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Subject: Zinc Shortage Impacts

To: Darwin Investors

G2Green is a manufacturer of liquid fertilizer used in agricultural, commercial & residential applications. One of the critical components in our product is Zinc. This year we have a change in the supply chain specific to the procurement of Zinc. Specifically, it is very difficult to procure from our historical suppliers e.g., Old Bridge Chemical, who are reporting production issues such as global energy crisis impacts at a macro level & COVID caused shutdowns of their operations and availability of material from their upstream suppliers at a micro level. These issues are not only causing us delivery issues but significantly increasing the cost of material where we've experienced a 60% increase from 2019 to 2021. This of course causes an impact to our material costs which cannot fully be passed on to our customers without making our product cost prohibitive.

The below excerpts from a Bloomberg article dated Oct 2021 on the subject confirms the impact that Zinc is having on manufacturers:

"Base metals soared, led by zinc's surge to its highest price since 2007 after European smelters became the latest casualties in a global energy crisis that's knocking supply offline and heaping pressure on manufacturers."

"It is zinc's turn to surge as the energy crisis creates large-scale shutdowns or production cuts at smelters, said Jia Zheng, a trader with Shanghai Dongwu Jiuying Investment Management Co. Power curbs are also expanding to China's main zinc producing provinces, she said. Some Chinese smelters had already reduced runs as they grapple with an electricity shortage fueled by record coal prices."

"If production were to be reduced for any prolonged period, this would presumably have a massive impact on the zinc market, which would then no doubt be seriously undersupplied," Daniel Brieseman, an analyst at Commerzbank, said in an emailed note. "The price response certainly makes sense against this backdrop."

Reference:

<https://www.bloomberg.com/news/articles/2021-10-14/zinc-surges-to-highest-since-2007-as-energy-crisis-deepens>

Sincerely,

Sean Bullis/Owner
G2Green LLC