

Gateway to Africa Investment

Pursuit  **SA**

Proposal
for
Gateway to Africa Investment

Table of Contents

| | |
|-------------------------------------|----|
| Table of Contents | 2 |
| 1 Executive Summary | 3 |
| 2 A Brief Introduction to Pursuit 4 | 5 |
| 3 Our Business Model Outline | 8 |
| 3.1 Web Based Consumer Buy Back | 9 |
| 3.2 Refurbished Handset Supply | 11 |
| 3.3 New Handset Supply | 14 |
| 3.4 The South African Market | 15 |

1 Executive Summary

Pursuit 4 is a UK business and dedicated supplier within the second user mobile handset and after sales service market. The UK based arm of Pursuit 4 is based in Newmarket and provides a consumer recycling take-back scheme for the return of redundant mobile handsets. We believe the growth that our company is undergoing is due to the quality of our services and our understanding of the marketplace.

Pursuit 4 is built upon a solid financial basis which endorses our ability to sustain a long term relationship along with our experience of implementing significant repair, warranty management and consumer recycling take back schemes in the UK & EU.

We view our business relationships as key and have found success in our careers in building long-term relationships with our customers and suppliers within the industry. By building these relationships we aim to help our customers deliver their strategies focusing on service, performance and quality. Our knowledge and understanding of the complete product lifecycle process enables us to enhance and improve service performance, introduce new service concepts and optimize processes in order to deliver cost savings.

We recognize that our people are key to meeting our customer's needs. Long-term relationships with customers are achieved by developing long-term relationships with employees that have the right skills and commitment to our goals. We aim to develop a core workforce that is loyal and committed to Pursuit 4 and our customers

Our proposal is made in good faith and all terms and conditions implied herein are subject to contractual agreement. The basis of our proposal and future negotiations is that the final agreement will enable Pursuit 4 and our investors to make a fair and reasonable return on investment.

Capacity

Our business model is designed to assure you of a controlled and efficient solution. Our facilities and capacity handling are scalable which allows us to expand in line with customer demands.

Performance

We measure all of the key performance indicators for this business. Our commitment is to meet agreed forecast revenue and profit as we evolve our partnership.

We recognize that brand service reputation is vital in securing and retaining customer loyalty and we have a clear understanding of the impacts of this directive.

Partnership

When applied practically in our business behaviour, we challenge the status quo and seek new ideas and think 'outside the box'; our brand reputation is paramount and we hold quality and the sharing of data and information as key elements of our service proposition; as part of a continuous improvement culture, we train and encourage all our employees to improve and innovate to the mutual benefit of our customers.

Pricing

Pursuit 4 pricing is based upon our working experience. As our relationship and market presence grows, we believe we can pass on cost advantages to investors.

Summary

We view our relationship as a long term partnership where we will design and implement new ideas and invest where necessary to grow with you. Our management team at Pursuit 4 is committed to delivering this business growth for our investors and we look forward to being awarded your trust to do so.

2 A Brief Introduction to Pursuit 4

Pursuit 4 was established in 2012 to provide the UK consumer and businesses with a solution for the buy back and resale of redundant and used mobile handsets. A web platform had been developed to enable this service to be rolled out and to provide an end to end process with full traceability right through from initial customer contact, to payment to the customer for their returned product.

In such a competitive market, when designing the solution, there was a focus on trying to differentiate the offering from competitors. The thought being to attract new business and try to generate additional margin and value from the service they rolled out. With that in mind and with a member of the team originating from Africa, the business decision was taken to visit South Africa and to understand the feasibility of accessing the African market and to try and establish the Pursuit 4 brand there.

On their first visit a meeting was held with government officials who were responsible for the import of goods. Unsure of what the reaction would be to a UK company looking to import second user mobile handsets, it was a surprise when the authorities were extremely positive about the potential business model. Their focus was ensuring that any handset stock being imported was genuine product. They made it clear that they would be happy to support our business in our application for the necessary import accreditations that would be required to begin the import of product.

Starting from a small office in the district of Boksburg in the capital Johannesburg, it became clear that there was huge growing demand in the market for used handsets in good condition or as refurbished product. Through an introduction to a successful local wholesaler, we were able to gain market intelligence on both demand and pricing from within his established retail network and it was clear how important this market information would be to drive the Pursuit 4 UK purchasing process.

It appeared that with this key partnership in place that the Pursuit 4 business would be able to grow more quickly. Our partner also helped with some of the introductions to key contacts in relation to import whilst we secured our accreditations and licenses for import (ICASA) to ensure that our import of stock would be secure.

As we began to ship stock and as our temporary office wasn't suitable for the handling and processing of our stock shipments, we were offered the opportunity to use our African partner's warehouse for this purpose. At this time he was moving into a new purpose built factory and an agreement was provisionally put in place so that Pursuit 4 could rent part of the new building to store and process stock in. As part of that process, new development to the building was carried out to increase the security and access for the anticipated volumes of used handset stock we would be growing through our UK channels.

In addition to this, we had agreed to source finished refurbished stock through an established Asian supply chain of ours which is a Western owned business which provides independent QC of product sourced and represents your interest in the local Asian market to ensure that only the right quality product is exported. This also reduces your risk of losses and as they are Western owned and have an understanding of the quality expectation, this was a channel that would allow us to increase our volume of product and to support the fulfilment of the growing demand we were seeing.

Due to infrastructure limitations relating to the setup of the new factory, sales and stock information was not being fed back as regularly and in as much detail as we wanted, so that sales performance could be measured and monitored. It was apparent that we were moving stock at profit and filling demand, but the visibility of detailed product sales information and the reconciliation of this against landed shipments landed was not happening efficiently.

We had also started to receive interest from the market in Zimbabwe and several trips were made there and successful sales channels were opened.

On the refurbished handset trial, we placed an order for 450 handsets once we had received confirmed sales prices back from our SA partner's sales network. It was clear that if the quality of the product was of the standard we expected, that there was a healthy net profit to be made on this sale (30%). On the receipt of the stock the feedback was excellent and the product was of the highest quality as we'd expected.

The plan from there was to develop this channel with our Asian supplier and look to move to a monthly ordering and bi weekly fulfilment cycle and grow this in parallel with our imported used handset channel.

However, as the days passed, we were then given other pricing information that indicated that the original sales prices we had been given were incorrect and the new pricing reduced the profit from the deal. This then changed again and we were told that the stock had actually sold for the cost price and that there was no profit in the deal.

This obviously didn't make sense as the original pricing had been supplied directly from our African partner before the product had been purchased. Along with this, there had also been some stalling on the signing of a joint venture agreement and also payments for stock sold had become sporadic and there was now a running deficit on the account. A meeting was called in South Africa to address these urgent issues and as a consequence of that meeting it was decided to end our association with the partner.

Undeterred and still believing in the opportunity we had identified in the African market, our own warehouse was secured in November in Midrand. The warehouse is situated in a gated business community with armed response and the building is built to accommodate our growth.

Since November we have made some shipments into our warehouse and managed the sales process ourselves which has only increased our network and also our own independent understanding of the marketplace. In hindsight now, it's understood that we have learnt more ourselves in the last few months on the floor in the market than we had done previously with our partner in the last 10 months. However, the original partnership did provide us with some key contacts and a general understanding of the market, so cannot be written off as completely unsuccessful.

We have started to market our brand as a supplier of handset stock and are receiving daily inquiries from buyers on available stock. We have shipped in new and refurbished product since the start of the New Year and are ready to begin the development of those channels alongside the launch of a local South African business to business buy back scheme, supported by the purchasing of stock from our UK operation. We believe we now have the basic structure in place to grow successfully each channel of our business and begin to scale up those volumes and develop our sales network across South Africa and the continent in line with the development of the teams both in Africa and the UK>

3 Business Model Outline

Pursuit 4 is a UK business which offers the consumer a web based online buy back service for the return of redundant mobile handsets.. The UK based arm of Pursuit 4 is based in Newmarket. Our South African sister company and warehouse is based in the Midrand region of the country which will serve as our base to roll out this service across the region and country.

The main function of our business model is to purchase handsets from consumer and businesses at competitive market rates by making offers for specific models of handsets via our web platform. Web traffic for our buy back offers are delivered via a comparison site which tables the most current competitive model offers from suppliers.

After accessing our website and accepting a provisional offer for their model of handset, the consumer returns their handset by requesting a freepost envelope that they use to return their handset in. For higher value smartphones, consumers use an alternative returns process which provides insurance.

Once these are received, they are evaluated, processed and prepared for shipping at the UK operation where we carry out certified wiping of data from the handset's memory. The consumer is paid for their handset and that customer interaction concludes. Handsets are then shipped into South Africa using a proven inbound forwarding route and are then transferred to our offices in Midrand.

From there the handsets are refurbished into an as new condition and are sold into various supply chains. This can include the sale of handsets as boxed and fully kitted sales kits in generic branded Pursuit 4 boxes.

In our experience and in line with the industry sector, this service can also be offered out to corporate clients who wish to return redundant handsets in volume to a supplier. As opposed to using the web service, this business to business offering can be sold as a process which can return maximised asset values, but also include value add services such as secure certified data erasure and secure and certified disposal.

It is our intention to roll out the consumer buy back scheme within the South African market on a trial basis either via the web based platform or as a in store trade in process. We will also market our buy back offering to corporate clients highlighting the additional value add services we can offer and manage their duty of care and compliance.

We have also developed supply channels for the sale of finished refurbished handsets and also new handset stock. These supply chains can be exercised independently of the web based buy back offering to support the growing demand for handset stock, whilst the consumer buy back scheme is scaled up and to support the development of the Pursuit 4 brand in South Africa.

3.1 Web Based Consumer & B2B Buy Back

Please see below a financial summary of process costs for the consumer buy back scheme. The table focuses on the 6 most popular handsets that we have been sourcing and selling over the last quarter of 2013. It's important to note that the purchase pricing for the handsets has moved in 2014 as expected so the purchase prices detailed were only relative to that period. However the unit prices detailed are real pricing from returned handsets in November and December in 2013.

The handset pricing and model demand behaves in the same manner as any other commodity and changes are driven by numerous external factors such as inbound volume, product launches, holiday seasons etc.

The handset process costs detailed are approximate, but do use real parts pricing for the refurbishment of handsets and the import and kitting costs are the average prices that we have paid for these services last year. It is expected that further cost savings could be made as our volumes of handsets to import increase. For instance the parts cost totals the full refurbishment parts cost, but it is expected that not every phone would require each of these parts to be replaced. We would also expect to be able to leverage our volume buying power to look to reduce our parts and kitting costs associated with these two processes as volumes increase. The costs detailed account for each element of the process including:

Freepost Outbound
UK Process
Freight Export
Import into SA
Logistics
Repair/Refurb
Kitting

There are differences in the overall process costs for 3 of the models (see Fig 1.1) which is driven by the more simple nature of their parts assembly.

Please see below a summary breakdown of our process costs, sale prices and gross margin by handset of our 6 most popular models purchased:

End to End Process Summary (Fig 1.1)

| Model | Ave Purchase | Parts Cost | Process Costs | Cost | Sale Price | Gross Margin |
|-------|--------------|------------|---------------|----------|------------|--------------|
| 9900 | \$151.86 | \$30.00 | \$25.00 | \$206.86 | \$220.00 | \$13.14 |
| 9800 | \$44.00 | \$20.70 | \$25.00 | \$89.70 | \$150.00 | \$60.30 |
| 9300 | \$33.56 | \$19.40 | \$20.00 | \$72.96 | \$80.00 | \$7.04 |
| 9320 | \$35.65 | \$24.85 | \$20.00 | \$80.50 | \$98.00 | \$17.50 |
| 9360 | \$38.57 | \$24.93 | \$20.00 | \$83.50 | \$124.71 | \$41.21 |
| S2 | \$108.99 | \$17.64 | \$25.00 | \$151.63 | \$220.00 | \$68.37 |

With our existing headcount and business processes, our buy back scheme had been exercised to return up to 500 handsets week. This volume can be increased with additional investment to provide further working capital and the operational headcount to support the additional volume.

Please see below a projected monthly forecast using the actual monthly volume split across those 6 models that we would have received and the actual process cost and sales figures from the above table:

Monthly Forecast Total Cost & Sales (UK) (Fig 1.2)

| Model | Month Volume | %Split | Total Cost | Cost | Total Gross Margin | % Margin |
|-------|--------------|--------|---------------------|---------------------|--------------------|------------|
| 9900 | 460 | 23% | \$95,155.60 | \$101,200.00 | \$220.00 | 6% |
| 9800 | 260 | 13% | \$23,322.00 | \$39,000.00 | \$150.00 | 67% |
| 9300 | 280 | 14% | \$20,428.80 | \$22,400.00 | \$80.00 | 10% |
| 9320 | 40 | 2% | \$3,220.00 | \$3,920.00 | \$98.00 | 22% |
| 9360 | 320 | 16% | \$26,720.00 | \$39,907.20 | \$124.71 | 49% |
| S2 | 640 | 32% | \$97,043.20 | \$140,800.00 | \$220.00 | 45% |
| | 2000 | | \$265,889.60 | \$347,227.20 | \$81,337.60 | 31% |

It is our intention to roll out the buyback process in South Africa for both business to business and the consumer. A successful roll out of this service within that market should produce cost savings as there will be no export or import costs and it is anticipated that the purchase prices to secure stock from the consumer or businesses will be at a reduced rate.

Please see below a monthly forecast that uses the same monthly volume split of handsets, but calculates cost with the below parameters added

\$4 reduction in cost due to saving on export and import freight charges

5% reduction in purchase price costs

10% reduction in spare parts supply costs

Monthly Forecast Total Cost & Sales (SA) (Fig 1.3)

| Model | Month Volume | %Split | Total Cost | Cost | Total Gross Margin | % Margin |
|-------|--------------|--------|---------------------|---------------------|--------------------|------------|
| 9900 | 460 | 23% | \$88,444.20 | \$101,200.00 | \$12,755.80 | 14% |
| 9800 | 260 | 13% | \$21,171.80 | \$39,000.00 | \$17,828.20 | 84% |
| 9300 | 280 | 14% | \$18,295.20 | \$22,400.00 | \$4,104.80 | 22% |
| 9320 | 40 | 2% | \$2,889.60 | \$3,920.00 | \$1,030.40 | 36% |
| 9360 | 320 | 16% | \$24,022.40 | \$39,907.20 | \$15,884.80 | 66% |
| S2 | 640 | 32% | \$89,868.80 | \$140,800.00 | \$43,756.80 | 49% |
| | 2000 | | \$244,692.00 | \$347,227.20 | \$95,360.80 | 39% |

3.2 Refurbished Handset Supply

In addition to our consumer buy back service, we also have access to quality handset supply channels via our Asian network which can be exercised to meet the growing demand for as new refurbished handsets. This channel focuses on the supply of as new refurbished handsets which are attractive to consumers as they offer comparable quality to a new handset but offer a cheaper alternative to new handset pricing and focuses on older generation handset (1 year plus) as opposed to “just launched” product.

Late last year we trialled this process using an established Asia supply channel of ours. The value in this channel is that all our product is independently QC'd in mainland China (includes air test and cosmetics) prior to shipping so that any quality issues which may arise are picked up there and dealt with locally with the supplier. This ensures that only quality product is shipped to MidRand which ensures the timescale for the sale and turn of stock is as timely as possible and also helps us develop our brand, customer acquisition and retention.

The feedback on the quality of the stock we supplied was excellent and it demonstrated both the effectiveness and value our supply chain could generate and also that the South African consumer was willing to pay more money for a quality product than was previously thought.

The plan had been to move towards a 2 weekly order and fulfilment cycle which we had agreed with our partner in Asia. However, circumstances changed and this process is waiting to be switched back on.

Please see below some summary details on both the cost, sales and profits from the original shipment and the 2 weekly/monthly forecast fulfilment process we had planned on implementing.

P4 003 Sales Summary (Fig 1.4)

| Model | Quantity | Unit Cost Price | Total Cost Price | Unit Sale Price | Total Sales Value |
|-----------------------|----------|-----------------|--------------------|-----------------|--------------------|
| NOK X2-05 | 50 | \$32.79 | \$1,639.50 | \$45.00 | \$2,250.00 |
| NOK 5800 | 50 | \$44.26 | \$2,213.00 | \$85.00 | \$4,250.00 |
| NOK C1-01 | 100 | \$10.82 | \$1,082.00 | \$30.00 | \$3,000.00 |
| NOK 206 | 100 | \$15.25 | \$1,525.00 | \$40.00 | \$4,000.00 |
| BB9900 | 50 | \$186.89 | \$9,344.50 | \$220.00 | \$11,000.00 |
| BB9800 | 50 | \$108.20 | \$5,410.00 | \$150.00 | \$7,500.00 |
| SAM I9100 (Korean) | 50 | \$157.38 | \$7,869.00 | \$220.00 | \$11,000.00 |
| | | | \$29,083.00 | | \$43,000.00 |

P4 003 Cost Summary (Fig 1.5)

| UK Action | Cost | SA Action | Cost |
|--------------------|--------------------|---------------------|-------------------|
| Purchase | \$29,083.00 | Import Duty | \$0.00 |
| Website | \$0.00 | Freight In | \$1,394.00 |
| Postage/Freight In | \$0.00 | Box | \$2,421.00 |
| Repair Parts | \$0.00 | Sundries | \$0.00 |
| Repair Labour | \$0.00 | Process | \$0.00 |
| Freight Out | \$211.50 | Packaging | \$0.00 |
| | | Currency Conversion | \$0.00 |
| | | Export/Freight Out | \$0.00 |
| Total Cost | \$29,294.50 | Total Cost | \$3,819.00 |

P4 003 Balance Sheet (Fig 1.6)

| P4 003 BALANCE SHEET | Cost |
|-----------------------|-------------|
| Purchase Cost | \$29,294.50 |
| Freight & Import Duty | \$1,605.50 |
| Kitting | \$2,421.00 |
| Total Cost | \$33,321.00 |
| Total Sales Value | \$43,000.00 |
| Gross Margin | \$9,679.00 |
| | 29% |

Rolling 2 Week Forecast (Fig 1.7)

| Model | Quantity | Unit Cost Price | Total Cost Price | Unit Sale Price | Total Sales Value |
|-----------------------|----------|-----------------|--------------------|-----------------|--------------------|
| NOK X2-05 | 250 | \$32.79 | \$8,197.50 | \$45.00 | \$11,250.00 |
| NOK 5800 | 50 | \$44.26 | \$2,213.00 | \$85.00 | \$4,250.00 |
| NOK C1-01 | 100 | \$10.82 | \$1,082.00 | \$30.00 | \$3,000.00 |
| NOK 206 | 100 | \$15.25 | \$1,525.00 | \$40.00 | \$4,000.00 |
| BB9900 | 50 | \$186.89 | \$9,344.50 | \$220.00 | \$11,000.00 |
| BB9800 | 50 | \$108.20 | \$5,410.00 | \$150.00 | \$7,500.00 |
| SAM I9100 (Korean) | 100 | \$157.38 | \$15,738.00 | \$220.00 | \$22,000.00 |
| | | | \$43,510.00 | | \$63,000.00 |

Projected 4 Week Balance Sheet (Fig 1.8)

| Projected 4 Week | |
|-----------------------|--------------|
| Purchase Cost | \$87,020.00 |
| Freight & Import Duty | \$4,998.00 |
| Kitting | \$7,532.00 |
| Total Cost | \$99,550.00 |
| Total Sales Value | \$126,000.00 |
| Gross Margin | \$26,450.00 |

3.3 New Handset Supply

As our market presence is beginning to grow within the local SA market, we are receiving order requests for new handset stock, which can be sourced via multiple global supply chains. This is a relatively new channel of business which we are only just trialling. Currently the handsets which have been requested are relatively low cost, so the margin per handset is small.

It is expected that both our sales prices will rise once stock is landed in line with our experience so far with used product. We have an established network of sellers and would expect to be able to achieve the most competitive pricing for stock once we are able to develop regular also expect to strengthen our supply chain and hope to be able to reduce, and also that we can reduce our purchase cost for stock, once we develop regular orders.

This is a channel that could be scaled up to a weekly/bi weekly process and support the fulfilment of growing demand.

Please see below the financial summary of our first sales order:

New Stock Sales Order

| Model | Quantity | Purchase Price | Total Cost | Sale Price | Total Sales | Gross Margin |
|-----------|------------|----------------|--------------------|------------|--------------------|-------------------|
| 5310 | 30 | \$37.18 | \$1,115.26 | \$44.26 | \$1,327.69 | \$212.43 |
| X2-01 | 50 | \$45.32 | \$2,265.93 | \$48.68 | \$2,434.10 | \$168.17 |
| X1-01 | 10 | \$30.98 | \$309.79 | \$34.52 | \$345.20 | \$35.41 |
| c3 | 70 | \$70.81 | \$4,956.72 | \$77.01 | \$5,390.43 | \$433.71 |
| e72 | 100 | \$106.22 | \$10,621.54 | \$115.07 | \$11,506.67 | \$885.13 |
| ash 302 | 100 | \$48.68 | \$4,868.20 | \$57.53 | \$5,753.33 | \$885.13 |
| asha 201 | 100 | \$46.03 | \$4,602.67 | \$49.57 | \$4,956.72 | \$354.05 |
| ash206 | 100 | \$48.68 | \$4,868.20 | \$54.88 | \$5,487.79 | \$619.59 |
| lumia 520 | 70 | \$97.36 | \$6,815.49 | \$110.64 | \$7,744.87 | \$929.38 |
| | 630 | | \$40,423.80 | | \$44,946.80 | \$4,523.00 |

3.4 The South African Market

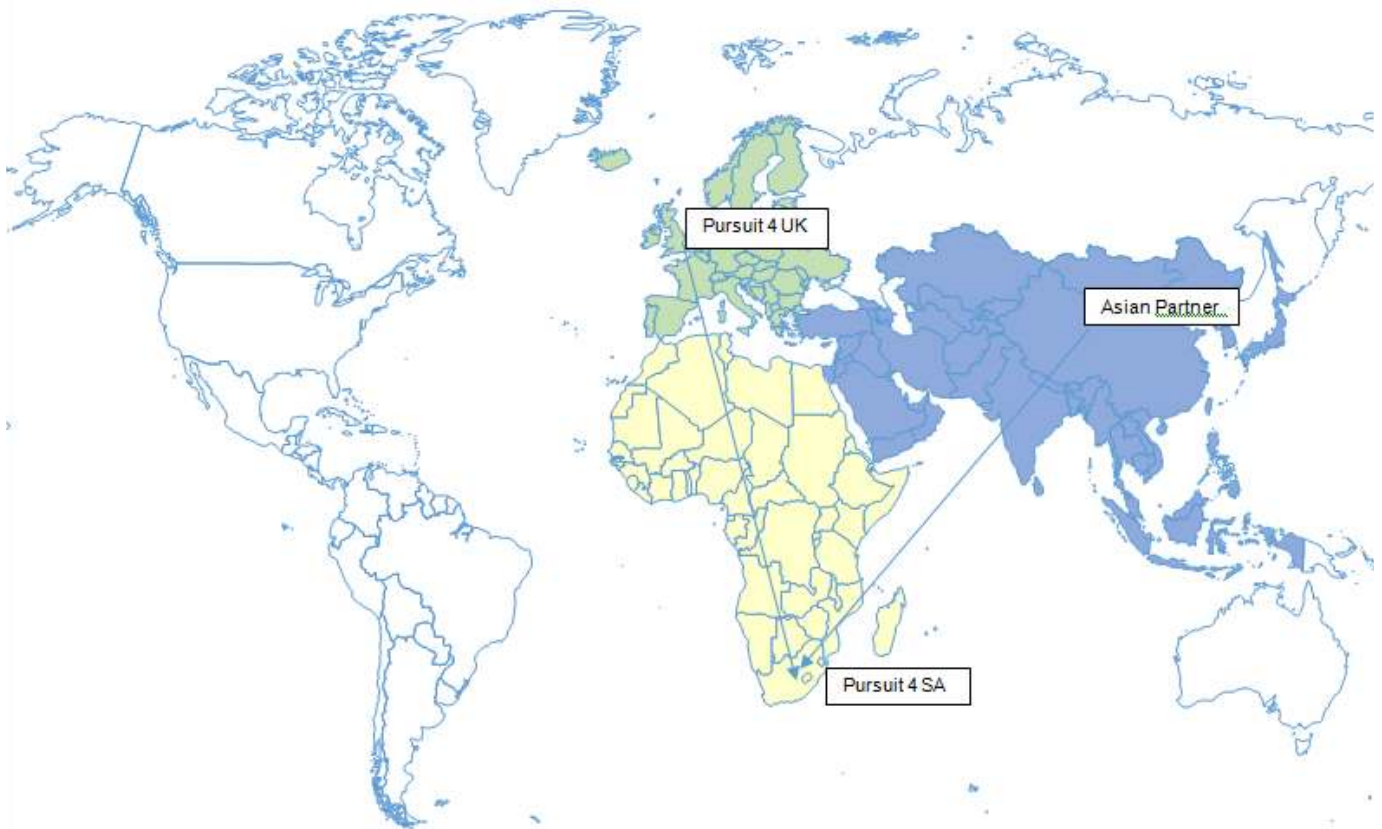


Fig 1 the established supply network for Pursuit 4 SA's business Fig 2.0

The South African Mobile Market Facts & Figures

South Africa has a population of 53M, Africa 1.03Billion 2013, Projected 1.4 Billion 2025

South Africa has 14M Smartphone subscribers, approximately 20% of all subscriptions, 25% year on year growth

Global Smartphone users 1.5Billion v Mobile phone users 5Billion+
(31% growth, 21% penetration in 2013)

Smartphone penetration 2009-2014 as a percentage of the total of mobile handsets

Western Europe – 2009 24%, 2014 49%

Middle East & Africa – 2009 3%, 2014 6%

81% of South African Smartphone owners using their smartphone for internet connectivity