



CESARONI
TECHNOLOGY
INCORPORATED

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To all our valued ProX Dealers & Customers,

We greatly appreciate your patience and understanding during this very difficult time for Cesaroni Technology Inc (CTI).

Firstly, as mentioned in our last statement, CTI will not be discussing or elaborating on the specific details of Dr Jeroen Louwers health out of respect for him & his family. He is still in the hospital and he has been making improvements every week. Everyone here at CTI is still devastated by this incident, Jeroen is more than just an employee, he is a cornerstone of the CTI family. As we said previously he is our leader.... our colleague.... our mentor.....and a close friend to everyone here. We look forward to his recovery and having him back, however long that may take.

It has been two months since the accident/fire occurred and many strides have been made forward towards both the investigation and rebuilding process. Please understand that this is a complex multifaceted process and attempting to post updates until now, ahead of examining & deciphering many of the specifics, would have been pre-mature.

Over the last couple months many details have been sorted out and CTI wants to reassure all of our customers and dealers that we are still continuing our business (both commercial and hobby rocketry). We are working diligently towards getting back to full production.

In terms of the accident investigation, this is still ongoing. It involves many agencies including Ontario Fire Marshal, Explosives Regulatory Division of Canada, Ministry of Labour, and Insurance companies. Throughout the last two months CTI has been cooperating fully with all these agencies and providing technical support as needed. Until the investigations are complete we cannot comment on them directly. These independent investigations do not have a definitive timeline and can be expected to take several months. However, based on the currently available information it appears there was no failure of any CTI policy or procedural safeguards and therefore business can continue onwards.

In terms of the rebuilding process, during the accident/fire one of the propellant processing facilities was destroyed (Mix Building #2). This building processed propellant for both commercial & hobby rocketry product, but did not involve hobby rocketry at the time. Additionally, this building also housed some auxiliary mobile equipment used for post processing ProX grains which was also lost.

Over the last while CTI has been working diligently at establishing a path forward both for the in-term and long-term to rebuild all elements & equipment. Do understand, up until this point we have been partially limited by; (i) insurance companies completing their inspections, (ii) establishing outcome for safe operation from the investigation and (iii) receive quotes for long lead-items. All of these details are necessary before making trade-offs and decisions on how best to proceed forward. With several of these elements now established, CTI is in a better position to give informative updates.

Currently CTI has a secondary propellant processing facilities on-site (Mix Building #1) which was unaffected by the incident/fire. This facility will still produce propellant for the HPR market. However there will be some load sharing necessary with commercial products during the interim. We have already established the new building plans/layout for rebuilding "Mix Building #2" and tendered contracts accordingly. The building of this facility will take time before it is fully operational, that work has already begun. Many of the auxiliary pieces of equipment and components are custom built by CTI for their associated tasks, which also will take valuable time. This equipment is in the process of being built/manufactured based on priority schedule.

Obviously due to all these factors, there will be some delays & shortage on certain ProX products over the coming months.

CTI wants to reassure our customers & dealers that we are working though these as best as we can to smooth out any bottlenecks. We want to provide everyone with the best products & service possible in a safe and timely manner. To help assist both our customers and dealers for scheduling purposes, CTI is highlighting a tentative schedule on what to expect for shortcomings. Hopefully this will help to make any contingencies if necessary.

NOTE: *this is based on the best forecast CTI has at the present time, and has the potential to improve/delay over time.*

Short-Term (1-3 month window)

- Limited to existing inventory for all Pro24-98 (no production)

Mid-Term (2-8 month window):

- Pro24: lots of Vmax, WhiteT, Classic available (shortage amongst others propellants)
- Pro29-54; most types available (a few propellants may have shortages)
- Pro75-98 will have limited production
- No Pro54 Longburn
- No Pro75 6G (M3700)
- Some shortages anticipated with Vmax, WhiteT, and C-star propellant in general

Long-Term (6-18 month window)

- 90-100% full production
- Potential delays in Pro54 Longburn
- Potential delays in Pro75 6G (M3700)

Once again Cesaroni Technology Inc will do all they can to minimize the impact to our valued customers and dealers. We recognize that there is a symbiotic relationship that has evolved over the years within the rocketry community, and CTI will do our part to preserve it. Please understand that this is a very complex situation with many working elements and we are doing our best to get through it. We will give more updates at appropriate time intervals.

We appreciate both your patience and thoughtfulness during this difficult time for us, and we look forward to continuing business with all our ProX dealers and customers.

Sincerely,
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