Ameritek Ventures (ATVK)

Company Report – March 17, 2018

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Society is experiencing increasing amounts of data and information being placed into the hands of consumers. Smart phones, 5G, high speed internet, 4K video deliver more information than ever to the users. Home automation, vehicles, security systems are being connected to the internet and sharing information at increasing rates.

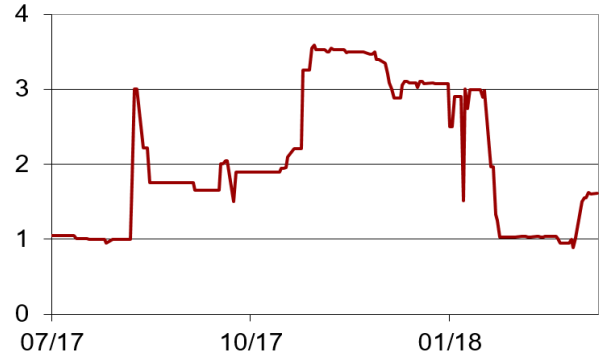
The preferred highway to transport video, voice and data are networks connected by optical fiber. Expanded data requirements drive the unprecedented growth of the optical fiber industry. This growth in the optical fiber market is limited by the supply of optical fiber. Ameritek Ventures' goal is to address this deficit.

In the first 4 to 5 years in production Ameritek aims to capture 5% of that underserved market. This represents revenues of $20 million by year two, growing to $50 million by year four with respective EBITDA of 35% and 40% in the United States alone.

We initiate coverage of Ameritek Ventures with a buy recommendation and a price target of $2.77, which is 72% above today's stock price.

- The Company's brand new design and technology hub in southwest Virginia will help execute its sustained growth and emergence strategy as a provider of high quality optical fiber preforms for the rapidly expanding Fiber Optic Cable worldwide market that in the past has been dominated by firms like Corning Incorporated, Shin-Etsu Chemical Co. Ltd., Prysmian SpA, Jiangsu Fasten Co. Ltd and Fujikura Ltd.

- Ameritek's management team has extensive experience in the development and improvement of existing machines and system and high volume manufacturing. That has enabled it to put the right process engineers together with the right equipment engineers to design the optimal system for manufacturing optical fiber preforms.



Market Data	
Price	$1.61
Sector	Telecommunications
52-Week Price Range	$0.61 - $3.60
Shares Issued (m)	27.04
Market Cap (m)	$43.53
Listings	ATVK (OTC)
Website	www.ameritekventures.com

THE COMPANY

Ameritek Ventures aims to become a leading manufacturer of high-quality optical fiber preforms for sale to the global telecommunications industry.

In order to take maximum advantage of this opportunity, the principles took control of Ameritek in June 2017 and changed Ameritek's business model. Initially, Ameritek was to be technology equipment manufacturer for the optical fiber industry. However, as the Company got to know the market better, it noticed a tremendous opportunity in producing preforms for that market, rather than simply manufacturing equipment.

Two months later, the Company entered into an Asset Purchase Agreement with its Chairman and CEO, Clinton L. Stokes to acquire fiber optic assets, which will be used to fabricate and assemble machines that will manufacture specialty optical fiber preforms. These preforms are the mainstay for fiber optic cable that is used in the telecommunications industry to transmit large amounts of data to and from communication towers for the Internet, cable television and telephone industries.

Preforms form the basis for specialized optical fiber production.

The machines will be integrated into a production line that will create 5 million kilometers (~3.1 million miles) per year of optical fiber preforms. Initial production is foreseen in the second half of 2019.

Ultimately, the Company has a goal of producing 20 million kilometers per year of optical fiber preforms at its Roanoke, Virginia facility.

The optical fiber industry is seeing tremendous growth. Most of that is being driven by increased demand for bandwidth, both from the network side and the customer side.

Mobile phone network providers are building out their infrastructure to provide better coverage and also to implement the transition from 4G technology to 5G. The latter especially requires increased data transfer, which subsequently increases the demand for optical fiber.

The transition from high definition TV to 4K TV again requires more data and increased bandwidth. In addition, customers demand higher speed internet all over the world, which further fuels demand for optical fiber.

Medical applications are also poised to witness a significant growth rate which is attributed to stringent regulations and standards being imposed by government regulating authorities and medical associations.

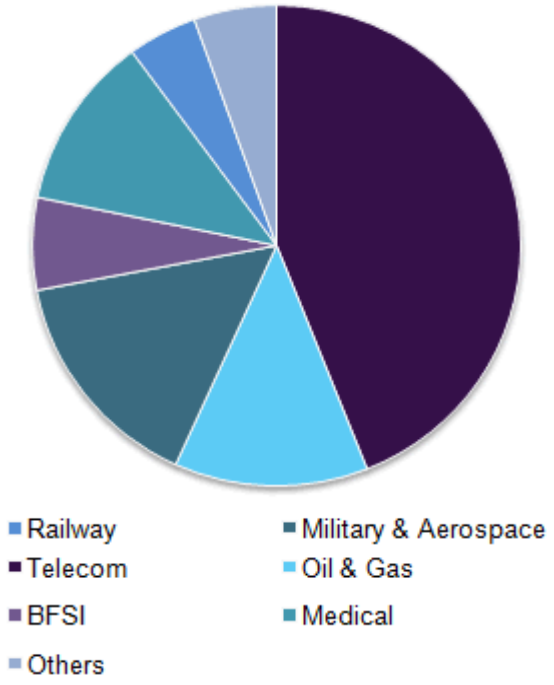
So, throughout the world, in both developed and developing countries, there's a tremendous demand for more information and data. The best medium today to transfer all that data from one point to the other is optical fiber.

All of this growth in the optical fiber market is limited however by the supply of optical fiber. This bottleneck is exactly what Ameritek is going to address. Due to the current monopolistic nature of the market, the Company's entry with a readily accepted product, will be welcomed.

Currently, the market value of optical fiber is $3 billion in revenue. This is projected to go up to $5 billion by the year 2021. In terms of tonnage of preforms, the global demand was about 13,500 tons in 2016, and is projected to increase to over 23,000 tons by 2021. To give an idea, 10,000 tons translates into more than 300 million kilometers of preforms!

Ameritek expects that within two years it will have revenues in excess of $20 million a year with an EBITDA margin of more than 35%. Within four years it expects revenue to pass $50 million a year with EBITDA margins to be greater than 40%.

The market is basically segmented into telecom, oil & gas, military & aerospace, BFSI (Banking, Financial services and Insurance), medical, railway, and other applications. The telecom application is the largest segment in terms of revenue and is anticipated to dominate the fiber optic application arena in terms of size by 2025.



Fiber optic market by application. Source: Grand View Research.

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OPTICAL FIBER

An optical fiber is a single, hair-fine filament drawn from molten silica glass. Generally, optical fiber is made by drawing a thin strand of glass from a specifically designed glass rod (called a preform). The fiber is then coated with a protective acrylate layer and tested for various properties.

Optical fibers serve multiple applications, from telecommunications, to medical and industrial.

Optical fiber is replacing metal wire (typically copper) as the transmission medium in high-speed, high-capacity communications systems by converting information into light, which is then transmitted via fiber optic cable.

Alexander Graham Bell, the American inventor best known for developing the telephone, first attempted to communicate using light around 1880. However, light wave communication did not become feasible until the mid-twentieth century, when advanced technology provided a transmission source, the laser, and an efficient medium, the optical fiber. The laser was invented in 1960 and, six years later, researchers in England discovered that silica glass fibers would carry light waves without significant attenuation, or loss of signal. In 1970, a new type of laser was developed, and the first optical fiber was produced commercially.

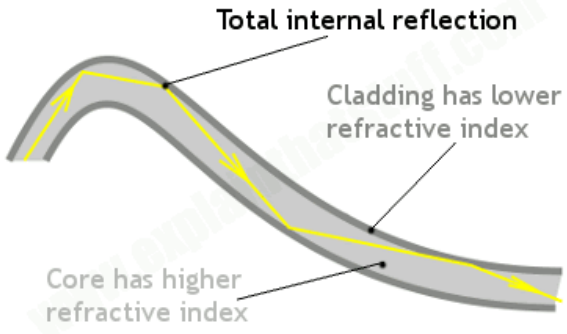
Optical fiber is composed primarily of silicon dioxide (SiO_2), though minute amounts of other chemicals are often added. Other chemical compounds such as germanium tetrachloride ($GeCl_4$) and phosphorus oxychloride ($POCl_3$) can be used to produce core fibers and outer shells, or claddings, with function-specific optical properties.

How Does Optical Fiber Work?

Optical fiber consists of a light guiding core and a cladding. Because the core and the

cladding are constructed of slightly differing materials, light travels through them at different speeds. As a light wave traveling in the fiber core reaches the boundary between the core and cladding, these compositional differences between the two cause the light wave to bend back into the core. Thus, as a pulse of light travels through optical fiber, it is constantly bouncing away from the cladding.

A pulse moves through the optical fiber at the speed of light—186,290 miles per second (299,340 kilometers per second) in a vacuum, somewhat slower in practice—losing energy only because of impurities in the glass and because of energy absorption by irregularities in the glass structure.



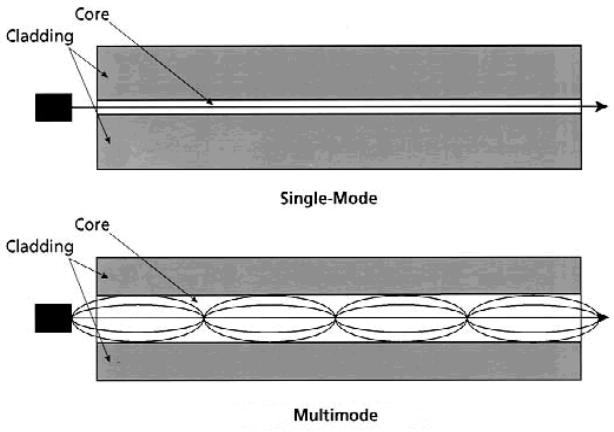
The core of the optical fiber must have an increased refractive index compared to the surrounding cladding, so that the light is internally reflected, and therefore guided along the length of the fiber.

Energy losses (attenuation) in optical fiber are measured in terms of loss (in decibels, a unit of energy) per distance of fiber. Typically, optical fiber has losses as low as 0.2 decibels per kilometer, meaning that after a certain distance the signal becomes weak and must be strengthened, or repeated. With current datalink technology, laser signal repeaters are necessary about every 30 kilometers (18.5 miles) in a long-distance cable. However, on-going research in optical material purity is aimed at extending the distance between repeaters of optical fiber up to 100 kilometers (62 miles).

In a fiber optic communications system, cables made of optical fiber connect datalinks that contain lasers and light detectors. To transmit information, a datalink converts an analog electronic signal—a telephone conversation or the output of a video camera - into digital pulses of laser light. These travel through the optical fiber to another datalink, where a light detector reconverts them into an electronic signal.

Types

There are two main types of optical fiber: single-mode and multimode. In a single-mode fiber, the core is smaller, typically 10 micrometers (a micrometer is one-millionth of a meter) in diameter, and the cladding is 100 micrometers in diameter. A single-mode fiber is used to carry just one light wave over very long distances. Bundles of single-mode optical fibers are used in long-distance telephone lines and undersea cables. A single-mode fiber offers lower power loss in comparison to its multimode and plastic optic counterparts. However, it is costlier than multimode and plastic optical fibers.



Both types of fiber are composed of only two basic concentric glass structures: the core, which carries the light signals, and the cladding, which traps the light in the core.

Multimode optical fiber, which has a core diameter of 50 micrometers and a cladding diameter of 125 micrometers, can carry hundreds of separate light wave signals over shorter distances. This type of fiber is used in urban systems where many signals must be carried to central switching stations for distribution.

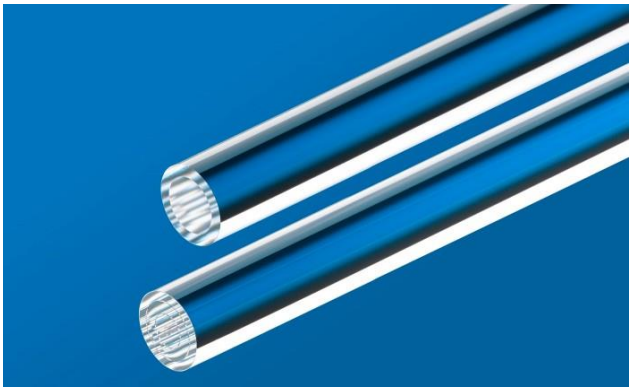
While optical fiber is often used in telecommunications, it also serves a multitude of other applications such as spectroscopy and medical.

Manufacturing the Preform & Fiber

There are two main steps in the process of converting raw materials into optical fiber ready to be shipped:

- Manufacturing of the pure glass preform, and
- Drawing of the preform.

A preform is basically nothing more than a bigger solid version of a fiber. The fiber is drawn from the preform and should have all the properties the preform had.



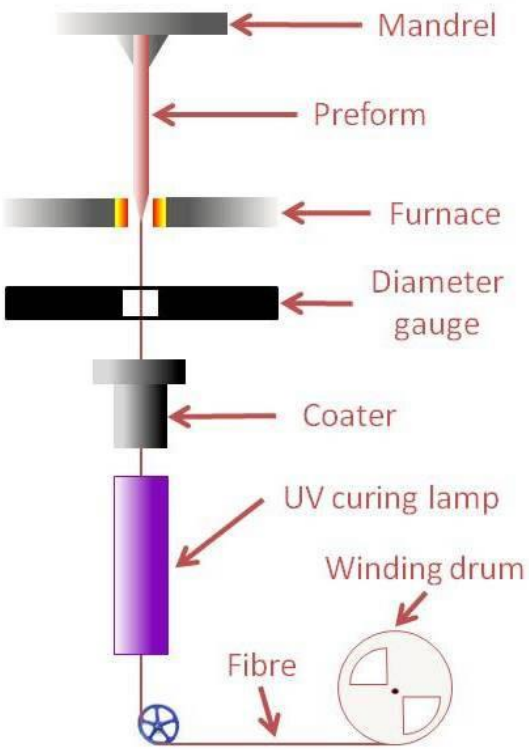
The minimum requirement of a preform is, that its center, that later forms the core of the fiber, is made of a glass that has a higher refractive index than the glass that makes up the cladding.

The first step in manufacturing glass optical fiber.. is to make a solid glass rod, known as a preform.

The core composition of all standard communication fiber consists primarily of silica, with varying amounts of Germania added to increase the fiber's refractive index to the desired level. Single-mode fiber typically have only small amounts of Germania and have a uniform composition within the core. Multimode fiber typically has a much higher refractive index, and therefore much higher Germania content.

Although there are several methods used to manufacture preforms, typically the highly controlled mixture of chemicals described above is passed through the inside of a rotating glass tube made of pure synthetic SiO_2.

The pure silica tube is mounted on a lathe equipped with a special heat torch. As the gasses flow inside the tube, they react to the heat by forming solid submicron particles, called "soot," in the vicinity of the heat zone. Once the soot is formed, it is deposited on the inner wall of the tube. As the burner traverses over the deposited soot, the heat transforms these solid white particles into pure, transparent glass, in a process called vitrification. The deposited material will form the core region of the optical fiber.



The draw tower can be as high as 30m and consists of a holding and feeding mechanism for the preform, a furnace, measurement devices, a coating apparatus, curing light sources and a take up spool.

The next step in the process of producing optical fiber is to convert the manufactured preform into a hair-thin fiber. This is done in an operation called fiber draw. The tip of the preform is lowered into a high-purity graphite furnace. Pure gasses are injected into the furnace to provide a clean and conductive atmosphere. In the furnace, tightly controlled temperatures approaching 1900°C soften the tip of the preform. Once the softening point of the preform tip is reached, gravity takes over and allows a molten gob to "free fall" until it has been stretched into a thin strand.

The operator threads this strand of fiber through a series of coating dies, and the

drawing process begins. The fiber is pulled by a tractor belt situated at the bottom of the draw tower and then wound on winding drums. During the draw, the preform is heated at the optimum temperature to achieve an ideal drawing tension. While the speed of the fiber draw depends on the preform, fiber type and available equipment, it can be a few meters per minute up to 2500 meters per minute.

Finally, a two-layer protective coating is applied to the fiber - a soft inner coating and a hard outer coating, which provide mechanical protection for handling while also protecting the pristine surface of the fiber from harsh environments.

A video explaining the entire process very well can be found at: https://www.youtube.com/watch?v=u1DRrAhQJtM&t

INDUSTRY LANDSCAPE

The current market value of the optical fiber industry is $3 billion US dollars and is projected to grow to over $5 billion US dollars by 2021. In terms of tonnage of preforms, the global demand was about 13,500 tons in 2016, and is projected to increase to over 23,000 tons by 2021, which translates into a growth of more than 300 million kilometers of preforms!

This strong growth is fueled by solid end-user demand. The growth of upcoming technologies, more popularly referred to as SMAC (Social, Mobility, Analytics and Cloud) demands for higher bandwidth cables. The capabilities of existing legacy copper wire cables absolutely doesn't match with the requirements of these technologies.

There are only a handful of preform and optical fiber manufacturers at the moment, such as Shin-Etsu, Corning, Nextrom and Prysmian, leaving the market in an oligopoly situation. The main culprit for this is that the optical fiber preform technology is very difficult to build. Ameritek however, has secured technology that is capable of producing preforms that can compete with the other manufacturers on the basis of cost and quality. Because there is such high demand, Ameritek's preforms don't have to be better or cheaper than the existing products on the market.

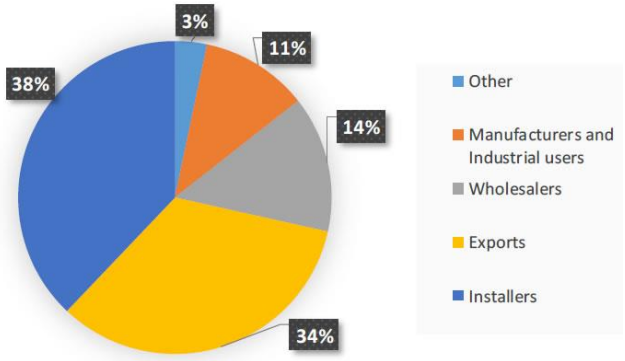
Another result of the scarcity of the product is that price increases have occurred during the past few years. Prior to 2016, the price for finished fiber was relatively soft at about $9 per kilometer. Today, prices are in excess of $10 per kilometer, and have even been as high as $11.50. It's also important to note that about 70% of profits made in the optical fiber industry are made in the area of preforms, Ameritek's core product.

AMERITEK'S OPPORTUNITY

Ameritek has a golden opportunity to benefit from this situation. It can reach its target market, fiber optic cable manufacturers, via two methods:

- Sell preforms on the open market at the market rate, and
- Sell preforms directly to cable manufacturers.

The Company is in advanced negotiations to supply fiber optic preforms to many companies around the world, including the Swedish networking and telecommunications giant Ericsson.



Market segmentation of Ameritek's potential customers.

In order to execute on its plans, Ameritek acquired the necessary technology and equipment, and developed a business plan with a goal to manufacture 20 million kilometers (~12.7 million miles) of preforms per year. The Company right now is building the infrastructure to make all that happen.

Only a few weeks ago, Ameritek announced that the preform manufacturing "Concept" Design Work had been completed, and that it was ready to push forward to the specific design of each of the individual components of the preform production process at its Roanoke, VA manufacturing facility.

Machine and facility design is scheduled to begin during the month of April. Equipment fabrication and assembly for its first 5 million km/year optical fiber preform production line is planned to begin early third quarter of 2018.

Clinton Stokes III, Ameritek's Chief Executive Officer, said, "We are confident that our technology will produce preforms that can compete with the largest manufacturers in the world on the basis of cost and quality, enabling Ameritek to participate in an industry with high margins, few competitors, and a solid outlook for future growth."

FINANCIALS

Balance Sheet as of November 30, 2017

	11/30/17	
Cash and Cash Eq.	167	-
Cash in Escrow	12,385	-
Total Current Assets	13,073	-
Equipment	100,000	-
Total Assets	**113,073**	**-**
Account Payable	29,086	
Convertible Note	129,000	
Total Current Liabilities	**232,827**	
Total Stockholder Deficit	119,754	

Selected balance sheet data for November 30, 2017. Source: Company Filings

As of November 30, 2017, Ameritek had $167 in cash and cash equivalents, $12,385 of cash held in escrow, $521 in deposits for total current assets of $13,073. Also, as of November 30, 2017, Ameritek had total current liabilities of $232,827. Ameritek did not generate any revenues in 2017 due to fact that the business model of Ameritek was redirected from selling process equipment to selling Preforms made by Ameritek's equipment. This was done because selling preforms is a much more profitable business than selling process equipment and it provides protection of Ameritek's intellectual property.

It's clear to see from the numbers above that the Company is in full start-up mode. We expect to see a significant improvement soon, as the management intends to raise funds through equity/debt financing to execute its exciting plans.

OUTLOOK & VALUATION

Society is experiencing increasing amounts of data and information being placed into the hands of consumers. Smart phones, 5G, high speed internet, 4K video deliver more information than ever to the users. Home automation, vehicles, security systems are being connected to the internet and sharing information at increasing rates.

The preferred highway to transport video, voice and data are networks connected by optical fiber. Expanded data requirements drive the unprecedented growth of the optical fiber industry. This growth in the optical fiber market is limited by the supply of optical fiber.

Ameritek Ventures' goal is to address this deficit. Its new production line in southwest Virginia represents the first phase of a planned 20 million km/year preform manufacturing facility. The Company's brand new design and technology hub will help execute the Company's sustained growth and emergence strategy as a provider of high quality optical fiber preforms for the rapidly expanding Fiber Optic Cable worldwide market that in the past has been dominated by firms like Corning Incorporated, Shin-Etsu Chemical Co. Ltd., Prysmian SpA, Jiangsu Fasten Co. Ltd and Fujikura Ltd.

In the first 4 to 5 years in production Ameritek aims to capture 5% of that underserved market. This represents revenues of $20 million by year two, growing to $50 million by year four with respective EBITDA of 35% and 40% in the United States alone.

Worldwide growth via Joint Venture projects in emerging nations will allow for exponential growth while preserving capital.

The Company's management team has extensive experience in the development and improvement of existing machines and system and high volume manufacturing. That has enabled it to put the right process engineers together with the right equipment engineers to design the optimal system for manufacturing optical fiber preforms.

Ameritek will use standard processes, statistical process controls, mass production techniques and fundamental optical fiber manufacturing techniques to achieve a complete system that operates at a high level of efficiency, is highly repeatable and consistent in terms of good quality. All of this, makes it perfectly suited to capture a reasonable market share.

Valuation

Given the emerging nature of Ameritek's sales and earnings, a multiple-based valuation is not possible. Instead, we apply a Discounted Cash Flow (DCF) model.

Based on our estimate of 38.96 million shares outstanding, the intrinsic value of Ameritek's shares derived from our model is $2.77.

Consequently, we initiate coverage of Ameritek Ventures with a buy recommendation and a price target of $2.77, which is 72% above today's stock price.

SHARE DATA & OWNERSHIP

As of January 22, 2018, Ameritek had approximately 27.04 million common shares outstanding. The Company has not issued any options or warrants or similar securities since its inception.

The Company does have 119,200 preferred shares outstanding, which can be converted at the ratio of one hundred (100) shares of common stock for every one (1) share of the preferred stock. However, the conversion is limited whereby the beneficial owner cannot own in excess of 4.9% of the shares of the common stock outstanding immediately after giving effect to such conversion.

The principal owners of the Company's common stock are Clinton L. Stokes (73.0%), Mark Cole (18.8%), and Hal B. Heyer (5.5%).

MANAGEMENT

- **CLINTON L. STOKES – President & CEO**

Clinton Stokes is responsible for overseeing all aspects of the Ameritek Ventures business with a specific focus on developing Ameritek's infrastructure and intellectual property to position the company as a global leader in the manufacture and production of Optical Fiber Preforms and the associated Technology. Clinton comes to Ameritek with a diverse background, including scaling business in large, highly competitive industries to quickly and profitably grow market share. His multi-sector experience and proven ability to effectively compete with large, well-capitalized competitors will serve Ameritek well. Mr. Stokes unique combination of scaling large sector businesses and hands-on management expertise will be invaluable to Ameritek's anticipated growth. Clinton received his degree from Cal State Northridge.

- **KENNETH P. MAYEAUX – Vice President Operations**

Kenneth P. Mayeaux holds a Bachelor of Science in Analytical Management from the U.S. Naval Academy at Annapolis, MD and served as a U.S. Naval Officer in engineering, operations and logistics positions for over six years. Following his naval service, Mr. Mayeaux completed advanced business training at Louisiana State University and attended various Sales and Consulting training courses throughout his career. In his capacity as the VP of Operations for Ameritek Ventures, Mr. Mayeaux brings his extensive plant operations, financial expertise, and management expertise to the company management team.

- **WESLEY POFF – Head of Technology**

Wesley Poff holds a Bachelor of Science in Mechanical Engineering from Virginia Military

Institute. Wesley also holds a Master of Business Administration from Virginia Polytechnic Institute. In 1992, he began his work in the field of optical fiber with ALCATEL Telecommunications. He worked with ALCATEL from June 1992 until February 1998. From 1998 to 2017, he worked as consultant regarding optical fiber preform production for: Modified Chemical Vapor Deposition, Plasma Chemical Vapor Deposition, Furnace Chemical Vapor Deposition, Vapor Axial-Phase Deposition, and Outside Vapor Deposition. He has worked in factories in many different countries including the USA, India, Japan, China, Korea, France, Germany, Switzerland and Brazil.

- **JAMIE MAYEAUX – Controller**

Jamie Mayeaux holds a BA from the University of South Florida in accounting and finance. Throughout her business career, Jamie has owned and managed several successful privately held businesses, including real estate brokerages, an equipment leasing company, a multi-specialty health clinic and a financial consulting business. Jamie is adept at identifying and structuring complex domestic and international financial transactions and sourcing and creating investment opportunities using her extensive financial resources.

OTC: ATVK

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