Solutient Technologies, LLC

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December 29, 2005

Mr. David White
METALLURG VANANDIUM
P.O. Box 310
Cambridge, OH 43725

Subject: Status Report; East Slag Pile Alternative Disposition Activities

Dear Dave,

As you are aware, Solutient has been seeking alternative outlets for disposition of the East Slag material located at the Cambridge, Ohio facility. The following information is to provide you with the latest activity since our most recent report of activities to you for the period of July 1, 2005 thru September 30, 2005.

Our previous report highlighted two potential 'legitimate' areas of focus. The following report summarizes activities of those areas since September 30, 2005:

1. **National Slag Association**
Solutient had suggested that Metallurg Vanadium attend the October 2005 annualconference of members with the intent of possibly presenting a white paper on the east slag material as well as interface with various members regarding other outlets for slag currently produced at the Cambridge facility. After telephone conversations regarding this, our understanding was that future contact with and/or attendance at the NSA meeting would be coordinated directly by Metallurg personnel, and subsequently, Solutient discontinued it's efforts in this area.

2. **New Orleans Levy Reconstruction (Hurricane Katrina Devastation)**
Our last report highlighted initial fact-finding and activities on determining viable contacts, i.e.; federal contracts representatives, prime and potential sub-contractors conducting levee repair and reconstruction activities as well as research into federal emergency response budgets specifically geared towards levy activities. It was suggested at the time by *Dennis Sybil, US Army Corps of Engineers, St. Louis District*, that we wait until December 2005 timeframe, at which time smaller contracts will begin to be awarded and contact with those contract awardees can be pursued directly.

In response to this, our research over the last few weeks has verified that contracts are beginning to be awarded for ***levee repair and construction activities***. As the contract information below will indicate, the contract values are relatively small, and we believe the intent is to initially spread out as much non-emergency work to as many localized small businesses capable of doing the work. The following information can be obtained by accessing the US Army Corps of Engineers website at www.usace.army.mil :

Contract Number: W912P8-06-C-0060
Type of Award: Firm Fixed Price
Award Date: December 2, 2005
Value: $5,586,000
Awardee: Dean Equipment, Inc.
2240 Peters Road
Harvey, LA 70058
Phone: (504) 367-3100
POC: Reynold Thompson

Contract Number: W912P8-06-C-0065
Type of Award: Firm Fixed Price 8(a)
Award Date: December 13, 2005
Value: $1,035,754
Awardee: Sourthern Svcs & Equip.
321 Bayou Road
St. Bernard, LA 70085
Phone: (504) 416-3708
POC:

Contract Number: W912P8-06-C-0059
Type of Award: Firm Fixed Price
Award Date: December 2, 2005
Value: $7,879,957
Awardee: Shaw Environmental
4171 Essen Lane
Baton Rouge LA 70809
Phone: (225) 932-2500 x6821
POC:

Contract Number: W912P8-06-C-0064
Type of Award: 8(a) Sole Source
Award Date: December 13, 2005
Value: $927,600
Awardee: Purnell Construction
PO Box 2702
Baton Rouge, LA 70821
Phone: (225) 343-1888
POC:

There are several other contracts scheduled for award during the first quarter of 2006 and recently the federal government announced a $1.3 billion effort towards levee reconstruction in and around the New Orleans region.

It should be noted that a comprehensive analysis was conducted to determine exactly what happened in the flood protection system during the hurricane and was part of a Interagency Performance Evaluation Task Force (IPET) headed by the USACE. Although their findings are not due to be reported until June 2006, their discoveries are already influencing how emergency and non-emergency repair activities are performed. Nonetheless, it is our opinion that the bulk of spending and work associated with the majority of levee work will not occur until the findings of the task force are officially released.

However, now that we are identifying contractors, the next step is to contact them all to determine each respective contractors' scope and applicability and us of slag material with each contract. We would then obtain the necessary regulatory authorizations for use as levee material. Lastly, financial and logistics arrangements would be necessary to relocate the material from Cambridge to the local New Orleans area.

USACE Contact(s)

Solutient has contacted and spoken with various staff of the USACE New Orleans District offices regarding contracting and technical matters involving the east slag pile material. Most recently we have spoken with:

Diane Allen, Chief Policy Branch (Contracts)
(504) 862-1120

Mark Gonski, Engineering (clays and berm work)
(504) 862-2669

Don Rawson, Engineering (rock and stone)
(504) 862-2952

Don Rawson appears to be the individual with specific engineering and capturing responsibility of raw material similar to east slag material for levee work. He had indicated the need for approximately 290 ton of material in the short term but was hesitant to commit regarding Metallurg material on a number of counts. They are:

- Cost; the Corps does not want to pay for transportation costs from Ohio when he can get similar material from another state at ½ the cost.
- Chemical Properties; He desires pictures and any analytical that we have on the material before a determination can be made.

Mr. Rawson did indicate that he has adequate space to store all the material at a local facility provided arrangements were made for his receipt of the material and remains open to the idea of discussing its use. We will work with Mr. Rawson over the next week to get him what he needs to make a swift decision on the material.

Conclusion
As discussed during our telephone conversations, the whole issue regarding the offsite disposition of your material for post-hurricane reconstruction efforts in the New Orleans region is timing. Approvals and use of the east slag material at the contract level needs to be initiated with the contract awardees for their determination based on their respective contract and scope of work/deliverables. All contracts are less than three (3) weeks old and we anticipate another five (5) or six (6) contracts being awarded over the next few months. We will also need to work with USACE engineering personnel to determine that it meets specifications for their use now that some of these specifications have changed.

In order to properly determine the viability and acceptance of your material for use at the contract level, it would involve the contacting and coordination with most if not all contract awardees to ensure optimum results. This will invariably take another two (2) to three (3) months to adequately make a final determination. The influx and changes in personnel at USACE has contributed to some of our inability to get definitive answers over the last few months. As contracting, technical requirements and budgets are settling down, we are getting a clearer understanding of what we may need to do to obtain offsite uses in support of Katrina operations.

Sincerely,

SOLUTIENT TECHNOLOGIES, LLC

Mr. John Kowal

Cc: S Pocock
File

Solutient Technologies, LLC

Shieldalloy
East Slag Pile Disposition
Interim Report

1.0 Introduction

Solutient Technologies is currently investigating possible uses for the material that comprises the East Slag Pile at the Shieldalloy facility in Cambridge, Ohio. The slag material has residual radiation in excess of background that adds to the difficulty in locating commercial outlets willing to accept the material. Were it not for the residual radiation, its most likely use would be as an ingredient in the steel making process. Unfortunately, a recent melting of a radioactive source in the steel making industry has made radiation a "hot button" issue at all domestic steel mills. However, other possible uses for the material are continually being investigated.

2.0 Action Plan

The current action plan is to investigate all known possible uses for the slag material. Shieldalloy has provided historical metallurgical, chemical, and radiological data to Solutient to assist in determining commercially-accepted disposition paths for the material. Solutient is analyzing all the analytical data and using that knowledge to prioritize and narrow the search for potential return of the material back into industry. Solutient has, and will continue to work closely with Shieldalloy to determine the best disposition for the material.

3.0 Investigation

Solutient continues to investigate any and all reasonable domestic and international uses for this material. Over the past year, Solutient has looked into several options and are continuing their efforts in those areas. Although Solutient is also investigating other options as well, their most recent efforts include:

3.1 Road-base

It was determined that slag material would be an excellent material for road-base due to its physical nature. Therefore, Solutient contacted major construction contractors and state radiation protection personnel to determine the viability of utilizing this material as a raw material in portland cement manufacturing and as an additive to asphalt mixes. It was concluded that due to the residual radioactivity in the material, combined with the political climate (post-911 era), that it was not conducive to its use in and around the general public. Solutient has recently contacted the National Slag Association (NSA) regarding the material and discussions will continue in 2005 to educate and "brainstorm" with decision makers on possible uses in the industry.

3.2 Ornamental Landscape

Under normal circumstances, the material has a potential use for ornamental landscape purposes. Therefore, Solutient contacted a major landscape specialist in Florida just prior to the hurricanes that occurred in the fall of 2004. At that time there was some interest in the material. The landscape specialist who was conferred with was planning to discuss the issue with their legal consul and the State of Florida as part of their fact-finding process. Unfortunately, the multiple hurricanes damaged and disrupted the business, altering their planning and priorities to the rebuilding efforts. Solutient has been asked to 'table' the effort until the rebuilding is complete. No timetable is available at this time.

3.3 Steel Mills - Foreign and Domestic

This material is best suited as an ingredient in the steel producing process. It has a definable value and is routinely used in steel production. As a result, the bulk of Solutient's efforts to date have involved making contact with various domestic steel mills to inquire whether there is interest in the material. While there is some interest, the radiological concerns continue to be problematic and Solutient is initiating new efforts with various organizations, i.e.; American Iron & Steel Institute (AISI), Institute of Scrap Recycling Industries (ISRI), to seek assistance in those areas.

Solutient is currently investigating foreign steel producers to determine their interest in the material. The current demand for building supplies to support massive construction in China may be a benefit with regard to disposition. This consideration only came to light in December of 2004 and is therefore only in the discussion and planning stages.

3.4 Artificial Reef

In the wake of the devastation caused by four major hurricanes in Florida during the fall of 2004, an effort was made to investigate the use of the material as an artificial reef. The Army Corps of Engineers operating in Sarasota County, Florida were tasked with reef reconstruction. Tens of millions of dollars were allocated for the effort. Solutient discussed the requirements for reef material with representatives from Sarasota County. Unfortunately the size of the slag material was considered much too small for this use. This does not preclude the material from use as an artificial reef in other areas of the country where the specifications are not as restrictive. This investigative effort will continue as warranted.

4.0 Near Term Outlook

Solutient is continuing their efforts towards prioritization in locating an appropriate disposition path for the East Slag Pile. The near term focus will be to continue the investigation for use as an ingredient in the steel making process as well as their continued dialogue with organizations identified and where negotiations are ongoing. This will include both domestic and international opportunities.

5.0 Summary

As expected, the single objection with the material has, and will continue to be the residual radioactivity associated with the material. What has been determined though is that some interest in the material exists within a small percentage of those contacted, and we are hopeful that continued efforts and negotiations with willing participants may surface an acceptable use for the material We remain confident that possible areas for use in ornamental landscape material, reef reconstruction, with the majority of our optimism in the steel making industry . Although most domestic steel makers are reluctant to use this product with respect to it's radioactivity now, foreign steel makers have demonstrated a more aggressive position for the use of the material. Solutient has in our opinion, looked into both routine as well as innovative ideas for alternate use of the material and will continue to work along those lines.