

The July 5th and July 6th editions of the American Metal Market reported that the “Congressional Steel Caucus,” a subset of legislators organized since the 1977 era by steel industry lobbyists and managements, have requested the Committee on Foreign Investment in the U.S. to critically review the agreement for Anshan Steel to own 15% of Steel Development Co., LLC’s first 350,000 ton rebar micromill.

We are good friends with John Correnti, whose partner Herb Fastert spoke last November 18th at one of our conferences.

We have attached a “letter to the editors” we submitted this morning to the American Metal Market in support of Steel Development Co., LLC for your convenience. We have attached two spreadsheet tables from our prior August 6, 2009 research report on Steel Development Co., LLC that we wrote after visiting John in Mississippi last summer.

LETTER CONCERNING STEEL CAUCUS OBJECTIONS TO STEEL DEVELOPMENT CO., LLC

First, Steel Development Co., LLC will buy “off the shelf” continuous rolling technology from Danieli very similar, if not identical, to Commercial Metals micromill built near Mesa, AZ. Anshan Steel or any Chinese entity could place a direct order from Italy’s Danieli, which claims to have supplied the majority of bar minimills over the past half century. Chinese steelmakers have been the largest buyers of steel mill machinery over the past decade. Danieli, SMS Siemag A.G., Fuchs, Voest Alpine or other steel machinery suppliers routinely provide software, operating systems and training.

Regulatory rejection of the proposed Amory, MS mill will not halt technology transfer to China, but it will obstruct new technology flows into the U.S.A. There is a distinct possibility that Chinese steelmakers, having increased steel output by 525 million metric tonnes since 2000, accumulated proprietary knowledge from operating over thirty times more brand new equipment than ran in the U.S. in the past decade. There is opportunity for technology transfer from China into the U.S.A. both from Anshan’s investment in Steel Development Co., LLC and Tianjin Pipe’s \$1 billion mill proposed in Texas. After all, few such plants have been built in the U.S.A. prior to 2010 since the 1981 Jackson, Tennessee mill built by Florida Steel now owned by Gerdau and U.S. Steel’s Fairfield, AL seamless works started up in 1984.

Second and most important, Anshan Steel and Tianjin Pipe’s steel mill investments will create jobs in the U.S.A., generate tax revenue at a time of record government budget deficits, reduce welfare outlays via job generation, directly increase real GDP by \$250 mm and \$1,000 mm, respectively, and improve the U.S. balance of trade by equal amounts. It is likely that such steel plants indirectly generate up to ten times as much employment and GDP via their beneficial impacts on employees, suppliers, customers and communities that multiply several fold. Our policymakers should embrace and encourage such outlays during the current economic malaise.

Third, China's treasury and companies hold many dollars, and prudent economics dictates that they put those dollars to work. Job-creating steel factories are a better option than buying treasury bonds to fund often foolhardy U.S. federal deficits, buying gold bullion, shifting reserves into yen or clamoring for a new reserve currency.

Fourth, Peter Brebach's July 6th letter published in the AMM suggested the true authors of the objections to Steel Development Co., LLC are the domestic steel industry. Favoritism of existing private corporations and a restraint of new entrants appear to be motives of the Congressional Steel Caucus, existing steelmakers, their trade associations and associated complaints to the CFIUS. Our government has no legitimate role in intervening in pro-competitive business formations or private disputes. The past half century's histories of the U.S. auto and steel industries ended in many failures despite many waves of government financial support, trade protections or other interventions. In my opinion, more free competition best strengthens the U.S. industrial base.

Table 1: Estimated Steel Development Company Capacity in "Gradual Mode" (000 tons)

Rebar	2012	2013	2014	2015	2016	2017	2018	2019	2020
Armory, MS	330	330	330	330	330	330	330	330	330
Niagara Falls, NY			330	330	330	330	330	330	330
#3 like Denver, CO					330	330	330	330	330
#4 like Springfield, MA							330	330	330
Sheets									
Phase 1				1700	1700	1700	1700	1700	1700
Phase 2						1700	1700	1700	1700
Total Capacity	330	330	660	2360	2690	4390	4720	4720	4720

Table 2: Estimated Capital Needs in 2007 Dollars (\$ Mil.)

PPE Mill Capital	\$149	\$149	\$297	\$1,547	\$1,696	\$2,196	\$2,311	\$2,311	\$2,311
Working Capital	\$20	\$20	\$40	\$142	\$161	\$263	\$283	\$283	\$283
PPE Raw Materials	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital	\$168	\$168	\$337	\$1,689	\$1,857	\$2,459	\$2,594	\$2,594	\$2,594
Initial Equity Capital	50		100	200					
Retained Profits		\$5	\$5	\$10	\$35	\$81	\$176	\$189	\$189
Total Equity	\$50	\$55	\$160	\$370	\$405	\$486	\$662	\$850	\$1,039
Total Debt	\$118	\$113	\$177	\$1,319	\$1,452	\$1,973	\$1,933	\$1,744	\$1,555
Equity as Pct. Total	29.7%	32.7%	47.5%	21.9%	21.8%	19.8%	25.5%	32.8%	40.1%
New Cap Ex /t	450		450	735	450	294	450		
Net Profit /t		15	15	15	15	30	40	40	40

Source: John Tumazos Very Independent Research, LLC

Faithfully,

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CERTIFICATION OF OUR RESEARCH OPINIONS

I, John Tumazos, certify that the opinions written in all research reports are my own. I believe what we write, and from time to time I may buy or sell the shares we recommend after a 48 hour delay after publishing our reports following the advice we give. Further, I personally proofread and “click the pdf button” on virtually every report we publish except sometimes when I am abroad.

It is my management policy that any employee is welcome and encouraged to disagree with me at any time. We have active and vigorous internal debates concerning appropriate discount rates or long-term terminal growth rates to use in net present value valuations or other analytical issues. My team realizes that customers want to pay for my 30+ years of experience, but I encourage them to disagree, correct or provoke debate concerning any view to improve the quality our work.

DEFINITION OF A RESEARCH OPINION

We have target prices, investment ratings, earnings estimates and financial models for about 35 to 40 companies upon which we maintain regular research coverage.

The legal or regulatory definition of research, however, is more broad. Regulators consider any written or editorial commentary about a stock or publicly traded company to be “research.”

From time-to-time we visit very large, important global companies outside our research coverage. Our objective may be to be well informed about industry events, predict future mine output or “supply” in a particular market or to begin to learn about a complex company to begin future full research. We may need to learn and become familiar to provide inputs to our financial models. In May 2008 we published a partial report on Xstrata after visiting two of its mines in South America. In November 2008 we published a partial report summarizing our visits to the London headquarters of Xstrata and Anglo-American outside our coverage as well as Rio Tinto and Antofagasta PLC within our full coverage. In August 2009 we published two research reports on Severstal after visiting its Columbus, MS newest steel plant a second time. These “partial” reports contained no price target, investment rating, earnings estimates or financial models. Instead, they provided detailed descriptions of the important locations we visited or meetings in headquarters.

We provide research about commodities markets in general, “seminar highlights” on up to another 75 companies we host annually at our conferences outside our regular full

research coverage and “partial reports.” We have no price target, written investment opinion, earnings estimates or financial models (production, incomes statement, cash flow or balance sheet simulations) of such companies outside our coverage that speak at our March or November conferences. Any viewpoint we have without complete financial models or careful financial analysis is “winging it.”

Our intent in writing Seminar Highlights is to provide a one page written summary of each seminar participant company’s presentation. We provide live open, public, unrestricted webcasts of each such corporate presentation at our conferences as a courtesy to each participating company, and archive each webcast under the “conferences” tab of www.veryindependentresearch.com.

Our clients should not automatically consider our invitation of a company to speak at our future conferences as a “Buy Recommendation” or complete endorsement. We may not have visited the mines or assets of some of these companies. Occasionally we invite a company to speak to learn more about them as a stage in our learning process. Knight Capital Group co-hosted our November 18-19, 2009 industry conference, providing us with “more hands” to administer the event and share costs. Knight Capital Group invited a company to speak as well. We have been approached by other broker-dealers interested in sponsoring or co-hosting our conferences, and our small team may accept help in hosting 275 or so guests at such a program.

ORGANIZATION OF JTVIR

John Tumazos Very Independent Research, LLC (JTVIR) is organized as an investment advisor in the State of New Jersey and regulated by the NJ Bureau of Securities. We publish about 20 research reports each month covering about 35 to 40 stocks in the metals commodities markets, forest products, aluminum, steel, gold, copper and other mining sectors. We travel abroad or domestically typically each month visiting companies. We host two Metals Conferences each year in which companies make presentations, which are archived for roughly one year at www.veryindependentresearch.com under the “conferences” tab.

Currently we have over 40 paid clients in the U.S., Canada, U.K., and Bermuda. Three of our clients have engaged us to write “custom studies” on pre-production mining stocks without any U.S. or global research coverage, including Skye Resources (an 11 bil lb nickel resource in Guatemala), Mercator Minerals (a copper-moly restart in Arizona) and JSW Steel’s 70%-owned Minera Santa Fe (48 sq km undrilled magnetic anomaly and associated iron ore properties in 3rd Region of Chile).

JTVIO

John Tumazos Very Independent Opinions, LLC (JTVIO) is a separate company providing various services “other than” investment research sold to institutions in JTVIR. Counsel advised any other activities be organized separately.

Such other activities have involved < 5% of our time.

In general, we may provide investment banking or advisory services mostly to sub-\$100 mm mining companies that have defined a “deposit,” but need more capital after a discovery for infill drilling, bulk metallurgical testing, definitive feasibility study or the capital outlays to build a mine. The “research coverage” of JTVIR largely involves very large companies with completed steel, aluminum, forest products or mine plants with market capitalizations usually between \$1 and \$250 billion. Historic companies often over one century old, such as Alcoa or U.S. Steel or BHP Billiton, will use top ten commercial or investment banks for advisory services and we make no attempt to be engaged by them.

At the moment 6 of the companies under our coverage are mines that we began coverage in JTVIR at early stages prior to their having any revenues or mine output in which we disclose a potential conflict of interest – Greystar Resources, Ventana Gold, PolyMet Mining, Duluth Metals, General Moly and Mercator Minerals. We or Knight Capital Group, with whom we have a business relationship, may have called upon those companies.

On June 24, 2010 we delivered a Fairness Opinion to the board of directors of Paramount Gold and Silver in their acquisition of X-Cal Resources, Ltd concerning the Sleeper gold mine near Winnemucca, NV formerly operated in 1986-1996 by Amax Gold and having past output of 1.66 mm oz gold and 2.3 mm oz silver plus 26,000 oz of placer gold almost one century ago. We covered Amax Gold and its parent companies, Amax Inc. and Cyprus Amax Minerals, as an analyst during its 1986-1996 former period of operation. We have received compensation from Paramount Gold and Silver.

On June 3, 2008 Galway Resources engaged JTVIO to commercialize its Victorio, New Mexico molybdenum-tungsten deposit containing over 200 mm pounds of each mineral in situ, which is JTVIO’s first activity (see www.galwayresources.com June 3, 2008 press release). We have received compensation from Galway Resources.

These past engagements pose no “conflict of interest” with JTVIR research coverage as long as JTVIR does not cover or write on Paramount or Galway Resources, sub-\$250 mm market cap emerging companies. However, subsequently Ventana Gold has enjoyed gold discoveries in Colombia and Galway has optioned land adjoining Ventana Gold, documented gold occurrences on Galway grounds and begun drilling. After our November 6-12, 2009 trip to the California gold district of Colombia, we published research reports on Greystar Resources and NOT Galway Resources to avoid conflicted research. We omitted Galway Resources from our “Conference Highlights” report even though it spoke at our November 19, 2009 conference in a similar vein to avoid conflicted research.

Two other small capitalization companies, which we have not named as they have not made disclosures, engaged us to sell assets or negotiate joint ventures. These

assignments expired without success or compensation, and we forfeited one year “follow on” periods. We may have occasional discussions with others.

Knight Capital Group has asked us to “introduce” capital raising clients to it, principally in the range of \$100 mm to \$1 billion market capitalization emerging mines. Knight has paid us nothing, and enjoyed no success.

JTVIO envisions merger advisory, “second opinion” critiques of investment banking advice, strategic consulting, valuation opinions, fairness opinions, mine technical services such as “Third Party Reviews” of technical studies or other corporate services.

POTENTIAL MONEY MANAGEMENT ACTIVITIES

Money Management could be another line of business, which we have thought about. However, to date we have been too busy to consider this. “Mine Development Fund” is a “future” project to establish a small fund to invest in post-discovery, large resource companies (over \$2 billion in situ mineral value already defined) requiring financing to “build the mine” and grow. The target market cap of the companies in which it would invest would be \$0.1 to \$10 billion. Our detailed studies of emerging mines may prove synergistic across several applications. We have also considered creating sector ETFs.

Our published research of nearly 500 research reports to Since July 7, 2007 has concentrated on the metals commodities themselves, steel, aluminum, forest products and larger capitalization mines like Rio Tinto, BHP, Freeport-McMoRan Copper, Barrick Gold, etc. Only 7%-10% of our written research involves the “sub-\$2 billion mine” size range that would be the focus of either JTVIO or Mine Development Fund. Thus, compliance issues or conflicts of interest would occur in a smaller subset of JTVIR coverage as JTVIR coverage involves larger caps, “established processing companies” or commodities. JTVIO or the buy-side Mine Development Fund will focus on much smaller companies

POTENTIAL MINE SERVICES ACTIVITIES

We do not aspire to have a “consulting” business billed by the hour. However, as a substantial user of mine feasibility study reports or other technical reports prepared at early stages after first discovery, sometimes we are very dissatisfied.

We have not yet launched such a service, but we may from time-to-time provide “Third Party Review,” critique or correct what we deem to be shortcomings in such reports. We do not seek to “second guess” scientific issues of mine engineering or metallurgy. However, we may differ with the mathematics of reserve determination, capital cost estimates, “simultaneity” of price and cost assumptions, various business planning issues, the opportunity to “phase” or subcontract to reduce initial capital costs or other financial issues. The “custom studies” we have provided to several buy-side JTVIR customers may resemble “Mine Services” future products presented as “Third Party Review” of mine technical studies.

JTVIR DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation formed July 6, 2007 with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Except for Vale, Xstrata, Anglo American, BHP Billiton, Allegheny Technologies, Worthington Industries, Taseko Mines, Quadra FNX Mining, Mercator Minerals, Imperial Metals, Connacher Oil and Gas, Duluth Metals, Polymet Mining, Franconia Minerals, Platinum Group Metals, Niger Uranium, Kalahari Minerals PLC, Galway Resources, Greystar Resources, U.S. Gold, Silver Standard, South American Silver, Midway Gold, Klondex Mines, Victoria Gold, Paramount Gold and Silver and Atna Resources, neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report or any reports we have published recently. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

To date we have declined all requests to join corporate boards as our existing business keeps us busy. However, our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees.

Our policy is full disclosure of any advisory relationship or conflict going back three years, except if our corporate clients have not disclosed the asset (or company itself) is for sale.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and Grupo Imsa and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport-McMoRan Copper & Gold, Greystar Resources, Ventana Gold and, FNX Mining..

Dynatec, Alcan and Bowater are companies not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to takeovers. Smurfit-Stone Container and AbitibiBowater were dropped from JTVIR research coverage after they entered bankruptcy. Skye Resources and FNX Mining were dropped after full coverage initiation due to takeover. FNX Mining, Brett Resources, Linear Gold, Comaplex Resources, Skye Resources, Fording Coal, Gold Eagle Mines, International Royalty, Selkirk Metals are companies that have spoken, were scheduled or invited to speak at our conferences and later taken over, and UTS Energy successfully defended a takeover offer.

Subsequently, since September 2007 JTVIR, LLC has initiated regular coverage of new companies not previously covered in the former universe at the former Prudential Equities Group.

These new companies include Teck, Agnico-Eagle Mines, Mercator Minerals, Skye Resources, General Moly, Inc., Duluth Metals, Polymet Mining, Greystar Resources, Ventana Gold, Vale, Xstrata, Anglo American, Packaging Corp. of America, Quadra FNX Mining, Alumina Ltd. and Century Aluminum.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

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