

Lockington, Elliott (SPAC/PSPC)

From: Greg Isaacs <[REDACTED]>
Sent: April 4, 2020 11:47 PM
To: Kusnick, Chelsea (SPAC/PSPC)
Subject: Quick Update

Hi Chelsea,

With the announcement of the warehouse that Canada will be leasing in China, (as well as other matters at my end being resolved), I mentioned I can bring down the cost of masks greatly.

I wish to write that the factory I am speaking with, can produce 50,000 KN95 masks and 1,000,000 3 ply surgical masks each day.

For this factory, I can roughly offer the KN95 masks at \$1.40 USD/unit and the price for surgical masks at \$0.35 USD/unit.

If an address or general location is available to calculate ground freight from the factory to the warehouse, I am confident I can bring down the price a little bit more. Ground shipping though, is on average \$100 CAD or \$70 USD for a cubic meter (RMB1000 for 2 CBM) if transporting a distance of 500km roughly.

If deliveries are being made to a warehouse in China, I am assuming that customs is being removed from the equation. If there are duties and taxes being placed on goods, that will determine how much lower we can squeeze the cost per unit.

This manufacturer can provide Canada with 14 million surgical masks, and 700,000 KN95 masks in two weeks.

The only piece of the puzzle needed to get a more accurate number would be the address, or a generalized destination such as a city for ground transportation of goods to the Canadian warehouse. I assume at the warehouse, are Canadian officials that can verify all the products coming in before being shipped.

I do not have a sample on hand, however, if Canadian officials are verifying products at the warehouse in China, we could order a sample, have them verify it in China, and then make a decision based on that outcome.

So that is the service that I can offer you at this time. If I can have more information such as the city the warehouse is located in, I can get a more accurate number for transportation costs. If the government is charging other fees that I may have overlooked, or if they are not, that information can help bring that cost down too.

Best,

Greg Isaacs