

<Negonium Mining Project>

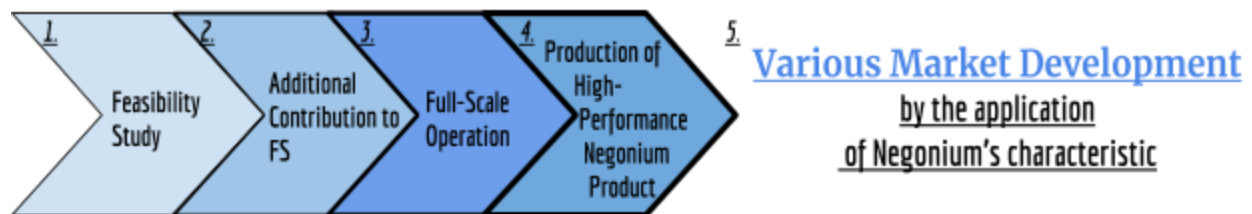
1. Upon this Negotiation

Negonium has high potential in the perspectives of **spectrum of use**, **high-performance productions**, and the **market impact**. Blue expects Negonium to become a core business in the Metals & Energies sector.

(1) Present Issue

Metals & Energies sector has recorded a large deficit due to the depression of the resource price from 2015. Blue has high expectations that Negonium could break through from this situation. However, this mining project has downside risk on the circumstances of **ocean mining**, and the possibility of a **negative outcome of the feasibility studies**(“FS”).

(2) Business Outlook



Negonium has the potential to be applied to various industries. This versatility **broadens business** and **investment opportunities**. We would consider the faces throughout the negotiation, and try to achieve a better conditions on each step in our business.

2. Goal of this Negotiation

**Agree on a project in perspective of both parties risks and interests,
and gain more business opportunities.**

<Interests and Concerns of Red and Blue>

Interests for Blue:

- Establish a new core of in the resource business
- Business development by added value to mineral resources
- Market expansion of use of Blue's technology

Expected interests for Red:

- The possibilities of Blue's technology(Environment preservation, mining efficiency, cut running cost by adopting)
- Establish a national business formed by Negonium in order to contribute its economy

Concerns for both parties:

- High risk of sea resource compared to ordinary resource
- The possibility of failure of FS

<Win-Win Solution led from above>

It is needed to concluded on a **solution that prefers both expected shares** with the balance of reasonable **burden in the failure of this project** in order to balance the risks and the interests of both parties.

3. Negotiation Strategies

Information gathering alongside the meeting would be crucial to understand their concerns and come together on a middle ground.

<Blue's negotiation stance>

In order to achieve our key mission which is to maximize returns while minimizing risks:

- ★ Save cash expenses as possible and provision our technology to be evaluated higher to achieve higher quota of Negonium
- ★ Reach an agreement that leads to future benefits for this project
- ★ Settle on the condition to stop the FS and give up the project in case the additional cost exceeds \$20 million on Blue's behalf

<TOP>

Amount to be Invested: \$20 million
 Valuation of Technology: \$20 million
 Ratio of Whole Investment: 40%
 Sale of the Product: None

<BOTTOM>

Amount of Investment: \$30 million
 Valuation of Technology: \$10 million
 Ratio of whole Investment: 20%
 Sale of the Products: 30% for 30% premium
 (only in "limited cases" stated below)

(1) Amount to Be Invested

The quota of Negonium is determined by each party's share of whole investment at the stage of FS. \$20 million (20% of \$100 million for the first two years) is the amount to be invested that Blue is required to achieve in minimum, if Red denies the valuation of technology as an investment. We would present \$20 million as our first proposal. Alongside the negotiation, we will try to gain more than 30% share of whole investment (including valuation of technology) considering our interests expected in this project. We will increase this amount in the event that our share is under 30%, or if Red does not accept our investment in kind. Therefore, this topic would be relative and be presented with the topic of the (2) Valuation of Blue's technology.

(2) Valuation of Blue's Technology

It is an important topic for Blue to push up our ratio in the Joint Venture. For Red to confirm such propose, it will be essential to emphasise the value of this technology in the market and expect exclusive use of this mining technology. But we would not agree on the exclusive use unless of a \$20 million valuation for the investment. We also have a room to compromise the sale of the products as a bargaining tip (The "limited cases"). However, in the event that Red will evaluate our technology under \$10 million, we would offer Red to pay a licence fee more than \$2 million.

(3) Sale of the Products

We would strongly stand on a decision not to sell Negonium to Red because shall directly not only cut our quota but also lead to restrict to sell them to our future customers, which affects our business. The "limited cases" to compromise this topic, we could sell negonium to Red from our quota with the condition of sale by the price higher than the market price.

4. BATNA / WATNA

There is no alternative negotiation. In the event of a non-agreement, Blue would focus on the Geopark project.

<The National Park Enhancement Project>

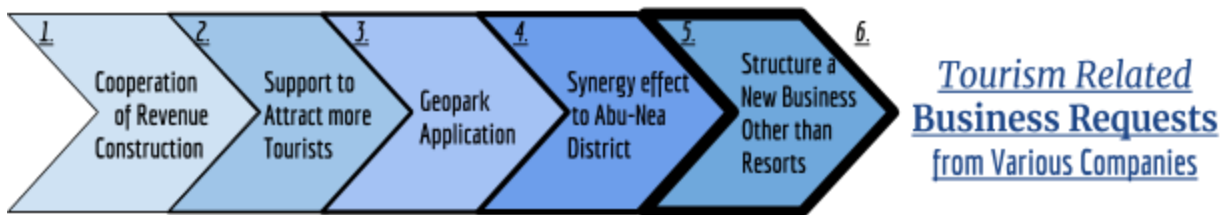
1. Upon this negotiation

Business relating tourism is a key sector to develop our business. This park is geographically near the Abu-Nea district, and expected to deliver a synergy with a \$500 million net profit. Contributing and supporting the national park is also expected profit within a few years.

(1) Present Issue

The Negoland National Park project is a considering new investment. Red wants us to support this project by constructing facilities, but is not specify how this would result in our profit. Also even in the event of supporting or cooperating to the park, one of the risk we shall consider is that the profit will depend on the amount of tourists is one of the risks that we shall consider.

(2) Business outlook though this Negotiation



We see this project as a new achievement that would lead to expand our business and investment. We would consider these faces throughout the negotiation, and try to achieve a better condition on every step of our business.

2. Goal of this Negotiation

Agree on a solution that concludes both preferable facilities and would attract tourists.

<Interests and Concerns of Red and Blue>

Interests for Blue:

- Profitable new investment to develop our business
- Synergy effect to Abu-Nea district
- Business expansion to oversea national projects

Expected interests for Red:

- Arrangement of tourist-oriented facilities for tourism development by adopting Blue's constructing know-how
- Attract tourists from in and out of the nation
- Establishment of a new tourism resource

Concerns for both parties

- Construct facilities to attract tourists and obtain Geopark status within limited costs

<Win-win solution led from above>

To balance the interests of the parties, it is needed to agree on a project that will **conclude preferable facility in both perspectives**. However, **the unification and consistency shall be important to attract tourist**.


3. Negotiation Strategy

To corporate Geopark Project with Red, we will ask Red what they have in mind for Geopark project, and establish them. Therefore, information gathering alongside the meeting would be crucial to understand their ideas, interests, and concerns to come together on a middle ground.

In this topic, we will combine each topic to discuss the way Blue corporates for park enhancement and the ideas for attracting tourists, assist red to reach satisfaction.

Offers

While remaining flexible, Blue will make following offers:

	Connection (from Park)	Development Area	Investment	Donation	Ideas
Offer1	Abu-Nea	Abu-Nea, National Park	\$4 million	\$10,000 (depending on the purpose)	Propose flexibly
Offer2	Abu-Nea	National Park			
Offer3	Negolia	National Park	\$2 million		

- ★ Through the proposal, we will provide adequate ideas for the national park by following Red's requirement. As for idea, the plan to connect National Park and Lake Arbitria shall be the first suggestion by showing and explaining the benefits.
- ★ The amount of investment will range in the construction plans Red decided. We set \$200 million as the first proposal. In case of Red insists on limiting area in Negoland to be constructed or developed, we will push up the amount of investment step by step. Furthermore, If Red require an investment more than \$400 million, we shall quit and concentrate on the Nagonium mining project.
- ★ Donation shall be provided for certain purpose in which benefits both parties. Therefore, we shall clarify the usage of donation before providing it.

Ideas for luring tourists

For Geopark	Promotion of Integral Area
① Introduce Hands-on-learning experience	① Introduce package tour around the area
② Activities with use of new IT technologies	② Hold events (marche, collecting series of stamps at tourists spots, sports meetings etc)

4. BATNA / WATNA

There is no alternative negotiation. In the event of non-agreement, Blue would focus on the Joint Venture of Nagonium.