweden ..... 2 MO
  - o Netherlands ..... 4 MO

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- o USA (3)..... 8 MO
- Third year :
  - o Asia..... 4 MO
  - o Middle-East..... 5 MO
  - o South America..... 6 MO
- These Market Openers will be in charge of the selection of 20 Brokers in order to, at the end of a “kickoff”, have undertaken for an average of 2.5 of them. In fact we consider that we will need to select and invite 20 Brokers at the « kickoff » to get 2 or 3 confirmed and operational Brokers.
- Regarding their results and abilities, some of these Brokers will become Agents in charge of Brokers. An Agent will be responsible of 3 Brokers.

At the end of the first 24 months:

- Regarding their results, abilities and financial feasibility, some of them will become Distributors. They will be in charge of Agents and Brokers. Of course, some Distributors can be integrated directly regarding the opportunities and our needs.
- The company will chose importers among these Distributors or externally. They will be in charge of the structure of their area.

### 16.3 COMMERCIAL REMUNERATION

The organization of the “commercial remuneration” is the following:

- The sale force is paid with a fixed salary and there is no commission on the turnover.
- The Market Opener is paid a fixed salary by the company and perceives a commission of 1% on their turnover.
- The Brokers have a commission of around 10% of the turnover. Based on an objective of USD 600,000 per year the annual commission will be around 60,000 per year.
- The agents get 3% of the turnover realized by their Brokers. Based on an objective of 3 Brokers per Agent, the annual commission will be an average of 54,000 per year.
- The Distributors get 20% of their turnover. They have in charge the Brokers and Agents of their area.
- The importers get 15% of their turnover. They are in charge of the distributors and/or Agents-Brokers of their area.
- The different commissions above (except for the Brokers) depend on the size and the potential of units but also on the number of step they will use to realize their turnover.
- It goes without saying that, expect take care of the sales force of their area, distributors and importers pay the stock of product respectively and with a minimum of USD 24,000 and USD 120,000.

### 16.4 COMMERCIAL STRATEGY

This is a strategy per country with distributor networks to be built depending on market history and local competition.

- Develop current customers such as Lufthansa, Google, Mövenpick, etc...

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- Governmental laws which force not to product packing with fossil and petroleum material, for example in France (law of December 2005)
- Recycling tax on packing, for example aluminum can in USA.
- Place of production of raw materials used by the company, for example China,
- Place of production of our current products. They are chosen on the basis of the cost price.

The order for countries opening is :

- Year 1: Switzerland, France, Italy, Spain, Germany, Great Britain, USA 1<sup>st</sup> part, USA 2<sup>nd</sup> part and Uruguay
- Year 2: USA 3<sup>rd</sup> part, Belgium, Netherlands, Canada, Denmark and Sweden
- Year 3: Asia, South America and Middle East.

This order takes into account our current clients, people in every country who are ready to work and the opportunities of the market already studied and contacted.

### 16.5 COMMERCIAL OBJECTIVE

For the third year :

- set up importers per countries,
- get free of stocks and supplying
- "Resell" our sales force and keep only key accounts that we set up and developed and still without management of stocks. This to keep a light, adaptable and reactive operational structure which allows penetrating every market according to their request.

### 16.6 SOME KEY COMMERCIAL FIGURES

- Each Broker has an annual sales objective of USD 600,000
- The forecast is to have 97 Brokers
- Sales out of royalties improve of USD 61 million to 227 million over 5 years and USD 61 million to 306 million with royalties.
- Royalties represent 35% of the turnover of the 5<sup>th</sup> year.
- The quantity of pieces sold improved on an average of 5% per year for the Brokers and 25% per year for the direct sales force of Biomind Corp.
- Today, Biomind Corporation has 30 different products and uses 5 different materials.
- These materials are :
  - o The Biograde, which represents on average 37% of the sales and 26% of the purchases
  - o The Cardboard, which represents on average 16 % of the sales and 19 % of the purchases
  - o The Cellulose, which represents on average 25 % of the sales and 11 % of the purchases
  - o The Fiber, which represents on average 21 % of the sales and 44 % of the purchases
  - o The PLA, which represents on average 1 % of the sales and 1 % of the purchases

### 16.7 INVESTMENTS

Most of the investments will be done over the first 12 months.

They mainly relate to:

- The repurchase of an existing operational commercial structure, specific to our market in the USA

- The Research and development in order to finalize the clarification of some of our new products, in particular BioCan, and the search for new materials allowing to go beyond the budgeted quantities but also to reduce the cost material by product.
- Set up of our operational centre, subsidiary based in Geneva. Most of the staff will be in this office, it represents 22 persons and 6 persons of the Corporation.
- The recruitment of our sales force
- The set up of offices/branches in targeted countries

## **16.8 PURCHASE POLICY**

We plan to realize progressive economies of scale, based on volume increase, new sub-contractors, discounts, etc...

Per year:

- year 1 : - 4 %
- year 2 : - 12 %
- year 3 : - 9 %
- year 4 : - 7 %
- year 5 : - 6 %

## **16.9 THE MAIN DATA OF EXPLOITATION**

Gross Margin increases from 58 % to 62 % over 5 years with a significant growth from the second year and then a slowdown until the fifth year.

By analyzing the gross margin per material we find the following variation (*over 5 years*):

- The Biograde: from 647 % to 65.6 %
- The Cardboard: from 36.6 % to 47 %
- The Cellulose: from 76.4 % to 69.5 %
- The Fiber: from 31.5 % to 47.5 %
- The PLA: from 81.5 % to 79.7 %

Besides, the analysis by product highlights the main products which will be advanced namely:

- The Cellulose with a gross margin of 76.4 % and 25% of the total sales.
- The Biograde with a gross margin of 64.5% and 37% of the total sales.

These products will have a particular targeting in term of "consumer customers" to first steer the sales force on economically interesting market segments.

- The payroll as well as the other fixed charges represents USD 10.6 million the first year; that's to say 1/3 of the fixed expenses.
- The other fixed charges are composed by the commission on "taking up of funds" (12%) and the cost upon the "taking up of funds" (7%); the payment of debt and the repurchase of companies and license
- The royalties represents USD 10 million for the second year, 30 million for the third year, 50 million for the fourth year and 80 million (35% of the turnover) for the fifth year.



## 17 SYNTHESIS

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The result before tax and duty is estimated at around USD 11 million for a turnover of around USD 60 million for the first year. The evolution is growing and is very significant. In the third year, the result before tax and duty is estimated at 77 million for a turnover of 200 million.

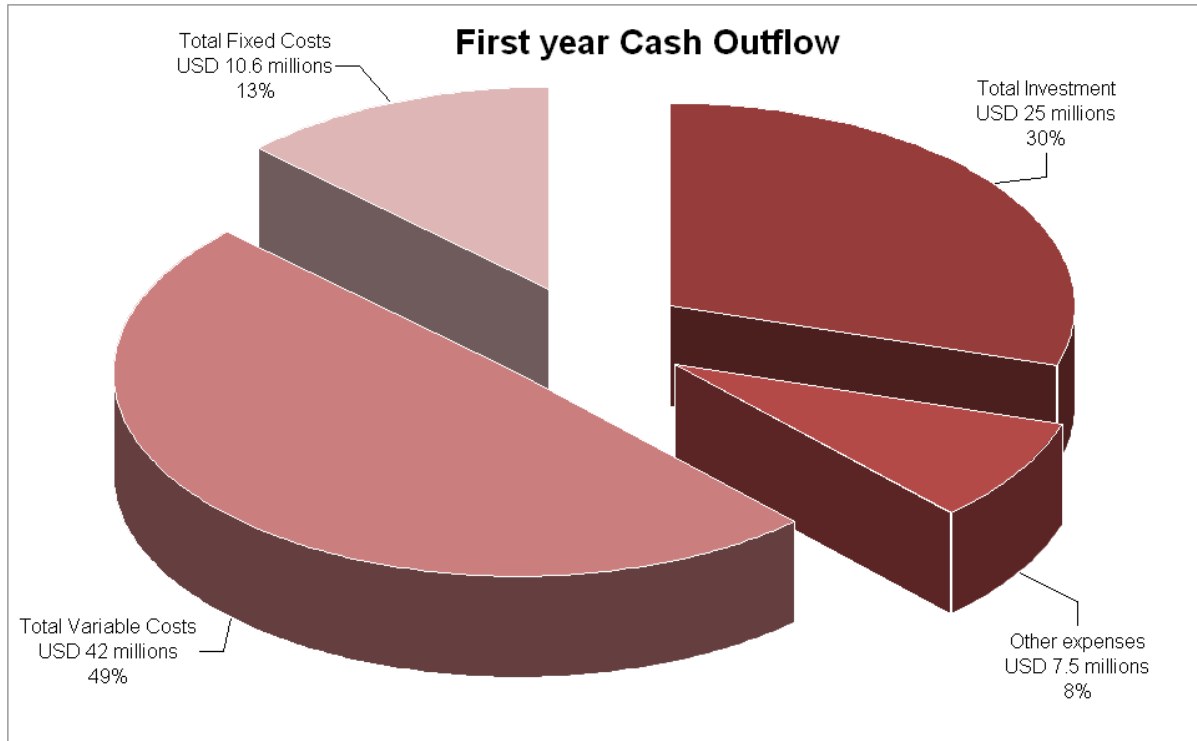
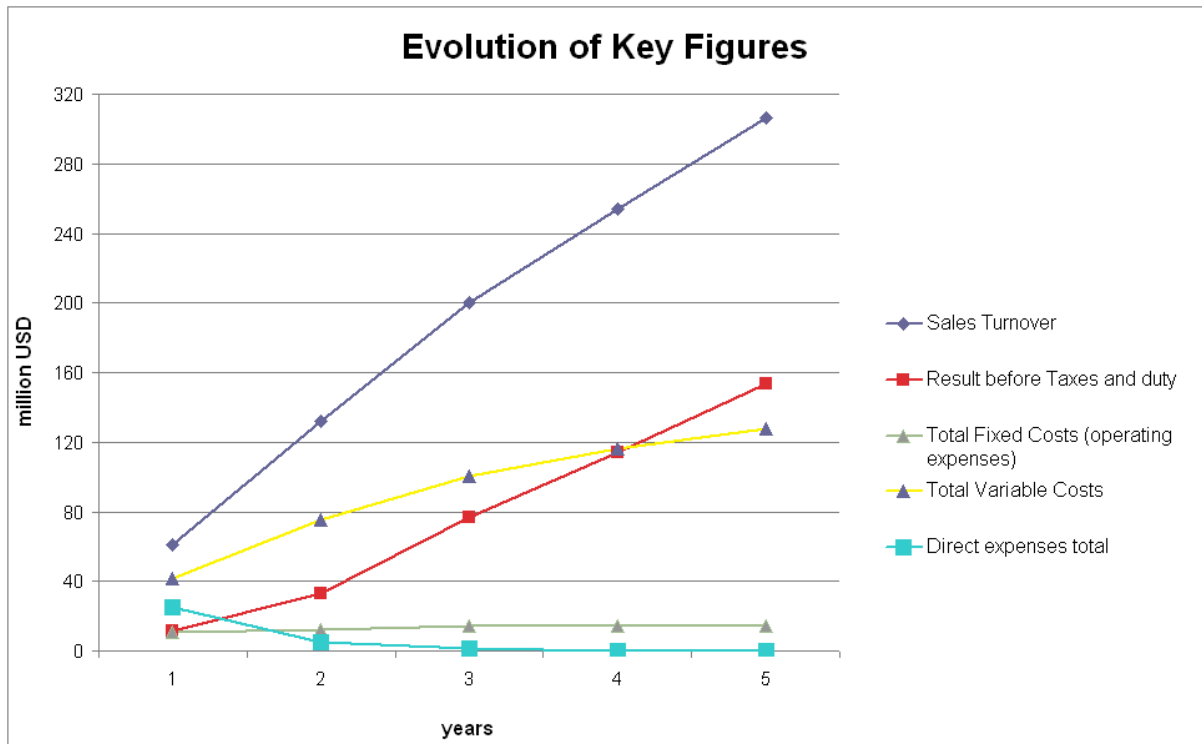
The scale of the market will lead the company to launch an IPO in order to capitalize its benefits and institutionalize its products 100% biodegradable and 100% compostable.

Besides and as a principle of functioning, the company has provisioned 1% of its net turnover a donation to association or organisms helping to save the planet.

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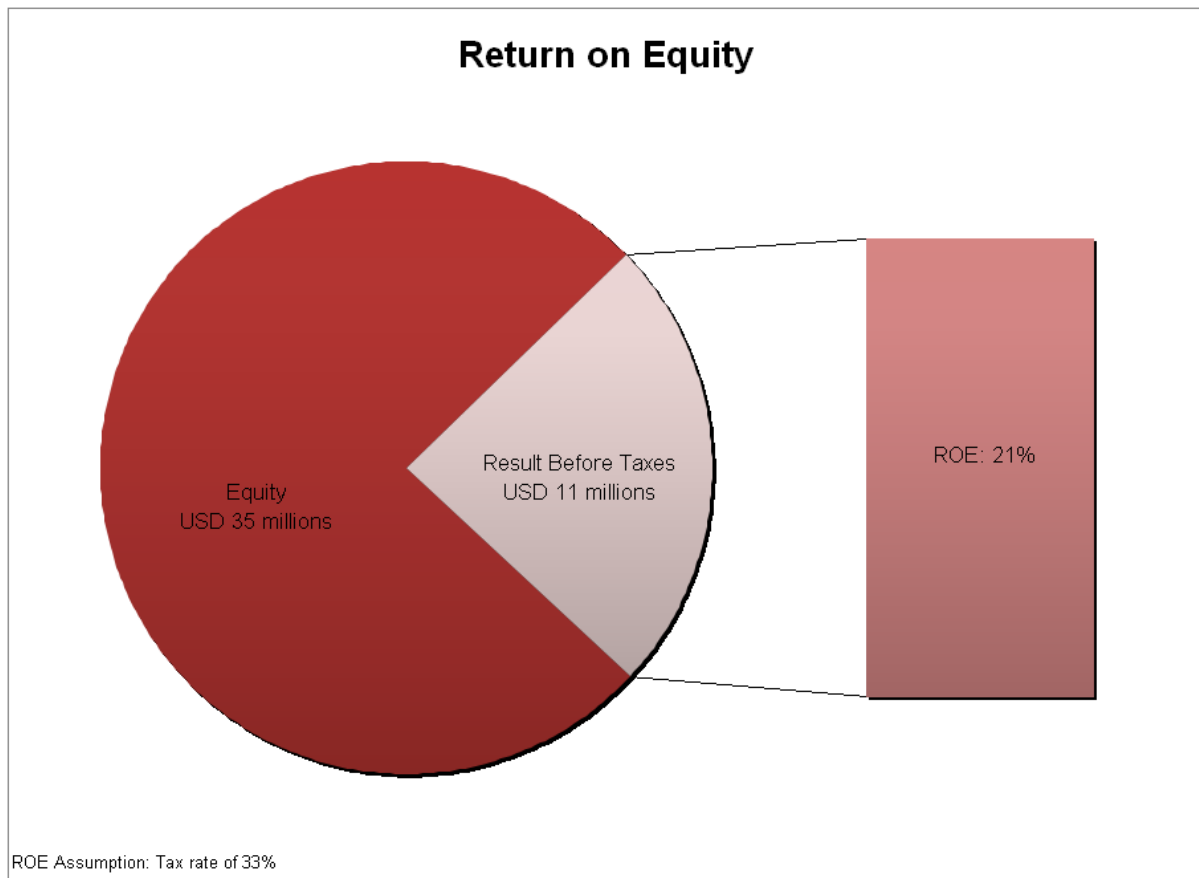
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## 18 CHARTS



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### 18.1 EXHIBIT B : PRODUCT LITERATURE AND BROCHURES

The Biomind presentation brochures are available for review upon request by email addressed at [investor@biomindcorp.com](mailto:investor@biomindcorp.com).

### 18.2 EXHIBIT C : PLACEMENT AGENT

Please note that: the payment of the purchase price made directly to the Biomind Corporation is subject to the conditions of payment set forth in the subscription agreement, attached hereto in Exhibit D.

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**18.3 EXHIBIT D : SUBSCRIPTION AGREEMENT**

**SUBSCRIPTION AGREEMENT**

**18.4 DATE AND PLACE**

This Agreement is made, entered into and effective this \_\_\_\_\_ day of \_\_\_\_\_ between the individual or organization identified below (the “Purchaser”) and Biomind Corporation, a Delaware Corporation (the “Company”)

**Purchaser Identification**

- Individual
- Organization

(If several Purchasers intend to subscribe jointly, please describe the relationship between the Purchasers on a separate sheet and submit a completed signed subscription agreement for each Purchaser.)

Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
City : \_\_\_\_\_  
Postal Code : \_\_\_\_\_  
State or Province : \_\_\_\_\_  
Country : \_\_\_\_\_  
Phone : \_\_\_\_\_  
Facsimile : \_\_\_\_\_  
Taxpayer Identification Number : \_\_\_\_\_  
For Organizations Only Please attach copy of ID for individual or board members  
Date and Place of Incorporation : \_\_\_\_\_  
Members of the Board : \_\_\_\_\_  
Audit & Revision : \_\_\_\_\_

**18.5 INTRODUCED BY**

Introduced by:

Name \_\_\_\_\_

Company \_\_\_\_\_

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### Subscription Details

Pursuant to the terms of the Private Offering Memorandum of Biomind Corporation dated March 1st, 2007 ("Memorandum"), the Purchaser tenders this subscription and agrees to purchase of the number of shares of Common Stock (the "Common Stock") of the Company set forth below

Type of Security	Number of Shares	USD Amount of Subscription
Shares of Common Stock		

Together with this Subscription Agreement the Purchaser is transmitting the full purchase price for the Common Stock directly to the Company by mean of:

- cash
- a wire transfer in favor of the Company
- a bank check in the name of Company
- a certified bank check in the name of the Company

Cash payment will be made to one of Biomind Directors.

As to wire transfer, please credit the account of Biomind Corporation at Bank of America – 10100 Santa Monica BL #300. Los Angeles - CA 90067. USA Account Number 24335-43692 – SWIFT BOFAUS3N

Certificates for the Common Stock will be mailed to the Purchaser on or before the fifth business day after the acceptance of this Subscription Agreement.

## 18.6 INCORPORATION OF TERMS AND DEFINITIONS

The Terms and Definitions set forth in Attachment I to the Subscription Agreement, as set forth in the Memorandum, are incorporated herein by this reference

## 18.7 INCORPORATION OF REPRESENTATIONS AND WARRANTIES

The Representations and Warranties set forth in Attachment II to the Subscription, as set forth in the Memorandum, are incorporated herein by this reference

## 18.8 INCORPORATION OF INVESTOR QUESTIONNAIRE

If the Purchaser is subscribing for less than USD 150,000 of Common Stock and (a) the Purchaser is a citizen or resident of the United States, or (b) the Subscription Agreement is executed within the United States, the Investor Questionnaire set forth Attachment III to the Subscription Agreement, as set forth in Exhibit H to the Memorandum, must be completed by the Purchaser and returned to the Company together with this Subscription Agreement. Said Investor Questionnaire and all the Purchaser's responses thereto are incorporated herein by this reference.

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**Signature(s) of Purchaser**

IN WITNESS WHEREOF, this Subscription Agreement has been executed by the Purchaser at the place and on the date first set forth above.

Organization Signature:

Individual Signature:

\_\_\_\_\_  
 (Print Name of Subscriber)

\_\_\_\_\_  
 (Signature)

By: \_\_\_\_\_  
 (Print Name and Title of Person Signing)

\_\_\_\_\_  
 (Print Name)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Print Name)

\_\_\_\_\_  
 (Print Name)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Print name)

**Acceptance of Subscription**

Effective this \_\_\_\_ day of \_\_\_\_\_, Biomind Corporation, a Delaware corporation, confirms the representations and warranties of the Company set forth in Attachment II to the Subscription Agreement, as set forth in the Memorandum, and accepts the Purchaser's subscription as follows:

Type of Security	Number of Shares	USD Amount of Subscription
Shares of Common Stock		

Biomind Corporation

By: \_\_\_\_\_

Name: Dany PRIETO\_\_\_\_\_

Title: CHAIRMAN\_\_\_\_\_

Name: Francis ROMERO CORTELL\_\_\_\_\_

Title: Chief Administrative Officer\_\_\_\_\_

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### Appendix I to the Subscription Agreement

#### Terms and Definitions

1. Except to the extent provided by the securities laws and regulations of its state of residence, the Purchaser agrees that a subscription to purchase shares of Common Stock shall be irrevocable until 30 days after receipt of full payment for the shares of Common Stock and all required documents.
2. An investment in the Common Stock is, in general, only suitable for Purchasers that qualify as “accredited investors” as defined below. The Company may, however, make exceptions to the general suitability standard and permit sales to Purchasers that do not qualify as accredited investors if such Purchasers (i) are not residents or citizens of the United States and (ii) are able to demonstrate their financial sophistication to the satisfaction of the Company. As used herein, the term “accredited investor” means any Purchaser who comes within any of the following categories, or who the Company reasonably believes comes within any of the following categories, at the time of the sale of the Common Stock to that Purchaser:

Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(a) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any small business investment company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of USD 5,000,000; any employee benefit plan within the meaning of the employee retirement income security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of USD 5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of USD 5,000,000;

Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds USD 1,000,000;

(a) Any natural person who had an individual income in excess of USD 200,000 in each of the two most recent years or joint income with that person's spouse in excess of USD 300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(b) Any trust, with total assets in excess of USD 5,000,000, not formed for the specific purpose of acquiring the Securities offered, whose purchase is directed by a sophisticated person as described in rule 506(b)(2)(ii) and

(c) Any entity in which all of the equity owners are accredited investors.

3. The Company reserves the right, in its sole discretion, to accept or reject any subscription in whole or in part, or to allocate a smaller number of shares of Common Stock than the Purchaser has subscribed to purchase. In the event that a subscription is rejected by the Company, the Company will promptly return all subscription documentation to the Purchaser, together with a full refund of the subscription payment tendered by such Purchaser. In the event that a subscription is rejected in part, the Company will promptly refund to the Purchaser a pro rata portion of the subscription payment tendered by such Purchaser. The Company shall not be required to pay interest on funds that are ultimately returned to a Purchaser.

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4. If and when accepted by the Company, the Subscription Agreement shall constitute a binding contract for the purchase and sale of the number of shares of Common Stock set forth therein. The purchase price for such Common Stock shall be on a progressive scale from USD 1.00 to USD 2.00 per share and the minimum investment shall be USD 100,000.
5. All information provided to the Company by the Purchaser will be kept strictly confidential. Notwithstanding the foregoing, the Purchaser agrees that the Company may present the Subscription Agreement and all documents incorporated therein to its legal counsel and such other parties as it deems appropriate if called upon to verify the information provided for purposes of establishing the availability of any claimed exemption under the Securities Act of 1933, as amended, or any applicable state securities laws.
6. The Common Stock has not been registered under the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction but is being offered and sold in reliance on certain exemptions from registration set forth in such laws. In order to insure the availability of the claimed exemptions from registration, the Purchaser agrees:

Shares of Common Stock may not be assigned, sold, transferred, conveyed or hypothecated to any person unless the Common Stock is subsequently registered under the Securities Act of 1933, as amended, and other applicable law, or an exemption from such registration is available to both the Purchaser and the proposed transferee under such laws

The Company may issue stop transfer instructions to its transfer agent, if any, or if the Company acts as its own transfer agent, the Company may note on its stock records the foregoing restrictions on transfer.

All certificates for shares of Common issued to the Purchaser, all certificates issued to a subsequent transferee of such shares of Common Stock, and all certificates representing any additional shares of Common Stock issued as dividend thereon shall bear the following restrictive legend, or a legend similar thereto:

The securities represented by this certificate have been acquired in a transaction effected in reliance upon Section 4(2) of the Securities Act of 1933, as amended (the "Act"), and Rule 506 promulgated there under. These securities have not been the subject of a registration statement under the Act or any other securities laws. These securities have been acquired for investment and not for distribution or resale. They may not be mortgaged, pledged, hypothecated, or otherwise transferred in the absence of an effective registration statement for such securities under the Act or an acceptable opinion of counsel that such registration is not required."

In addition, all such certificates may bear any additional legend that, in the opinion of the Company's counsel, is required pursuant to any state or local law governing the offer and sale of securities.

The Company is not obligated to register the Common Stock under the Securities Act of 1933, as amended or any other applicable law.

Except as required by the express requirements thereof, the Company is not obligated to register the Common Stock under the Securities Act of 1933, as amended, or to disseminate to the public the information specified in Rule 15c2-11 promulgated there under.

7. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or, if mailed by certified or registered mail, return receipt requested, postage prepaid, on the earlier of receipt or seven days after the date on which such notice or other communication is mailed, to the addresses as set forth on cover page of the Subscription Agreement or to such other address as the Company or the Purchaser shall have designated to the other by like notice.
8. The Purchaser shall indemnify and hold harmless the Company and its officers and directors from any and all damages, losses, costs and expenses (including reasonable attorney's fees) which they may incur (i) by reason of the Purchaser's failure to fulfill any of the terms and conditions of the Subscription Agreement, (ii) by reason of any breach by the Purchaser of any representation, warranty or agreement contained in the Subscription Agreement and (iii) with respect to any and all claims made by or involving any person, other than the Purchaser, claiming any interest, right, title, power or authority in respect of the shares of Common Stock. In addition, the Purchaser agrees to indemnify and hold harmless the Company and its officers and directors from and against any and all losses, damages, liabilities and expenses (including reasonable attorney's fees) incurred in connection with defending any claim brought by Purchaser with respect to an investment in the Company if judgment is rendered against the Purchaser and in favor of such indemnified party.
9. In the event a dispute between the Purchaser and the Company arises out of, in connection with, or with respect to the Subscription Agreement, or any breach thereof, such dispute shall, on the written request of one party delivered to the other party, be submitted to and settled by arbitration in New York, New York in accordance with the rules of the American Arbitration Association then in effect. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof.



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10. **The Purchaser understands, agrees and acknowledges that:**

- (a) The Subscription Agreement is not transferable or assignable by the Purchaser. The Subscription Agreement, upon acceptance by the Company, shall be binding upon the heirs, executors, administrators, successors and assigns of the Purchaser.
- (b) The Subscription Agreement, its exhibits and the documents referred to herein (including the Memorandum) constitute the entire agreement between the parties respecting the subject matter hereof and may be amended only in writing by the Company.
- (c) The representations, warranties and agreements contained herein shall survive the payment for and delivery of the Shares.
- (d) The offer and sale of the Common Stock and all other transactions contemplated by the Subscription Agreement shall be construed and interpreted in accordance with and governed by the laws of the State of Delaware.

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Appendix II to the Subscription Agreement

## Representations and Warranties

### 1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- (a) The Company is a corporation duly organized, validly existing, and in good standing under the laws of Delaware with full corporate power and authority to own its properties and conduct its business, and is duly qualified to conduct the business in which it is engaged in all jurisdictions where the conduct of its business requires qualification, except those jurisdictions where the failure to be qualified would not have a material adverse effect on the business or financial condition of the Company;
- (b) The authorized, issued, and outstanding securities of the Company and the nature and extent of all rights to purchase capital stock of the Company is as set forth in the Private Offering Memorandum of the Company dated state and all outstanding securities of the Company are duly authorized, validly issued, fully paid, nonassessable, and free of preemptive rights;
- (c) All issued and outstanding shares of Common Stock, and all other securities previously issued, sold or exchanged by the Company, have been issued, sold or exchanged by the Company in compliance with all applicable state and federal securities laws and regulations;
- (d) The issuance and sale of the Common Stock has been duly and validly authorized by all required corporate action of the Company and will not result in a breach or violation of any of the terms or provisions of, or constitute a default under, (i) any indenture, mortgage, deed of trust, loan agreement, bond, debenture, note agreement, or other evidence of indebtedness, lease, contract, or other agreement or instrument to which the Company is a party or by which the property of the Company is bound, (ii) the Company's certificate of incorporation or bylaws, or (iii) any statute or any order, rule, or regulation of any court or governmental agency or body having jurisdiction over the Company or its properties;
- (e) Except for permits and similar authorizations required under the securities laws of certain jurisdictions which the Company will use all reasonable efforts to obtain at the earliest practicable date, all consents, approvals, authorizations, or other orders of any court, regulatory body, administrative agency, or other governmental body required to be obtained by the Company in connection with the offer and sale of the Common Stock have been obtained;
- (f) Upon delivery to the Purchaser, the Common Stock will be validly issued, fully paid, nonassessable, and free of preemptive rights;
- (g) There are no material legal or governmental proceedings pending or threatened to which the Company is a party or of which the business or property of the Company is the subject that are not disclosed in materials incorporated in the Private Offering Memorandum there is no contract, license, or other document of a character required to be described in the materials incorporated in the Private Offering Memorandum that is not described as required;

### 2. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser is at least 21 years of age, is competent to enter into the Subscription Agreement and has full power and authority to execute and deliver the Subscription Agreement and to perform its obligation hereunder. The Subscription Agreement is a legally binding obligation of the Purchaser, enforceable in accordance with its terms, and the execution of the Subscription Agreement, and the performance of the Purchaser's obligations there under will not result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement, bond, debenture, note agreement, or other evidence of indebtedness, lease, contract, or other agreement or instrument to which the Purchaser is a party or by which the property of the Purchaser is bound;

Except to the extent provided by the securities laws and regulations of his state of residence, the Purchaser waives any and all rights he has, or may have, to cancel, terminate or revoke his subscription, or request or demand the return of any subscription documents or funds;

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The Purchaser has been provided a copy of the Memorandum dated January 21, 2002 and has carefully reviewed the entire document, including the exhibits thereto, with his own legal and financial advisors;

The Purchaser has not been furnished any offering literature or prospectus other than the Memorandum and the documents attached thereto as exhibits, and he has not relied on any documents or offering literature that are not specifically described herein;

The Purchaser has carefully evaluated the offering and understands the risks of, and other considerations relating to, a purchase of shares of Common Stock, including, but not limited to, the risks set forth under "Risk Factors" in the Memorandum;

The Purchaser is aware that an investment in the Company is speculative and involves a high degree of risk and that the Company has no operating history;

The Purchaser has been given the opportunity to review all of the files and business records of the Company including the articles of incorporation, by-laws, documents defining the rights of security holders, material contracts, and financial statements and to ask questions of and receive answers from the officers, directors, attorneys and accountants of the Company with respect to the Common Stock, the business of the Company and any other matters which he considered to be material to his investment decision and all such questions have been answered to his full satisfaction;

The Purchaser has not relied on any oral representation of any Selling Agent, any person affiliated with a Selling Agent or other person in connection with its investment decision and understands that any such representations have not been authorized by the Company or the Selling Agents;

The Purchaser is acquiring the Common Stock as principal for investment, and without any intention of reselling or distributing all or any portion of the Common Stock;

The Purchaser has no present intention, agreement or arrangement to divide its interest in the Common Stock with others or to resell, assign, transfer or otherwise dispose of all or any of the shares of Common Stock subscribed for;

The Purchaser has adequate net worth and means of providing for its financial needs and contingencies, can sustain a complete loss of its investment in the Common Stock and has no need for liquidity in such investment. The Purchaser's overall commitment to unmarketable investments is not disproportionate to its net worth and its investment in the Common Stock of the Company will not cause such overall investment to become excessive.

The Purchaser has not distributed the Memorandum to anyone that was not approved in writing by the Company, except for lawyers, public accountants or financial advisors contributing to the Purchaser independent investigation, and it has not made copies thereof or communicated information contained therein to any such person.

The Purchaser is an accredited investor as defined in "Appendix I—Terms and Definitions" has such knowledge and experience in business and financial matters that it is capable of evaluating the Company, its proposed business and the risks and merits of investment in the Common Stock.

All the information provided to the Company by the Purchaser is correct and complete as of the date hereof, and, if there should be any materials change in such information prior to the acceptance of the Subscription Agreement by the Company, the Purchaser will immediately furnish the revised or corrected information to the Company.

Except as set forth in the Memorandum, no representations or warranties have been made to the Purchaser by (a) the Company or any agent, employee or affiliate of the Company or (b) any other person, and in entering into this transaction the Purchaser is not relying upon any information, other than that contained in the Memorandum and the results of independent investigation by the Purchaser.

The Purchaser agrees to indemnify the Company and hold it harmless from and against any and all losses, damages, liabilities, costs and expenses which it may sustain or incur in connection with the breach by the Purchaser of any representation, warranty or covenant made by it in the Subscription Agreement.

The Purchaser understands that a subscription is not binding upon the Company until the Company accepts it, which acceptance is at the sole discretion of the company and is to be evidenced by the Company's execution of the Subscription Agreement in the space provided. The Subscription Agreement shall be voidable by the Purchaser if the Company does not accept it within 30 days after the date hereof.

- (a) The Purchaser understands that the Company may, in its sole discretion, reject any subscription in whole or in part and, in the event that the offering to which the Memorandum relates is oversubscribed, reduce this subscription in any amount and to any extent, whether or not pro rata reductions are made of any other investor's subscription.

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- (b) This Subscription Agreement (i) sets forth the entire agreement of the Purchaser and the Company with respect to the subject matter hereof; (ii) may only be modified by a written instrument executed by the Purchaser and the Company; (iii) shall be governed by the laws of the State of Delaware, applicable to contracts made to and to be wholly performed therein notwithstanding that it was executed by the Purchaser outside of the United States of America; and (iv) shall inure to the benefit of, and be binding upon the Company and the Purchaser and their respective heirs, legal representatives, successors and assigns.
  
- (c) Unless the context otherwise requires, all personal pronouns used in the Subscription Agreement, whether in the masculine, feminine or neuter gender, shall include all other genders.

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**Appendix III to the Subscription Agreement**

**Questionnaire for the Investor**

**Instructions:** This Questionnaire must be completed in each case where the Purchaser is subscribing for less than USD 150,000 of Common Stock and (a) the Purchaser is a citizen or resident of the United States, or (b) the Subscription Agreement is executed within the United States. The purpose of this Questionnaire is to assure the Company that it may rely on certain exemptions from the registration requirements of the Securities Act of 1933, as amended, (the “Act”) afforded by Section 4(2) and Regulation D promulgated there under. If your answer to any of the following questions is “None” or “Not Applicable” please so state.

Your answers will at all times be kept strictly confidential. However, by completing this Questionnaire, you agree that the Company may present this Questionnaire to its legal counsel and such other parties as it deems appropriate if called upon to verify the information provided for purposes of establishing the availability of any claimed exemption under the Act. Please provide complete answers for all of the following questions, and then sign, date and return one copy of this Questionnaire to the Company or its authorized representative as soon as possible.

Your subscription to invest in the Common Stock can not be accepted until the Company has determined, on the basis of the information provided by you, that you satisfy the investor suitability standards established by the Company. **IF YOUR ANSWERS ARE NOT SUFFICIENT TO ENABLE THE COMPANY TO MAKE SUCH A DETERMINATION, YOUR SUBSCRIPTION WILL BE REJECTED.**

**PLEASE PRINT YOUR ANSWERS TO QUESTIONS IN THE SPACE PROVIDED AND ATTACH ADDITIONAL SHEETS IF REQUIRED**

Your complete name: \_\_\_\_\_

Your complete address: \_\_\_\_\_  
\_\_\_\_\_

Your home country: \_\_\_\_\_

Your nationality: \_\_\_\_\_

Your private phone number: + \_\_\_\_\_

Your job: \_\_\_\_\_

Your complete business address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Your business phone number: + \_\_\_\_\_

1. How old are you? \_\_\_\_\_
2. Your gross income expressed in dollars U.S dollars, or the foreign equivalent thereof, is higher than (please check the right box):
 

Penultimate year (real)	<input type="checkbox"/>	50,000 USD	<input type="checkbox"/>	100,000 USD	<input type="checkbox"/>	200,000 USD	<input type="checkbox"/>	300,000 USD
Previous year (real)	<input type="checkbox"/>	50,000 USD	<input type="checkbox"/>	100,000 USD	<input type="checkbox"/>	200,000 USD	<input type="checkbox"/>	300,000 USD
Current year (estimated)	<input type="checkbox"/>	50,000 USD	<input type="checkbox"/>	100,000 USD	<input type="checkbox"/>	200,000 USD	<input type="checkbox"/>	300,000 USD
3. Your net worth, without taking account of this investment, expressed in U.S. dollars, or the foreign equivalent thereof, amounts (please check the right box):

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- USD 249,999 or less, exclusive of housing, furniture and vehicles
- USD 250,000 or more, exclusive of housing, furniture and vehicles
- USD 500,000 or more, exclusive of housing, furniture and vehicles
- USD 1,000,000 or more, exclusive of housing, furniture and vehicles

4. If the investment is made in the name of a company or of another entity, please fill in the following information:

Type of Legal Entity: \_\_\_\_\_  
 Jurisdiction of the Company: \_\_\_\_\_  
 Date of Incorporation: \_\_\_\_\_  
 Estimated Net Worth: USD \_\_\_\_\_  
 Net Income for Penultimate year USD \_\_\_\_\_  
 Previous year USD \_\_\_\_\_  
 Current year (estimated) USD \_\_\_\_\_

5. Please describe educational background, including attended colleges, dates of attendance and degrees obtained

\_\_\_\_\_  
\_\_\_\_\_

6. Please briefly describe your occupation. Also mention the main positions you held and the nature of your activities during the five last years. Identify the employers in a precise way. The aim of this question is to determine the extent of your experience in finance and business matters:

\_\_\_\_\_  
\_\_\_\_\_

7. What is your experience as regarding investments (please check all that apply) ?

- (i) Investments in shares and bonds:  
 No  Yes  If yes, indicate the total amount during last three years USD \_\_\_\_\_
- (ii) Investments in new ventures capital and start-up companies:  
 No  Yes  If yes, indicate the total amount during last three years USD \_\_\_\_\_
- (iii) \_\_\_\_\_% of my net worth, except housing, furniture and vehicles, are in the form of non-liquid investments, such as the securities of this Private Offering.
- (iv) \_\_\_\_\_% of my net worth, except housing, furniture and vehicles, are in the form of investments generally considered as being liquid assets (easily convertible assets or cash).
- (v) Please indicate the frequency of your investments in market quoted securities:  
 rare       occasional       frequent  
 If frequent, what amount during last three years: USD \_\_\_\_\_
- (vi) Please indicate the frequency of your investments in non quoted securities:  
 rare       occasional       frequent  
 If frequent, what amount during last three years: USD \_\_\_\_\_
- (vii) Please indicate the cumulated amount of your investments in other non quoted securities:  
 Securities of reporting companies      USD \_\_\_\_\_  
 Securities of non-reporting companies      USD \_\_\_\_\_  
 Other new venture investments      USD \_\_\_\_\_  
 Other investments:      USD \_\_\_\_\_  
 (Please specify the type) \_\_\_\_\_

The above information supplied by me is true and correct in all respects. I recognize that the Company will rely on the truth and accuracy of this information to decide on my capacity to invest within the framework of this Private Offering.

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IN WITNESS WHEREOF, I completed this Questionnaire with \_\_\_\_\_ at \_\_\_\_\_  
\_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ of year \_\_\_\_\_

\_\_\_\_\_  
(Signature of investor)

\_\_\_\_\_  
(Signature of joint investor)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Street address)

\_\_\_\_\_  
(Street address)

\_\_\_\_\_  
(City, State, Country, Zip Code)

\_\_\_\_\_  
(City, State, Country, Zip Code)

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**18.9 EXHIBIT E : PRIVATE OFFERING CONFIDENTIAL  
MEMORANDUM ACKNOWLEDGEMENT OF RECEIPT AND  
MAINTENANCE OF CONFIDENTIALITY**

I, the undersigned, hereby acknowledge to have received an original of the confidential Private Offering Memorandum of **Biomind Corporation** numbered 0001

In the event of the unauthorized reproduction or of the communication of the information contained in this document, I commit to take full personal responsibility and I acknowledge to be liable for the total indemnification of the Biomind Corporation, payable without delay upon judgment from a competent court, even if an appeal to said judgment is filed.

**The place of jurisdiction is Wilmington, State of Delaware.  
The applicable laws are the laws of the United States of America and the State of Delaware.**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



## 19 ADDENDUM SECTION

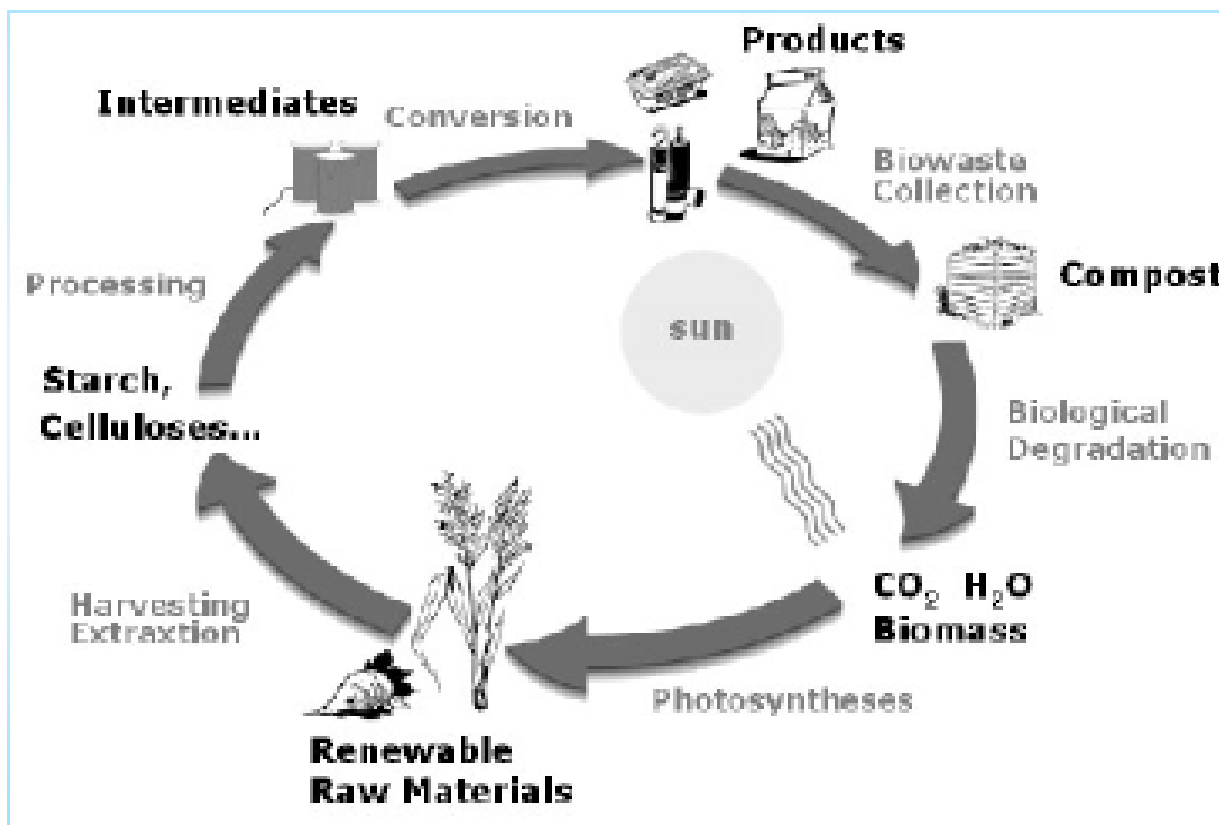
### 19.1 RAW MATERIAL PRODUCTION

To insure Biomind’s success, we propose you in this part just a description of the most famous biodegradable and compostable biopolymers on the market. Other raw materials can be used by Biomind, which are to this day being tested or under research & developmental phase, will not be described in this part for reasons of confidentiality.

All the materials used by Biomind are biodegradable, compostable and are manufactured from 100% natural raw materials renewable from our environment (wood, roots, algae,...) and from agricultures (corn, beet, wheat, potato, apple,...).

All the materials used by Biomind will be certified by official biodegradable and compostable organizations.

Life Cycle of biodegradable and compostable materials



#### 19.1.1 Information about main biodegradable and compostable polymers

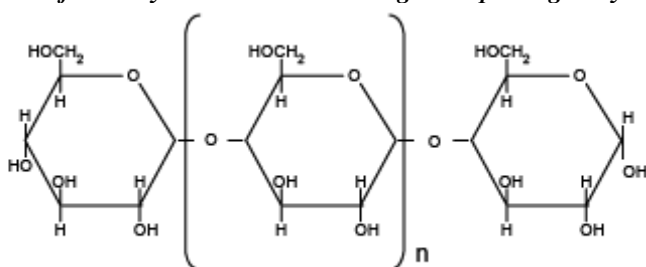
source: report "Techno-economic feasibility of large-scale production of bio-based polymers in Europe (PRO-BIP)" (European Science and Technology Observatory)

#### 19.1.2 Starch polymers

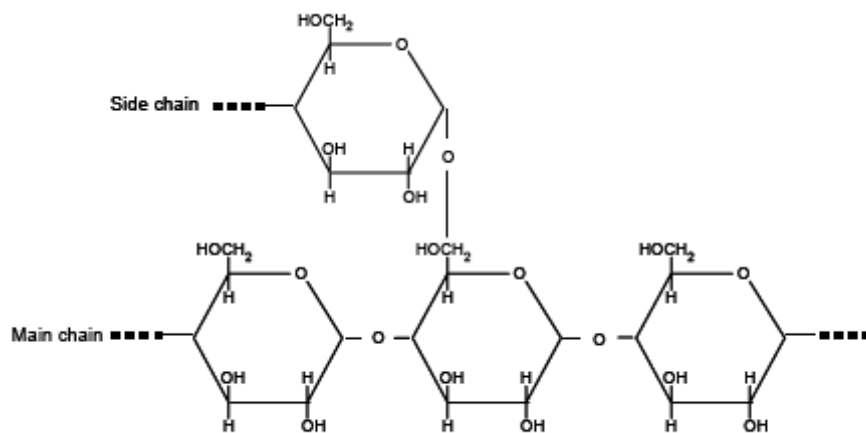
The frontrunners of the renaissance of bio-based polymers in the market today are those based on starch. A starch polymer is a thermoplastic material resulting from the processing of native starch by chemical, thermal and/or mechanical means. Starch polymers are biodegradable, compostable and incinerable and can be fabricated into finished products such as mulch film and loose films through existing technology. Because of their relatively low cost, polymers based on starch are an attractive alternative to polymers based on petrochemicals. When starch is complexed with other co-polymers, the result can vary from a plastic as flexible as polyethylene to one as rigid as polystyrene.

Starch is the major storage carbohydrate (polysaccharide) in higher plants and is available in abundance surpassed only by cellulose as a naturally occurring organic compound. It is composed of a mixture of two polymers, an essentially linear polysaccharide – amylose (Figure 2-1) and a highly branched polysaccharide-amylopectin. The building block for both constituent polymers of starch is the glucose monomer. A starch chain is typically made up of between 500 and 2000 glucose units linked in the 1,4 carbon positions (Nolan-ITU, 2002). The level of amylopectin (typically 70%) varies between different starch types, as does the level of amylose (Hedley, 2002).

*A section of the amylose molecule showing the repeating anhydroglucose unit.*



*A section of the amylopectin molecule showing the two different types of chain linkages.*



Starch is unique among carbohydrates because it occurs naturally as discrete granules.

This is because the short branched amylopectin chains are able to form helical structures which crystallize (UC, 2003). Starch granules exhibit hydrophilic properties and strong inter-molecular association via hydrogen bonding due to the hydroxyl groups on the granule surface. The melting point of native starch is higher than the thermal decomposition temperature; hence the poor thermal processability of native starch and the need for conversion to a starch polymer which has a much improved property profile.

Commercialized during the last few years, starch polymers today dominate the biobased polymer market. In 2002, about 30,000 metric tonnes per year were produced and the market share of these products was about 75-80% of the global market for bio-based polymers (Degli Innocenti and Bastioli, 2002). 75% of starch polymers are used for packaging applications, including soluble films for industrial packaging, films for bags and sacks,

and loose fill. Leading producers with well established products in the market include Novamont, National Starch, Biotec and Rodenburg.

The starch crops used include corn, wheat, potato, tapioca and rice. Currently, the predominant raw material for the production of starch polymers (as used by Novamont) is corn. Other sources of starch are also being utilised where price and availability permit. Examples include the use of potato starch by BIOP Biopolymer Technologies in Germany and a process based on a potato starch waste stream at Rodenburg Biopolymers in the Netherlands.

Today, co-polymers used for blending or complexing may constitute up to 50% of the total mass of the starch polymer product (Novamont, 2003b). These co-polymers are generally derived from fossil feedstocks. It is envisaged by Novamont that by 2020 it will be possible to produce a polymer based 100% on starch having a similar property profile as these blends of thermoplastic starch and petrochemical copolymers. It is expected that this will be achieved by the development of more efficient chemical and biological starch modification processes (Novamont, 2003b).

The genetic modification (GM) of plants to alter the nature of starch, e.g. the amylopectin potato developed in the mid-1990s by Avebe (Oeko-Institut, 2001) is another possible pathway. However, starch polymer producers in the EU are currently employing a GM-free feedstock policy due to ongoing debate and adverse public opinion relating to GM crops.

### 19.1.3 Production of starch polymers

The figure 2-3 illustrates the main proprietary technologies and processing steps leading to commercial starch polymer products. We may distinguish between three main groups of starch polymers emerging from the primary processing step, namely: Partially Fermented Starch Polymers; Pure Starch Polymers and Modified Starch Polymers.

In the production of **Partially Fermented Starch Polymers** (a term used here to refer specifically to the product manufactured by Rodenburg Biopolymers) (Rodenburg, 2003), the raw material is potato waste slurry originating from the food industry. This slurry mainly consists of starch (72% of the dry matter, DM), with the remainder being proteins (12%DM), fats and oils (3%DM), inorganic components (10%DM) and cellulose (3%DM). The slurry is held in storage silos for about two weeks to allow for stabilization and partial fermentation. The most important fermentation process occurring is the conversion of a (smaller) part of the starch to lactic acid (via glucose) by means of lactic acid bacteria that are naturally present in the feedstock. The product is subsequently dried (10% final water content) and extruded (described below) to obtain thermoplastic properties. To improve the product properties, palm oil and additives such as titanium dioxide (TiO<sub>2</sub>) and calcium carbonate (CaCO<sub>3</sub>) are added in the extrusion step. Finally, the material is stabilized by another drying step.

The production of other types of starch polymers begins with the extraction of starch. Taking the example of corn (maize), starch is extracted from the kernel by wet milling. The kernel is first softened by steeping it in a dilute acid solution, coarse ground to split the kernel and remove the oil-containing germ. Finer milling separates the fibre from the endosperm which is then centrifuged to separate the less dense protein from the more dense starch. The starch slurry is then washed in a centrifuge, dewatered and dried prior to extrusion or granulation (National Starch and Chemical Company, 2003).

Either prior or subsequent to the drying step, and often at a separate location to the starch production plant, the starch may be processed in a number of ways to improve its properties.

**Modified starch** is starch which has been treated with chemicals so that some hydroxyl groups have been replaced by e.g. ester or ether groups. High starch content plastics are highly hydrophilic and readily disintegrate on contact with water.

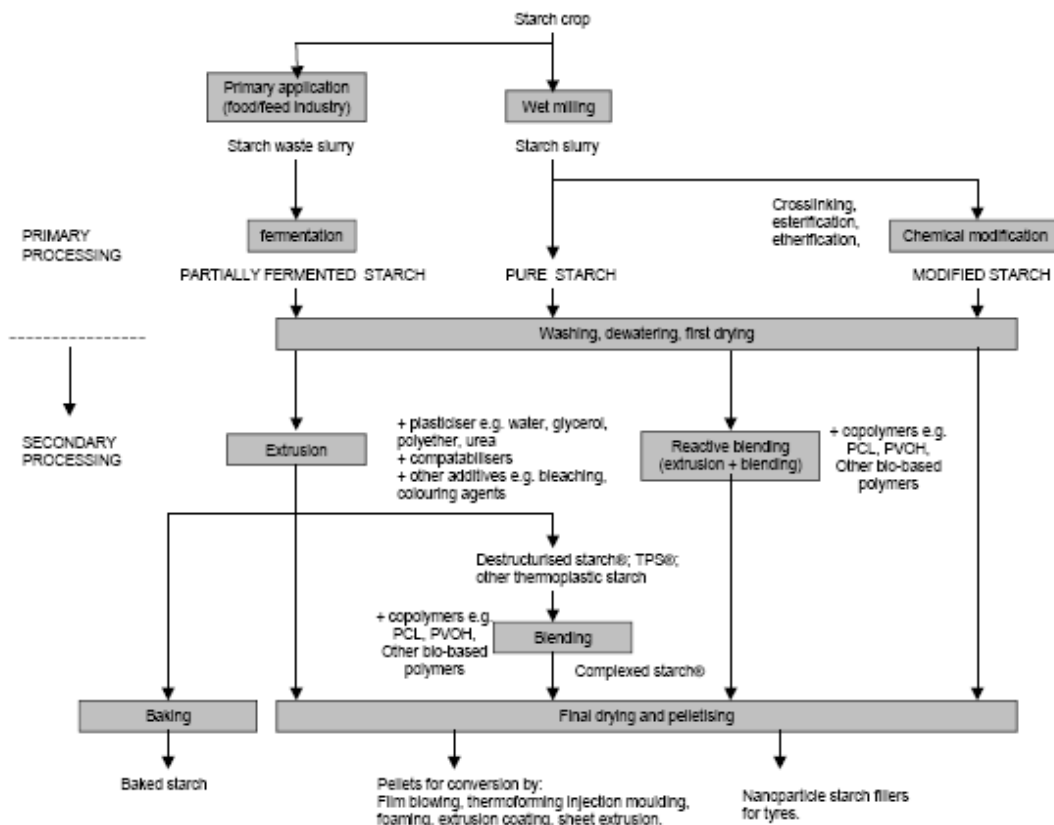
Very low levels of chemical modification can significantly reduce hydrophilicity, as well as change other rheological, physical, and chemical properties of starch.

Crosslinking, in which two hydroxyl groups on neighboring starch molecules are linked chemically is also a form of chemical modification. Crosslinking inhibits granule swelling on gelatinization and gives increased

stability to acid, heat treatment, and shear forces (Foodstarch, 2003). Chemically modified starch may be used directly in pelletised or otherwise dried form for conversion to a final product.

**Pure Starch Polymers** are those materials which are not altered (in the primary processing step, see Figure 2-3) by fermentation or chemical treatment. As for the Rodenburg (partially fermented starch) material, these polymers are always subject to further processing by extrusion and/or blending to obtain a thermoplastic material.

Starch polymer production technologies chart:



After the first drying step (Figure 2-3), a secondary processing stage may be identified. This is the stage during which starch is converted to a thermoplastic material either by extrusion only, by sequential steps of extrusion and blending, or by a combined extrusion/blending step. The first group of materials emerging from the secondary processing stage – thermoplastic pure starch polymers, e.g. TPS from Biotec - is of somewhat limited usefulness due to the hydrophilicity and mechanical properties of pure thermoplastic starch. The second group thermoplastic starch blends – complexed starch - is most widespread and is produced by a few companies (e.g. Novamont) based on a variety of patents. The third group, products of reactive blending, is listed separately but it is not known if this technology is used commercially.

Starch may be **extruded** with a plasticizer in a single or twin screw extruder to produce a thermoplastic material with greatly enhanced processability compared to granular starch. The increase in temperature during extrusion increases the mobility of starch granules and leads to melting of the crystalline structures. The granules swell and take up the plasticizer, shear opens the granule, the starch dissolves and fragments, and intramolecular rearrangement takes place (Hood, 2003). Compounders (fillers, additives etc.) can be integrated into the extrusion process to provide the final resin product in one step. During the extrusion process, plasticizers such as glycerol, polyether and urea may be added to reduce the intermolecular hydrogen bonds and to stabilize product properties. By lowering the water activity, plasticizers also limit microbial growth (Weber, 2002).

### 19.1.4 Properties

The majority of starch polymers are produced via extrusion and blending of pure or modified starch.

Properties of starch polymers:

	Starch (>85%)/ co-polyester <b>Mater-Bi®</b> <i>NF01U<sup>1,4</sup></i>	Starch/ PCL <b>Mater-Bi®</b> <i>ZF03U/A<sup>1</sup></i>	Starch/ cellulose acetate <b>Mater-Bi®</b> <i>Y101U<sup>1</sup></i>	Starch/ cellulose acetate <b>Bioplast®</b> <i>GF105/30<sup>2</sup></i>	Modified Starch <b>Cornpol®<sup>3</sup></b>
<b>Physical properties</b>					
Melt flow rate (g/10 min)	2-8 <sup>b</sup>			5-9	5-6
Density (g/cm <sup>3</sup> )	1.3	1.23	1.35	1.21	1.2
Transparency (%)					
<b>Mechanical properties</b>					
Tensile strength at yield (MPa)	25	31	26	44, 38 <sup>a</sup>	30
Elongation at yield (%)	600	900	27	400, 500 <sup>a</sup>	600-900
Flexular Modulus (MPa)	120	180	1700		10-30
<b>Thermal properties</b>					
HDT (°C)					85-105
VICAT Softening point (°C)				65	105-125
Melting Point (°C)	110	64			

<sup>1</sup> Gross and Kalra (2002):

<sup>2</sup> Biotec (2003);

<sup>3</sup> Japan Corn Starch (2003);

<sup>4</sup> Basitoli (2003)

<sup>a</sup>MD, TD respectively;

<sup>b</sup>unspecified grade of Mater-Bi for film.

### 19.1.5 Chemical and physical properties

Starch polymers are partially crystalline but much less so than cellulose. The density of starch polymers is higher than most conventional thermoplastics and also higher than most bio-based polymers, decreasing its price competitiveness on a volume basis. Thermoplastic starch and starch blend films have reasonable transparency. Starch polymers have low resistance to solvents and oil (Petersen et al. 1999) although this may be considerably improved by blending e.g. with PCL.

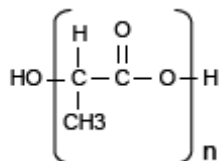
### 19.1.6 Mechanical and thermal properties

The mechanical properties of starch polymers are in general inferior to petrochemical polymers. Starch polymers are reasonably easy to process but are vulnerable to degradation. In starch blends, the glass transition point generally decreases (corresponding to increasing softness) with increasing content and/or chain length of the polyester component.

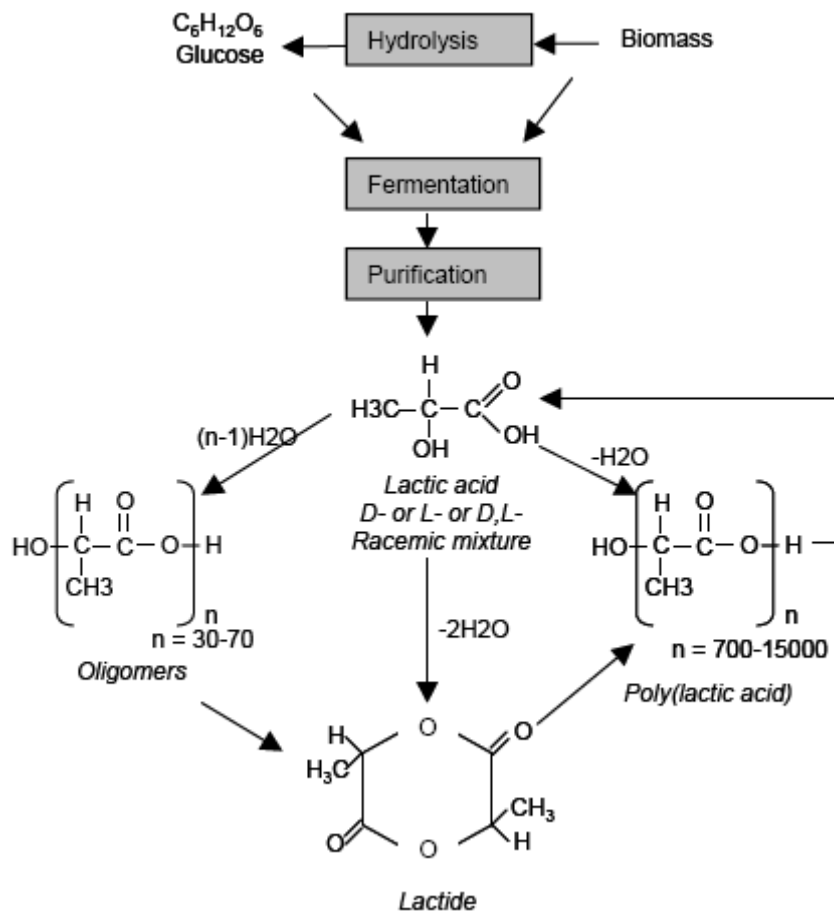
## 19.2 POLYLACTIC ACID (PLA)

Since the setup of Cargill Dow’s polylactic acid (PLA) production plant in 2002, PLA has become the second type of bio-based polymers that has been commercialized and produced on a large scale. PLA (see Figure 2-4) is an aliphatic polyester produced via polymerization of the renewable fermentation product lactic acid.

### 19.2.1 The PLA molecule



### 19.2.2 Production of PLA from biomass



### 19.2.3 Additives

While the bulk of any plastic material is the polymer or resin, a small part is additives. Additives are used to impart the plastic with properties such as improved flow characteristics, easy release from the mould, resistance to fire, UV stability, oxygen stability, strength and flexibility and color. In the case of PLA, required additives include anti-static (to combat electrostatics of PLA foil); biodegradable organic pigments, inks and coatings, biodegradable mould detaching agents; and low-cost vapor deposition to reduce moisture permeability.

### 19.2.4 Properties of PLA

	NatureWorks® PLA <sup>1</sup>	Biomere® L9000 <sup>2</sup>
<b>Physical properties</b>		
Melt flow rate (g/10 min)	– <sup>a</sup>	3-6
Density (g/cm <sup>3</sup> )	1.25	1.25
Haze	2.2	
Yellowness index	20-60	
<b>Mechanical properties</b>		
Tensile strength at yield (MPa)	53 <sup>3</sup>	70
Elongation at yield (%)	10-100 <sup>b</sup>	2.4
Flexular Modulus (MPa)	350-450	3600
<b>Thermal properties</b>		
HDT (°C)	40-45, 135 <sup>d</sup>	
VICAT Softening point (°C)	– <sup>c</sup>	56
GTT (°C)	55-65	
Melting point (°C)	120-170 <sup>4</sup>	

<sup>1</sup>Data not otherwise referenced obtained from Cargill Dow (2003);

<sup>2</sup>Biomere (2003);

<sup>3</sup>Brandrup (1999), p.163;

<sup>4</sup>Woodings (2000).

<sup>a</sup>Due to PLA's moisture sensitivity, a more accurate test RV t-test method 4.3-2.4;

<sup>b</sup>Oriented and sheet respectively, non-blended;

<sup>c</sup>close to GTT;

<sup>d</sup>amorphous and crystalline respectively.

### 19.2.5 Chemical Properties

The molecular weight, macromolecular structure and the degree of crystallization of PLA vary substantially depending on reaction conditions in the polymerization process.

Of the three possible isomeric forms, poly (L-lactic acid) and poly (D-lactic acid) are both semi-crystalline in nature, and poly (meso-lactic acid) or poly (d,l-lactic acid) is amorphous. By varying the relative content of the stereofoms, the morphology changes from resins that always remain amorphous to amorphous resins that can be crystallized during manufacturing. Racemic PLA - synthesized from petrochemicals - is atactic, i.e. it exhibits no stereochemical regularity of structure, is highly amorphous and has a low glass transition temperature. Amorphous grades of PLA are transparent. The molecular weight of PLA varies from 100,000 to 300,000; this range is similar to that for PET (170,000 to 350,000). With increasing molecular weight of PLA (as for polymers in general), strength increases due to the decrease in relative motion of the chains as they become longer. In addition, the resistance to solvents increases and the melt point (T<sub>m</sub>) and the glass temperature (T<sub>g</sub>) increase. The melt viscosity increases and the ease of fabrication (molding, extrusion and shaping) decreases (McGraw-Hill, 1997).

### 19.2.6 Physical Properties

The specific gravity of PLA (1.25 g/cm<sup>3</sup>) is lower than that of PET (1.34 g/cm<sup>3</sup>), but higher than HIPS (1.05 g/cm<sup>3</sup>) and also higher to many other conventional polymers which have specific gravity in the range of 0.8 to

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1.1. PLA is reasonably transparent and has high gloss and low haze. The optical properties of PLA are sensitive to additive and fabrication effects (Gruber and O'Brien, 2002); in particular, since the lower the degree of crystallinity the higher the transparency; highly crystalline PLA has poor optical properties.

### 19.2.7 Mechanical Properties

PLA has good mechanical properties, performing well compared to standard thermoplastics. It has low impact strength, comparable to non-plasticized PVC. The hardness, stiffness, impact strength and elasticity of PLA, important for applications such as beverage flasks, are similar to values for PET. Oriented PLA film can hold a crease or fold or retain a twist, properties inherent to paper and foil but usually lacking in plastic films. These properties, in combination with PLA's high flexular modulus and high clarity, are comparable with those of cellophane films (Gruber and O'Brien, 2002).

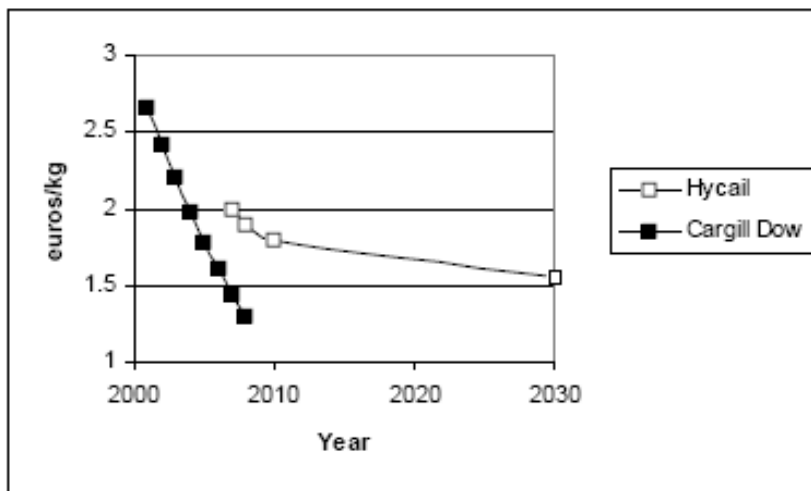
### 19.2.8 Thermal Properties

PLA has a relatively low glass transition temperature (~ 60 °C) and degrades quickly above this temperature in high moisture conditions. Due to its low Vicat softening point, PLA is less not suitable for filling at elevated temperatures (similarly to PET). PLA's low softening point also poses a problem for warehousing of products and use in automobiles. On the other hand, PLA's low heat deflection temperature (HDT) and high heat seal strength lead to good performance in film sealing. According to Cargill Dow, the melting point for PLA ranges from 120-170 °C; however, Treofan quotes a much lower figure of 85 °C (Treofan, 2003).

Producer	Region	Polymer type and trade name(s)	2002 Production (kt p.a.) EU-15	2003 Capacity (kt p.a.) EU-15	2010 Capacity (kt p.a.) EU-15	2002 Production (kt p.a.) global	2003 Capacity (kt p.a.) global	2010 Capacity (kt p.a.) global	2003 Price (/kg) global	2010 Price (/kg) global
Polylactic acid (PLA)				1	250-500	30	143.5	530-1150	(€3.00)	€1.50
Cargill Dow LLC, U.S.	US	Natureworks® (Mitsui Lacea® in Japan)			150-250 <sup>12</sup>	30 <sup>14</sup>	140 <sup>12</sup>	280-500 <sup>12</sup>	€2.20-€3.40 <sup>13</sup>	€1.35 <sup>12</sup>
Hycail, Netherlands	EU	Hycail HM, Hycail LM		1 <sup>13</sup>	100-250 <sup>13</sup>		1 <sup>13</sup>	100-250 <sup>13</sup>		€1.80 <sup>13</sup>
Toyota, Japan	Asia	(Toyota Eco-Plastic)					50 (in 2004) <sup>15</sup>	150-400 <sup>13</sup>		
Project in China	Asia	Conducted by Suamprogetti, Italy					2.5 (mid 2003) <sup>16</sup>			



### 19.2.9 Producer price estimates for PLA - 2010 and beyond



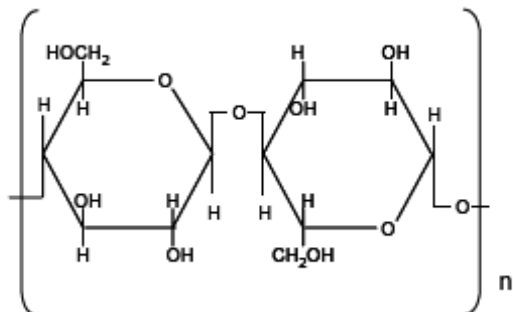
## 19.3 CELLULOSIC POLYMERS

Cellulosic polymers (or: cellulosics) are produced by chemical modification of natural cellulose. The main representatives are cellophane, a type of regenerated cellulose used for films, cellulose acetate, an ester derivative (for molding, extrusion and films); and regenerated cellulose for fibres (including viscose/rayon and Lyocell). Cotton fibers and wood are the primary raw materials for the production of industrially used cellulose (Krässig, 1997).

Cellulose is one of the main cell wall constituents of all major plants, both nonlignified (such as cotton) and lignified (such as wood) and constitutes as such the major portion of all chemical cell components. It is also found in the cell walls of green algae and the membranes of most fungi. So-called bacterial cellulose is synthesized by *Acetobacter xylinum* on nutrient media containing glucose (Krässig, 1997).

Cellulose is a complex polysaccharide  $(C_6H_{10}O_5)_n$  with crystalline morphology. Chemically, cellulose is similar to starch. It is a polymer of glucose in which the glucose units are linked by  $\beta$ -1,4-glucosidic bonds, whereas the bonds in starch are predominantly  $\alpha$ -1,4-linkages (Callihan and Clemmer, 1979). Like starch, cellulose yields only glucose on complete hydrolysis by acid (Roberts and Etherington, 2003). Cellulose is more resistant to hydrolysis than starch, however. This resistance is due not only to the primary structure based on glucosidic bonds but also, to a great extent, to the secondary and tertiary configuration of the cellulose chain bonds (strong hydrogen bonds may form between neighboring chains), as well as its close association with other protective polymeric structures such as lignin, starch, pectin, hemicellulose, proteins and mineral elements (Callihan and Clemmer, 1979). For this reason, cellulose modification is costly, requiring quite harsh processing conditions (Petersen et al., 1999).

### 19.3.1 The structure of cellulose



### 19.3.2 Production

Cellulosic polymers are produced primarily from wood but sometimes cellulose from short cotton fibres, called linters, is used. Linters contain up to 95% pure cellulose together with small amounts of proteins, waxes, pectin, and inorganic impurities.

Wood pulps give a much lower yield of cellulose (Krässig, 1997). There are currently two processes used to separate cellulose from the other wood constituents. These methods, sulfite and prehydrolysis kraft pulping, use high pressure and chemicals to separate cellulose from lignin and hemicellulose, and to attain greater than 97% cellulose purity. The cellulose yield by these methods is 35-40% by weight (OIT, 2001).

Cellophane, a type of regenerated cellulose, is made by grinding up cellulose from wood pulp and treating it with a strong alkali (caustic soda). After the ripening process during which depolymerization occurs, carbon disulphide is added. This forms a yellow crumb known as cellulose xanthate [ROCSSH], which is easily dissolved in more caustic soda to give a viscous yellow solution known as 'viscose' (CIRFS, 2003). The viscose is then extruded into an acid bath for regeneration as a film.

Other main types of cellulose polymers are produced as follows (SPI, 2003):

- Cellulose acetate [CH<sub>3</sub>COOC<sub>2</sub>H<sub>5</sub>] is made by reacting **cellulose with acetic acid**.
- Cellulose acetate butyrate is a mixed ester produced by treating fibrous cellulose with butyric acid [CH<sub>3</sub>CH<sub>2</sub>CH<sub>2</sub>COOH], butyric anhydride [(CH<sub>3</sub>CH<sub>2</sub>CH<sub>2</sub>CO)<sub>2</sub>O], acetic acid [CH<sub>3</sub>COOH] and acetic anhydride [(CH<sub>3</sub>CO)<sub>2</sub>O] in the presence of sulfuric acid [H<sub>2</sub>SO<sub>4</sub>]; cellulose propionate is formed by treating fibrous cellulose with propionic acid [CH<sub>3</sub>CH<sub>2</sub>CO<sub>2</sub>H] and acetic acid and anhydrides in the presence of sulfuric acid.
- Cellulose nitrate is made by treating fibrous cellulosic materials with a mixture of nitric [HNO<sub>3</sub>] and sulfuric acids.

Because cellulose contains a large number of hydroxyl groups, it reacts with acids to form esters and with alcohols to form ethers. By such derivative reactions, hydrogen bonding is prevented. This provides an option for forming cellulose melts without the use of aggressive solvents. However, biodegradability decreases as the number of these derivatives OH groups increases (BenBrahim, 2002) so gains in terms of processability must be weighed up against loss of biodegradability, if desired.

#### Cellulosic Fibres:

Viscose (rayon) fibres are made by the same process as that described previously for cellophane, except that the viscose (cellulose xanthate) solution is pumped through a spinneret, which may contain thousands of holes, into a dilute sulfuric acid bath so that the cellulose is regenerated as fine filaments as the xanthate decomposes (CIRFS, 2003).

Other basic manufacturing techniques for the production of regenerated cellulose fibre include the cuprammonium process; the polynosic (modal) process, which is similar to the viscose process but with a higher

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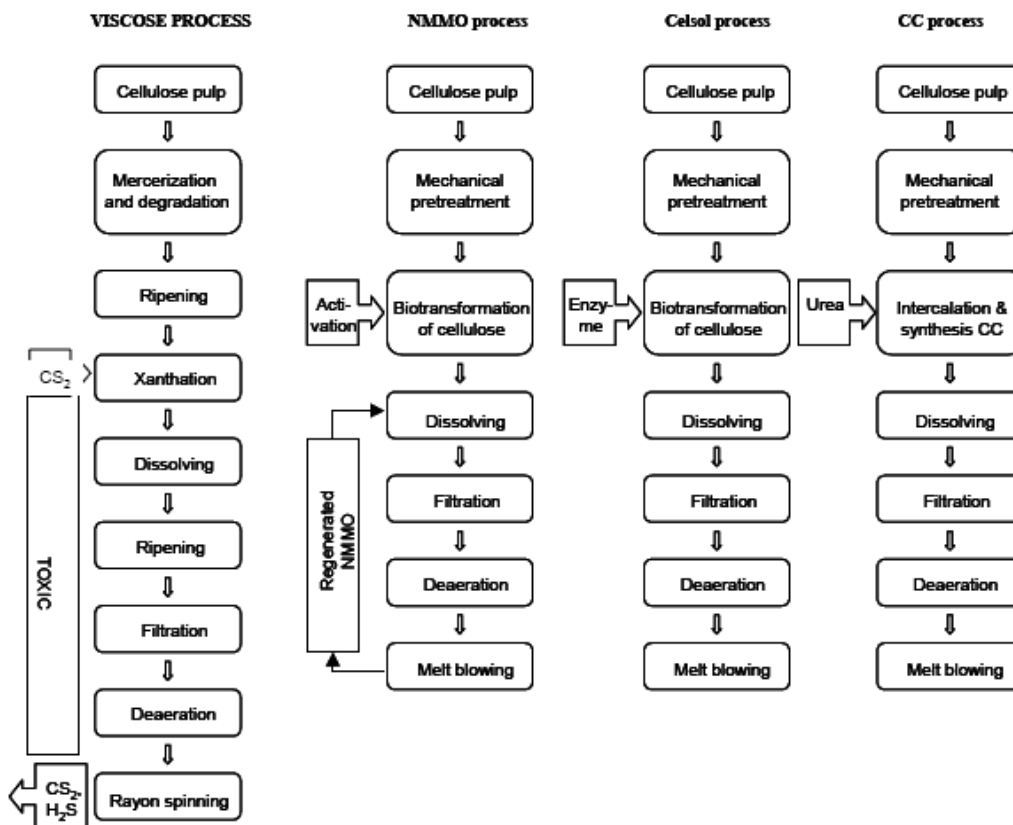
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degree of polymerisation and a modified precipitating bath (CIRFS, 2003); and the now obsolete nitrocellulose and saponified acetate processes (Thornton, 2002).

As recently as 1992 there has been a new process developed for producing regenerated cellulose fibers: the lyocell process (also called "solvent-spun"), developed by Courtaulds (Fibresource, 2003). In this process, cellulose pulp is dissolved in the solvent N-methylmorpholine n-oxide (NMMO) containing just the right amount of water. The solution is then filtered and passed through spinnerets to make the filaments, which are spun into water. The NMMO solvent is recovered from this aqueous solution and reused (CIRFS, 2003). While lyocell is sufficiently different from viscose rayon to almost be in a class by itself, it is classified as a subclass of rayon (regenerated cellulose) in the US (Thornton, 2002).

Struszczyk et al. (2002a) compare two new technologies for the production of cellulosic fibres, Celsol and Cellulose Carbamate (CC), with viscose and Lyocell (NMMO) (Figure 2-29). The Lyocell process described here is reportedly not the same as Lenzing (Struszczyk, 2002b). The Celsol process is still under development. The Celsol and CC processes are similar to the Lyocell process except that NMMO as cellulose activating agent is replaced by enzyme in the Celsol process and urea in the CC process.

According to the study, the Lyocell process uses the least amount of chemicals in comparison to the other processes (Struszczyk, 2002b).



Cellulose acetate, being soluble in organic solvents such as acetone, is also suitable for spinning into fibre or forming into other shapes. The term acetate fibres is used to describe fibres made from cellulose acetate<sup>18</sup>. Wood cellulose is swollen by acetic acid, converted to cellulose acetate using acetic anhydride, and then dissolved in acetone. The resulting viscous solution is pumped through spinnerets into warm air to form filaments.

The acetone evaporates and is recovered. The filaments are then wound up as filament yarns or collected as a tow (CIRFS, 2003).

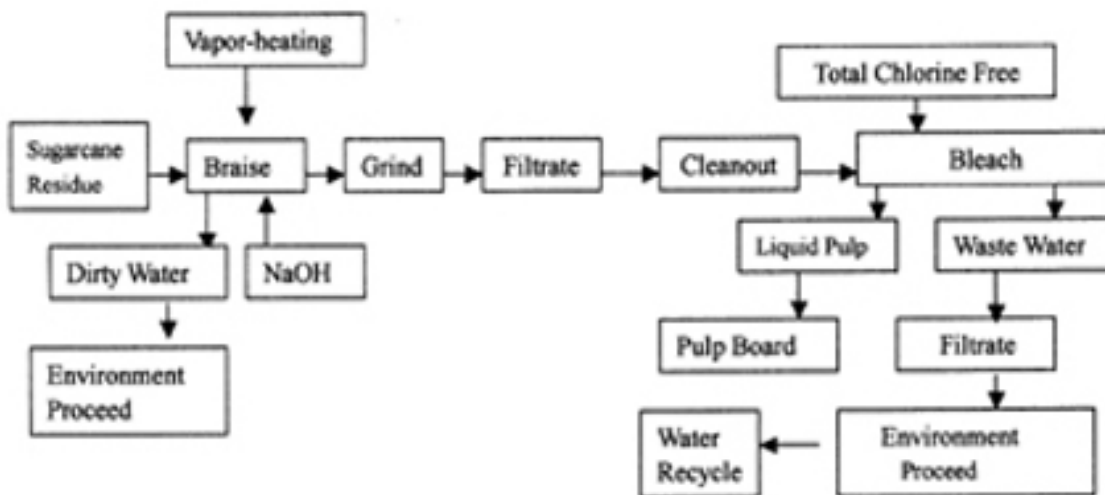
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Producer	Region	Polymer type and trade name(s)	2002 Production (kt p.a.) EU-15	2003 Capacity (kt p.a.) EU-15	2010 Capacity (kt p.a.) EU-15	2002 Production (kt p.a.) global	2003 Capacity (kt p.a.) global	2010 Capacity (kt p.a.) global	2003 Price (/kg) global	2010 Price (/kg) global
<b>Cellulosic polymers</b>										
<i>Plant cellulose-based</i>										
		<i>Total (4000)<sup>199</sup>, not included in summations</i>					(4000) <sup>199</sup>	(4000) <sup>199</sup>	(€3.30)	
Lenzing	EU	Regen cellulose Lyocell®							(€3.36) <sup>198</sup>	
Accordis	EU	Regen cellulose Tencell®							(€3.36) <sup>198</sup>	
Eastman	US	Cellulose acetate Tenire®							(€3.31) <sup>198</sup>	
IFA	EU	Cellulose acetate Fasal®							(€3.31) <sup>198</sup>	
Mazzucchelli	EU	Cellulose acetate Bioceta®							(€3.31) <sup>198</sup>	
UCB	EU	Cellulose acetate Natureflex®							(€3.31) <sup>198</sup>	
<i>Bacterial cellulose</i>										
Weyerhaeuser, US	US	Bacterial Cellulose Cellulon®	negl.	negl.		negl.	negl.		(€20) <sup>201</sup>	
Ajinomoto, Japan	Asia	Bacterial Cellulose	negl.	negl.		negl.	negl.		(€20) <sup>201</sup>	

**19.4 SUGAR CANES PULP MATERIALS**

**Production of Sugarcane Pulp Board and Sanitation Control**

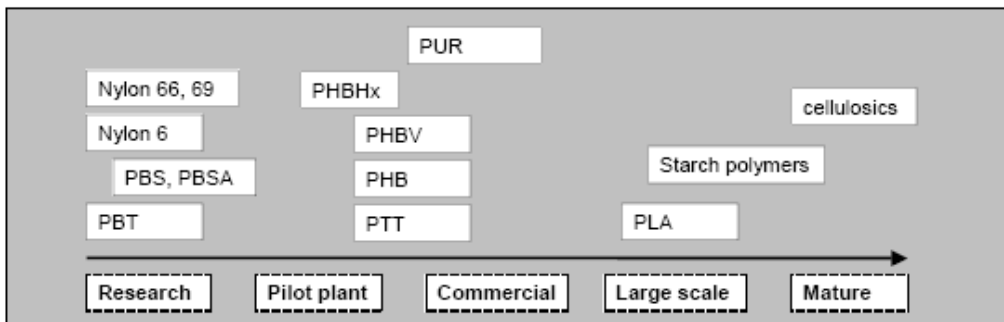


- 1. Braise:** By 165°C--180°C braising 4 hours, remaining pesticide is separated from the sugarcanes. Sugarcane residue turn into fiber in this step.
- 2. Grind、Filtrate、Cleanout:** By water cleanout thrice and condensing cleanout then go to Bleach.
- 3. Bleach:** By Total Chlorine Free Bleaching and then turn into pulp after thrice water cleanout.
- 4.** By experiment test, it is proved that there is without any pesticide or poison materials remaining in the sugarcanes pulp board.

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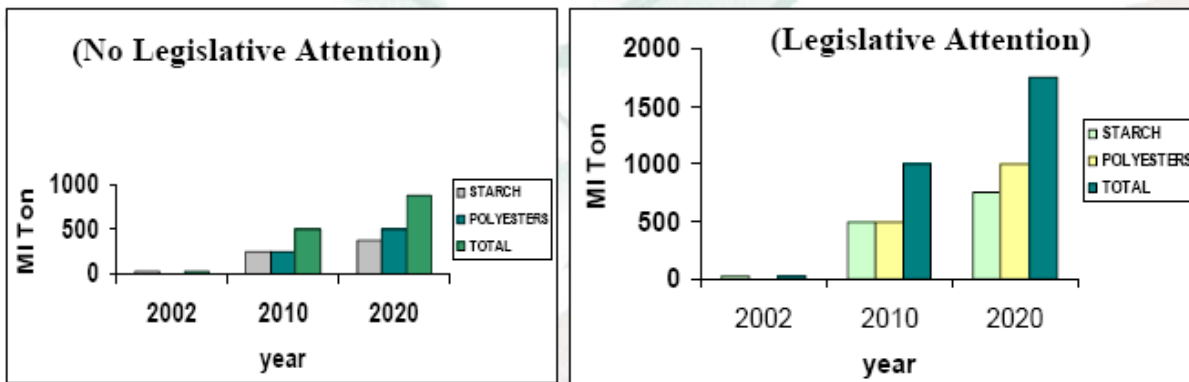
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## Development stage of main bio-based polymer types



Abbrev.	Class Name
Nylon	Polyamide
PLA	Polylactic acid
PTT	Polytrimethyleneterephthalate
PBT	Polybutyleneterephthalate
PBS	Polybutylene succinate
PBSA	Polybutylene succinate adipate
PHB	Polyhydroxybutyrate (type of PHA)
PHBV	Polyhydroxybutyrate-co-hydroxyvalerate (type of PHA)
PHBHx	Polyhydroxybutyrate-co-hydroxyhexanoate (type of PHA)
PUR	Polyurethanes

## BIOPOLYMERS -VOLUME TREND 2002-2020- (Pro-BiP Report)



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Perspectives of market shares and production of bio-plastics in Europe:

		2002	2010	2020
<b>Production de plastique traditionnel (en millions de tonnes)</b>		47,3	57,4	70
<b>Production de bio-plastique (1000 tonnes)</b>	Sans politique incitative	25	500	875
	Avec politique incitative	25	1.000	1.750
	Substitution maximale (techniquement)	15.610	18.940	23.100
<b>Part de marché</b>	Sans politique incitative	0,05%	0,90%	1,25%
	Avec politique incitative	0,05%	1,74%	2,50%
	Substitution maximale (techniquement)	33,00%	33,00%	33,00%
<b>Surface emblavée (1000 ha d'équivalent céréales)</b>	Sans politique incitative	6	120	210
	Avec politique incitative	6	240	420
	Substitution maximale (techniquement)	3.750	4.550	5.550

### *Perspectives de production de bio-plastiques dédiés à l'emballage en Europe*

	2000			2020				
	Plastique traditionnel (Mions t)	Marché potentiel des bio-plastiques		Surface emblavée (1000 ha)	Plastique traditionnel (Mions t)	Marché potentiel des bio-plastiques		Surface emblavée (1000 ha)
		Taux de substitution	(Mions tonnes)			Taux de substitution	(Moins tonnes)	
Emballages	17,7	5%	0,9	216	27,6	5%	1,4	336

*Source : Tecno-economic Feasibility of Large-scale Production of Bio-based Polymers in Europe  
(PRO-BIP), Octobre 2004*

## 19.5 COMMERCIAL RELATIONSHIP

Among thousands and customers, our main known customers are:

Lufthansa (Germany)  
Google (USA)  
Biocorp (USA)  
Mövenpick (German)  
Olympics Winter Games (Torino-Italy)  
Olympics Summer games (Sydney-Australia)  
Abena (Danemark)  
Permapak  
Celebration Paper  
SDG  
Firsplast  
Heineken  
Vimat  
Distrimondo  
Un bureau sur la terre

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### 19.6 LIPUP® SYSTEM™ PATENTS

19-janv.-2007

Brevets par titulaire

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Titulaire : PRIETO Dany



N° dossier	Pays	Type	Voie	Date de dépôt N° dépôt	Publication délivrance N° publication délivrance	Date publication demande N° publication	Titre mémoire	Expiration	Abandon
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10715	US		WO	08-oct.-2004			PETALE	08-oct.-2024	



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N° dossier	Pays	Type	Voie	Date de dépôt N° dépôt	Publication délivrance N° publication délivrance	Date publication demande N° publication	Titre mémoire	Expiration	Abandon
11180	FR	P		29-déc.-2006 06/11543			COUVERCLE CANNETTE	29-déc.-2026	
11257	FR	P		29-déc.-2006 06/11543			CANETTE BIODEGRADABLE	29-déc.-2026	