



2012

You have three processing options. **Royal Fiber Spinnery** will take your entire clip, from the tip of the nose to the tip of the toes. We are committed to developing a product for each and every fiber you clip from the animal. If you have commitments for a portion of your fleece I would encourage you to meet those commitments and send us the balance. What we can't take are the burrs and other vegetable matter that will contaminate our equipment. Fiber determined to be unsuitable for processing will be returned to the grower at grower's expense. There will be a \$3.00 per pound sorting fee for fiber that is returned as unsuitable. Should fiber have to be returned the grower will be contacted and disposition will be determined and then a refund check will be cut less any sorting fees and shipping expense due. **We have learned that it is not cost effective for either of us to handle fiber from animals that are not shorn annually. Therefore beginning May 1, 2005 if you are not shearing annually please do not send your fiber it will have to be returned to you.**

Please review the safe harbor statement at the end of this document before you take on any risk.

[We have developed a process that allows us to extract from any batch of fiber the finest fiber, which is close to the international classification of baby Alpaca.](#)

OPTION 1) Processing as a stockholder in the company.

The building of a fiber market will require a huge investment in capital and time. Short of someone investing all the capital and then reaping the largest share of the rewards, we have a capital stock option. You can invest and be a part of the building of the fiber market. I will invest not only money but also my time; I will spend every waking hour developing a fiber market for US grown and processed Alpaca.

Shares of Royal Fiber Spinnery, Inc are available for \$1,000. What you get if you send in your clip and invest \$1,000 in the Spinnery is part ownership in the fastest growing processing mill in the US and 10 pounds of fiber processed each year for 5 years. That means you are getting an immediate 23% return on your investment. Any of your additional inventory requirements can be withdrawn at the normal \$23 processing charge less 10% or \$20.70. Because your herd grows numerically and is shorn annually and you will be incurring an ever increasing annual processing bill we ask that you commit to at least one share per year.

The balance of your clip will be processed and moved into the wholesale market. We have two individuals who do large yarn markets where we consign yarn to them. We are communicating with over 1000 yarn stores in the US and currently have wholesale relationships with a hundred retail stores.

We have committed to building the wholesale market for yarns to help you be less dependent on your own marketing efforts.

My estimated demand for Alpaca yarns is about 25 ton annually.

OPTION 2) Processing in our fiber pool for yarn to be returned to you.

In order to reduce the cost of processing we process in large lots. In some cases that might be 1,000 pounds.

Processing fees are \$23 per pound finished weight with no minimum contribution. A deposit of \$7 per pound will be charged when the fiber is placed into the pool the balance will be charged when yarn is withdrawn, we would like for you to withdraw your yarn prior to the next shearing. There will be an extra charge for fiber that is extra dirty or high vegetable matter content, this will be determined by Royal Fiber Spinnery at the time that the fiber is sorted for processing. Please send an inventory with your shipment so we have something to compare to when we weigh. Incoming fiber will be weighed at the mill and any difference will be either credited or debited to your account. Processing fees and Shipping fees MUST be paid at time of shipping or pick-up.

Pool processing experiences an average processing loss of 20% on the White fiber and 35% on the colored fiber. Your processing loss will be an estimate of the yarn product in the fiber. We are in the yarn business not the fiber clean-up business.

When you place fiber into the pool you may withdraw yarn in colors other than you contributed. This allows you to expand your store inventory beyond your own herd colors. The non-spin-able fiber can be sent to any other processor for use if you wish, just let us know the colors that you wish us to ship and the location.

The charge to withdraw your yarn credit from the pool is:

Royal Alpaca \$15 Per Pound; this results in a processing cost of \$23.00 per pound

Dyed yarn is an additional \$8 per pound.

As soon as your fiber is received, you will receive a credit based on the fiber that you contributed to the pool and you can begin withdrawing yarn.

We expect you to give us a selection of yarn colors and weights at the time you receive your deposit invoice. We will ship you your yarn either at that time or when the yarn is available. In most cases we will have yarn in inventory for immediate shipment. The balance should be shipped within 90 days. There will be no hold over from year to year.

OPTION 3) Trade your fiber for yarn.

In this case, you would send your fiber to us and we would then weigh and sort the fiber. A purchase order evaluating your fiber and using \$3.00 per pound net of the TARE for the White will be emailed to you. That amount would then be used to purchase yarn at the wholesale price. We currently have no market for the colored fiber beyond what our shareholders can supply.

OTHER INFORMATION)

We are proud to offer you an online e-commerce website that is linkable from your website. This will allow you to have the entire inventory of Royal Fiber Spinnery at your disposal. Should you decide to link to our website we will do fulfillment of product to your client with your return address and at the end of the month just send you a check. R Store (you say Our Store) is online now! If you would like your ranch to be linked to our website let me know. If you have your own online store and would like to use the pictures and descriptions of the yarn e-mail me and I will send you a database of each that you can upload to your store.

Should there be past due accounts we will charge 1.5% per month on the unpaid balance and \$.50 per pound storage.

Fiber received and invoiced for the deposit and the invoice is not paid within 30 days the fiber becomes property of Royal Fiber Spinnery, Inc

Please understand that this document started out on one page and it has grown to its current size because of experiences we have encountered and questions that have been asked.

I hope that this will answer some of your questions. Please feel free to contact me if you have further questions.

Safe Harbor Statement

The information contained in documents relating to the products and services of Royal Fiber Spinnery, Inc. contain forward-looking statements. Forward-looking statements include information concerning possible or assumed future results of operations, capital expenditures, the outcome of pending legal proceedings and claims, goals and objectives for future operations, including descriptions of the Company's business strategies and purchase commitments from customers, among other things. These statements are typically identified by words such as believe, anticipate, expect, plan, intend, estimate and similar expressions. Management bases these statements on particular assumptions made in light of industry experience, as well as Managements perception of historical trends, current conditions, expected future developments and other factors that Management believes are appropriate under the circumstances. These statements are not guarantees of performance or results and involve risks, uncertainties and assumptions. Although Management believes that these forward-looking statements are based on reasonable assumptions, many factors could affect the Company's actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements. These factors include, among other things, cyclical changes in the demand for some the Company's products; changes in pricing policies by the Company or its competitors; changes in the cost of labor, energy and other manufacturing costs; debt levels; the size and timing of significant orders; changes in operating expenses or the need for additional capital expenditures; changes in corporate strategy; and general economic conditions. In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking statements contained in any information

We would like to be your processor!

Rod Dakan
Royal Fiber Spinnery
518 Shaver Ave
Caldwell, ID 83605
208-779-7878
rdakan@royalspin.us

www.royalspin.us