



Snæfellsjökull Glacier

IcelandVentures Limited

INVESTMENT PRESENTATION

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Executive Summary

Iceland Ventures Limited (“IVL”) signed an exclusive water rights agreement with the municipality of Snæfellsbær, Iceland in December 2010. IVL has created a local Icelandic company, IVI ehf, to extract premium quality glacier spring water from the ancient glacier of Snæfellsjökull (the Snow Mountain Glacier). The Glacier contains a secure, sustainable, and almost unlimited supply of pure fresh water. As well as the water rights, the company has use of new piping infrastructure, which delivers the water to the dockside factory in the town of Rif.

The water is of the highest quality as borne out by completed FDA and European testing. Currently in excess of 7,000,000 litres per day is being carried by the pipes, however there is scope to increase this by a significant multiple if required, via the installation of further piping.

IVL operates in partnership with the community, with the aim of exploiting the growing demand for fresh water. There are four main opportunities for the business:

- To sell premium branded plain and flavoured water in bottles / packages.
- To supply, in container quantity, water for own packaging or other uses.
- In the future to sell water in bulk, as the demand and practicalities of delivery improve
- To create a sub-licence to allow the sale of water to other suppliers

There are very strong indicators for the expected growth in the demand for water, and the scale and quality of the water source will make the business very well placed for success.

The Directors of IVL are currently seeking funds to further develop the business

Business Summary

- Glacier water company with a long water lease – until 2072
- Exceptionally pure water - see chemical analysis appendix
- Huge potential to increase water volume from current levels – 7-10m litres daily representing <1% of potential
- Existing infrastructure from glacier sources - pipelines taking water to recently built bottling plant
- Bottling plant adjacent to harbour with access into international waters
- Production due to commence in early 2013
- Strong sales pipeline for bottled water
- Sales and distribution network being established
- Management, Marketing and Production expertise in place

The Opportunity / Business Case

- There are four main opportunities for the business:
 - To sell into the fast growing worldwide markets for premium branded plain and flavoured water in bottles / packages.
 - To supply, in container quantity, water for own packaging or other uses, focusing on the exceptional quality of the water.
 - In the future to sell water in large bulk quantities to Sovereign Countries and large industrial companies, who are in need of alternatives to desalination to satisfy their growing fresh water needs.
 - To create sub-licences for use of the water
- Each of these offers a strong business opportunity, and the aim is to exploit these opportunities with the goal of achieving an exit via sale or flotation within 3 to 5 years.

The Opportunity / Business Case cont.

- IVL has purchased from the local area government, (in adherence to national policies), exclusive rights for 62 years to extract and mine water from the legendary Snæfellsjökull glacier, situated within the Western Snæfellsnes Peninsula of Iceland. Tax and structure planning has been put in place for the benefit of shareholders in the event of a sale of the company. The water rights will be held by a subsidiary of IVL; whilst local bottling and bulk water operations will be undertaken by another Icelandic subsidiary IVI.
- IVL owns 90% of an Icelandic subsidiary business IVI, that will seek to exploit the rights for the long-term benefit of shareholders. The local community owns the remaining 10% of IVI.
- Hydrological measurements show that spring areas in the slope of the glacier yield 100 billion litres per year. The glacier provides a secure, sustainable and almost unlimited supply of constant free flowing water of a very high quality that is exceptionally pure (see appendix for chemical analysis).
- The water is easily harvested from the sources and the supply pipe infrastructure is already in place stretching from the sources to the location of the distribution centre, which is alongside the harbour at Rif. According to the agreement, there is no limitation on the quantity used. Iceland Ventures has already paid an upfront fee for the rights themselves, and for the use of existing piping infrastructure.
- The harbour facilities local to our plant allow us to ship a maximum of 5 million litres a day. Adjacent ports will allow further capacity if needed. The facilities for filling medium bulk water orders are already present at our facility.

Funding plan

- In order to achieve the forecast for IVL the business plan calls for three funding rounds, with efforts initially concentrated on developing the premium bottled water business. The three funding rounds would raise funds for the following
 - **1st Funding Round** - In early 2011 a sum of €2.8m was raised. This was used primarily to purchase water rights, provide working capital, and part fund construction of a new building for IVI in the town of Rif.
 - **2nd Funding Round** - This second round of funding is currently taking place, with the target of raising €3.675m to take the business into production in early 2013. This money is being raised at a post money valuation of €8.4m. To date over €1.3m of the 2nd funding round has been raised.
 - **3rd Funding Round** - To provide funds for a further marketing push. This will take place later in 2013 and it is anticipated that a further €4m will be needed. It is the intention of The board that this funding round will be at a premium to the current share price of €175, as by then the IVI business will be further developed and will have begun to establish an initial distribution network.
- All monies provided to IVI are routed through the Luxembourg company by way of loans and equity.
- Our financial forecasts show that break-even will be achieved in Q4 2014

2nd Funding round – use of capital

The target for the second funding round is €3.675m. Significant funds have been raised but the company still needs to raise €2.5m to conclude the funding round.

Funds will be utilised as per the table

Item	Amount
Purchase bottling equipment (remaining balance)	€330,000
Installation and ancillary costs	€70,000
Warehouse equipment (forklift, container lifter, racking etc.)	€200,000
Stock - bottles, labels, caps, pallets etc.	€140,000
Lab equipment, IT, office, recruitment and training	€60,000
Initial marketing budget	€250,000
Working capital / staff / accountancy / lawyers	€850,000
Repayment of loan	€600,000
Total	€2,500,000

Business strategy – Premium Bottled Water

The IVL product is natural spring water which originated as ice-cap melt-water and has been filtered via underground flow through post-glacial lava fields. The water is pure and sustainable; the glacier which is the source is considered to be neither shrinking nor growing and is stable. This natural filtration provides a taste that is neither acidic or alkaline.

Due to the water's exceptional purity, the business intends to market its product within the premium category, therefore attracting a higher price. The chemical analysis coupled with its unique source provides strong fundamentals to enable a premium position and price. IVI will initially launch its products into three carefully selected countries which give the best overall combination of profit and growth.

Marketing and branding consultants have already been appointed, and will continue to work with management and in-country distributors to ensure effective deployment through the most suitable channels. Bottled water will initially be sold in glass to enhance the premium positioning of the product.

Business strategy – Premium Bottled Water

IVI intend to target bottled water sales in high growth countries where there is a significant and expanding high income segment within the population. China and Hong Kong will be a key target due to size and the continuing growth of an affluent middle class. Other sales targets will include developed markets where the quality of the product provides sales momentum e.g. In the USA, where public sensitivity to and rejection of buying bottled municipal water is increasing. 'White labelling' is an option for bottled water.

IVI will use regional agents / ambassadors to promote and distribute it's products; strong interest from the USA has resulted in enquiries for potential initial orders upwards of 10 million litres per year.

Initially a glass bottling line will be installed, and will be followed as soon as practical by a faster PET (plastic bottles) line. Further additional production capacity would be available by purchasing a larger 7,500m² partially completed facility adjacent to our building. If purchased, this will come on line in 2014. The buildings would be able to house enough capacity to produce 100 million litres of bottled water per year. The business plan forecasts volumes and investment for 52 million litres by 2015 for bottled water, and 60 million litres per year for medium bulk.

Background - The Bottled Water Market

Over the past decade, sales in bottled water have exploded and a global bottled water industry has emerged. Consumption has grown from 300 million U.S. Gallons (1.36bn litres) in the late 1970's to more than 30 billion gallons (136bn litres) at the beginning of this century. The industry is now worth \$140bn per year and sells 48bn U.S. Gallons (217bn litres) per year. Bottled water has quickly emerged as the fastest growing beverage category in the world, as socio-economic trends, health consciousness and the increased concern with the nature and quality of tap water, have played a key role in the successful growth in the market of contaminant free bottled water.

There is a clear difference between premium quality and the basic product.

Euromonitor forecast that by 2014 the industry will have revenues of \$180bn per year with the greatest growth in APAC and LATAM.

The industry is fragmented with just a few global players such as Nestle and Danone. The industry will consolidate with time.

Euromonitor forecast is for 35% growth 2007–2012 globally, with growth in emerging markets set to accelerate further. IVL will position it's product within selected high growth areas. IVL's competitors are those with premium offerings. IVL fully expect it's strong proposition and excellent quality to attract consumers who desire a high quality product.

Regional Bottled Water Consumption – Total Volume 2002-2012

Total Consumption (million litres)	% growth 02/07	Volume 2007	% growth 01/12	Volume 2012
Western Europe	+29.6	57,506	+14.8	65,045
Asia-Pacific	+77.2	44,264	+51.4	67,023
Latin America	+67.6	40,902	+50.6	61,610
North America	+69.1	32,627	+27.6	41,627
Eastern Europe	+68.4	12,835	+44.7	18,572
Middle East & Africa	+50.6	11,218	+51.2	16,965
Australasia	+44.9	571	+43.5	819

Bulk Water - Global considerations

Of all the natural resources on Earth, fresh water is the most important. However, according to the United Nations, fresh water is used unsustainably in the majority of regions worldwide. Today over a billion people live in areas of water scarcity, and by 2020 it will become even more scarce for many regions of the world. This supply issue is forecast due to demand continuing to grow in parallel with increased agricultural production, population and economic growth. Global climate change will exacerbate this situation.

In 60% of European cities today with more than 100,000 people, groundwater is being used at a faster rate than it can be replenished. Cities such as Mexico City, Bangkok, Manila, Beijing, Madras and Shanghai have experienced aquifer* drops of between 10 to 50 meters. Water management and finding alternative sources of water will be critical to global growth and well being.

Only 3 % of the water in the world is freshwater and 80% of this is frozen in structures such as glaciers.

As a result of global economic growth, poor quality of tap water and lifestyle/ health changes the beverage industry has enjoyed large double digit growth rates in demand for bottled water. In 2009, 217bn litres were sold worldwide compared to 106bn litres in 1999. The global recession saw a reduction in that growth, but bottled water gained market share over carbonated drinks. Euromonitor are forecasting stronger growth going forward particularly in the emerging markets.

*An aquifer is a body of saturated rock through which water can easily move

Medium Bulk Water Market

Medium bulk water is defined as shipments in standard 20 foot shipping containers, through the use of an internal bladder. Large bulk is shipments of water in ships or barges.

There is a growing demand from three major sources for medium bulk freshwater

- 1) Industry
- 2) Military and agencies
- 3) Beverage

In high income countries industry accounts for 59% of all water usage and pressure is growing on business to become more efficient and find alternative sources of water. An Icelandic company has recently won a bulk order from a leading cosmetics manufacturer and other sources have revealed that at least one enquiry a week is reaching Iceland to provide pricing for bulk shipments. A recent enquiry from Belgium was for 5 million litres.

The Beverage industry is also under pressure to find alternative sources . There is also a constant demand from military and charity organisations to provide bulk shipments into areas of operation and immediate need.

In low income countries, agriculture currently is the predominant use of water at 82% of all usage. However as these countries progress, demand for water increases not just for irrigation, but also for industry and consumer use.

Medium Bulk Water

Medium sized bulk water deliveries use a 24,000 litre 4 ply PE/Aluminium foil film with woven poly propylene (PP) outer, providing excellent tensile strength and tolerance to temperature fluctuations.

Manufactured to food grade standards, all contact layers are European and FDA approved.

Limited operational cap-ex required, with a very strong profit margin.

Capacity limited by current supply of approximately 80l to 120l per second, equivalent to approx. 10m litres per day or 2.2bn litres p.a. or 91,600 containers p.a.

98% of operational costs are variable



A full 24,000l bladder in a Standard 20 foot shipping container

Large Bulk Water Market

- The target market for bulk water is commercial, industrial and municipal use. Although as yet, largely untapped, there are increasing signs of huge potential in this market, and IVL should ensure that it is an early entrant into it. The inability of suppliers to transport at a marketable price has been the inhibiting factor so far.

The large bulk water transport market natural competitor is desalinated water , however –

- the environmental impact of the concentrated salt waste discharge from the desalination process is now an increasing issue,
 - the energy consumption of desalination plants is very high, and is therefore becoming increasingly more expensive as energy cost rise
 - human ingenuity is tackling some of the logistical issues to bring shipment costs down.
- India has built a facility south of Mumbai as a depot for fresh water imports. This project is in its infancy but depending on its success, water shipment could become as commonplace as oil shipments in the future.
- Iceland Ventures is well placed to enter this market as
 - Iceland is a politically neutral country with an over abundance of water.
 - Iceland is a country that is seeking new export markets.
 - Rif water requires little or no treatment and hence negligible energy requirements to transfer into potable water for client population/industrial use.

Key achievements for the period 2011 to end 2012

Sales and Marketing

- Designed a clear and effective brand, label and bottle that speaks of the source and quality of the water
- Selected initial launch countries for bottled water
- Created internet based platform for establishing brand
- Trade marks purchased
- Focus on sales channels

Production Facility

- Completed new build plant ready to receive bottling equipment so production can commence
- Designed an effective manufacturing system, together with working practices to achieve industry best practice in quality, productivity, health and safety and working capital usage

Bottle Design



Team and Management structure

Currently Moonraker Fund Management Ltd is providing personnel to fulfil management roles until permanent employees are recruited. Acting as a consultant is an ex CEO from a major Asian retailer who will oversee sales and distribution in the Asian markets. We have also employed a manufacturing professional with experience of General Management and global manufacturing across a range of industries and countries. Biographies of the people currently leading this venture are provided below.

- **David Thompson**

Immediately prior to his retirement in 2006 David was CEO of a large wealth management firm, affiliated to one of the largest UK accountancy businesses. Previous roles include senior director position of a large investment adviser. Since 2006 David has been acting as a consultant and non executive director to a variety of companies as well as operating as a business angel across a wide range of business types and sectors.

- **Jeremy Charlesworth**

Jeremy has over 25 years experience in the financial services industry, both advising clients and managing investment portfolios. In 1998, Jeremy joined BDO Stoy Hayward Investment Management in London as an investment consultant and from 2003 to 2008 he was a Director and manager of the TRF Fitzwilliam Funds. The fund won the HFR European Fund of Funds award for the best commodity / energy fund. Prior to joining BDO Jeremy worked with Sedgwick, where amongst other roles he was part of a team managing a long-only fund from 1989 to 1997.

Jeremy's investment focus is commodity led and he has been an active investor in the water sector for a number of years.

During a sabbatical period in 1999, Jeremy worked at the Farfell Coffee Estate in Zimbabwe, gaining first hand experience of the commodities sector and the logistics and supply / demand issues facing a business in this sector.

Team and management structure (cont)

- **Iwan David N Evans**

Iwan has over 30 years of solid retail experience as CEO of Hutchinson Whampoa's Retail Division. He has extensive experience acting as a "corporate doctor" for failing businesses by deploying his extensive business and industry knowledge. He has received the Shanghai Government Honorary Citizen award and is a member of the Hong Kong Institute of Directors as well as the Hong Kong Chamber of Trade. He was also a Director of the San Miguel brewery.

- **Richard Stone**

Richard is a qualified accountant with many years experience in transport and shipping businesses, and in Finance Director roles.

- **Thorsteinn Karlson**

Thorsteinn will be the Production Director for IVI. During his career Thorsteinn has acquired many years experience in production and quality control including 20 years of production experience in water and other beverage industries including the role of production director for a leading competitor firm. TK's roles have covered production processes, quality, testing

Once funding is in place IVI intends to recruit experienced management executives from the beverage and retail sectors. Management will be incentivised through share option programmes.

Risk Analysis

Key Risk	Probability	Impact	Mitigation
Environmental backlash	M	M	IVI intends to become carbon neutral and will ensure publicity is strong and supportive to the purity and sustainability of our resource
Oil price and shipping costs rise	H	H	IVI have learned that a new shipping company is establishing itself in Iceland which will bring much needed competition. IVI will also sell factory gate.
Price pressure reduce margin	M	H	IVI will be selling into the premium and flavoured markets where there is less price sensitivity.
Medium bulk fails to grow as forecast	L/M	M	IVI believes it has used very conservative forecasts; the investor risk is in the up front marketing costs, which can be scaled back if necessary. The bottled water business still makes an acceptable return.
Delays to production build and hence unable to hit cost and production targets	M	M/H	An experienced production manager has already been hired. The equipment has been specified and ordered.
Lack of funding	H	M/H	In the current economic climate funding is difficult and is likely to remain so. The directors realise this and will pay particular attention to financial disciplines and will continue to focus on fund raising.
Distribution issues	L	H	Regional advisors will ensure only reputable firms are contracted with.



Appendices

Facts

Water and Iceland

Extreme natural purity

Little or no necessary treatment and hence negligible energy requirements to transfer into potable water for client population or industrial use.

Sustainable water supply

IVI supports the local rural community in Iceland through its 10% ownership

Carbon neutral / environmental credentials (use of hydro power and ISO 14000)

Transparency water quality test is available to investors and will be available on the company's web site.

Iceland as a source of health and vitality (Iceland has the second highest life expectancy in Europe and is in the top quartile globally)

Icelandic political neutrality with an abundance of water

Iceland is a country eager to seek export markets

Water analysis

Metaphysics of Quality	Snæfellsjökull		Evian Mineral Water	Buxton Mineral Water	Icelandic Glacial Spring Water
	Source 1	Source 2			
Mineralisation @ 180°C	42mg/l Super - low	43mg/l Super - low	309mg/l Medium	280mg/l Medium	68mg/l Low
pH.	7.08 Neutral	7.1 Neutral	7.82 Neutral	7.4 Neutral	7.89 Neutral
Total Dissolved Solids	39mg/l	40mg/l	320mg/l	208mg/l	62mg/l
Calcium	1.4	1.5	80	55	6
Chloride	10.1	10.5	9	37	12
Magnesium	1.2	1.2	25	19	2
Nitrate	<0.05 Superior	<0.05 Superior	0.8 Very good	<0.1 Superior	<0.5 Superior
Potassium	0.8	0.8	1	1	1
Sulphates	2.1	2.0	12.6	13	3
Sodium	7.0	7.1	6.8	24	11
Silica	10.0	10.0	15	Not listed	Not listed
Carbonates	<1.2	<1.2	360	248	33

Natural History / Geology

- Snæfellsjökull National Park – Iceland’s only National Park to extend to the seashore covers an area of 170 sq.km (65 sq. miles).
- The coast is varied and alive with birdlife during the breeding season.
- The coastal plain is mostly covered by lava that flowed from the volcano or nearby vents. The lava is covered by moss but sheltered hollows can be found in many places, filled with a sizable variety of thriving verdant plants.
- The omnipresent Snæfellsjökull glacier towers majestically over the Park, with trails of lava and signs of historic volcanic activity clearly visible on its flanks.
- The more prominent formations in and around the National Park mainly date from geologically ‘modern’ times back to the last Ice Age.



The water rights apply to an area in the west of Iceland on the Snæfellsness peninsula.
The source is adjacent to the town of Rif



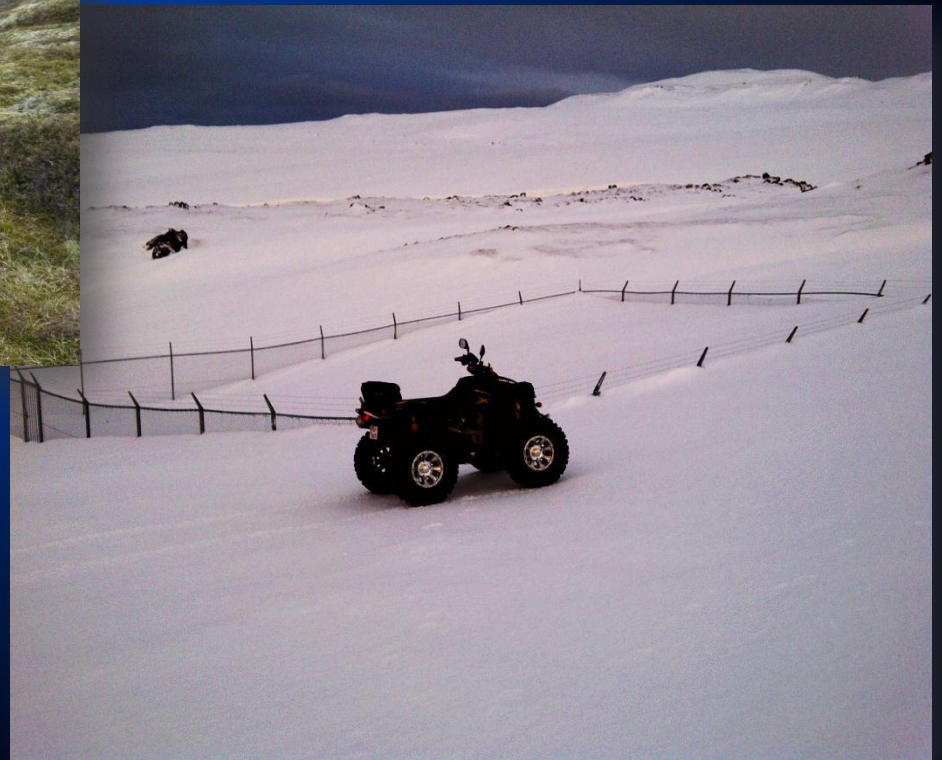
View towards the source with pipes waiting for laying which have now been laid.
Photo gives a better idea of the volume of water available from the acreage.

(Photo May 2009)



Higher source

Summer and winter



New build factory on Dockside



Internal view of production area ready to receive bottling equipment

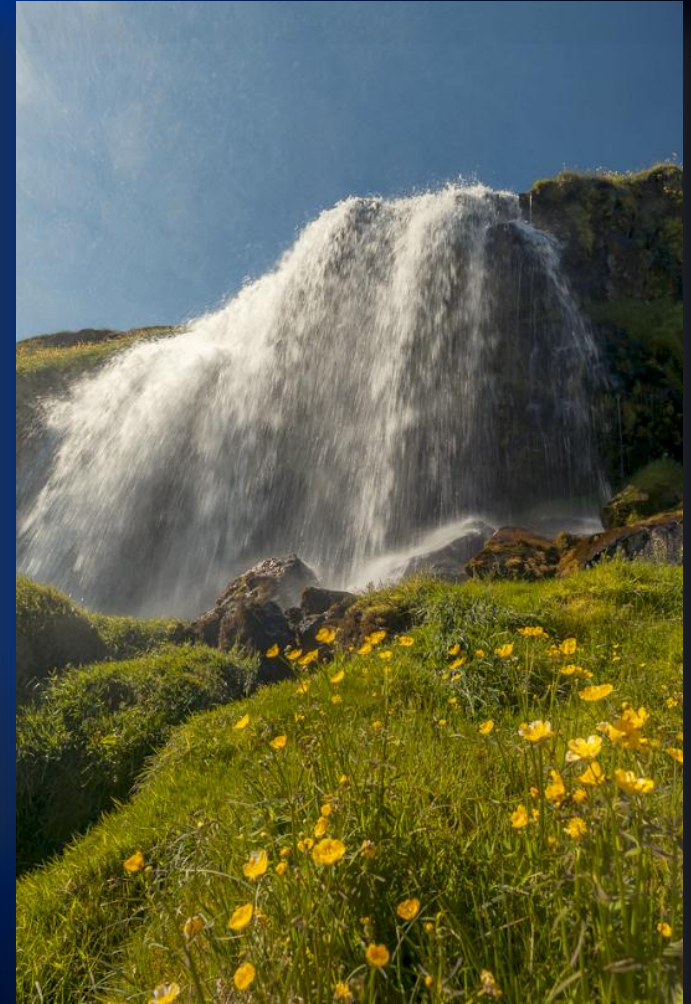


07 09 2012

Photos from Snæfellsjökull National Park area



Photos from Snæfellsjökull National Park area



Photos from Snæfellsjökull National Park area



Advisors, Guernsey, Luxembourg

- **Guernsey**

Legal Advisers	– Carey Olsen
Auditor	– Saffery Champness
Administrator	– International Administration Guernsey Ltd.

- **Luxembourg**

Company Secretary	– ATC
Legal Advisers	– Loyens & Loeff

Advisors, Iceland

Lawyer

- Lex, Reykjavík, Iceland

Accountants

- Deloitte hf, Kópavogur, Iceland

Bank

- Landsbankinn, Ólafsvík, Iceland

Brand consultants

- HVÍTA HÚSIÐ, Reykjavík, Iceland

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Further information on request

David Thompson

Iceland Ventures Limited
PO Box 282, Regency Court, Glatigny Esplanade,
St. Peter Port, Guernsey, GY1 3RH

Telephone 07710 228635
Email dt@ivl.gg

