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Registration Effective August 27th and Now Operational

NONFERROUS METALS - - - ALLOY USAGE AT 110 MW GEOTHERMAL PLANT ADJACENT TO PROPOSED CENTURY HELGUVIK SMELTER SITE

- Our findings were favorable to future demand trends for nickel, molybdenum and titanium in particular, and stocks such as Allegheny Technologies and the various miners or producers of stainless alloys, titanium, nickel or moly.
- The Icelandic geothermal utility Hitaveita Sudurnesja estimates that only 1%-2% of world geothermal resources have been developed, and it will grow.
- Particular challenges involve handling of 300-330 degree celcius salt water brine, silica casing encapsulation and corrosion.
- Power plant management indicated all piping was at least alloy 316 or greater. Alloy 316 is 10% ni, 2% moly, 16% chrome, 2% manganese, 0.75% si, 0.25% impurities and 69% iron. Alternative stronger specifications would increase nonferrous metals and reduce iron. Alloys 316L, 317 or 316L have down to 65% or 4% less fe and up to 1% more ni, 1% more mo and 2% more cr. Other alternative alloys have even less iron and more nonferrous metals.
- The power turbine is either alloy 718 or greater, or titanium. Alloy 718 is 56.65% nickel, 5.25% cobalt, 3% moly, 0.1% tantalum, 19% chrome and 16% iron. The desirability of titanium is that it may better resist silica coatings from the fluids.

BACKGROUND

On September 26th Century Aluminum toured guests at its Helguvik proposed smelter site, and the adjacent 110 MW geothermal power plant of power supplier Hitaveita Sudurnesja.

The hot 300-330 degree celcius brines contain large amounts of silica and other minerals. The unique heat, salt corrosion, silica coating and other unique demands represent one of the more hostile operating environments to which specialty metals could be exposed.

Moreover, the zero carbon emission, green nature should cause geothermal or wind to be the two more rapidly growing sources of energy for power generation in coming years. While hydro has a similar or greater economic appeal, obvious hydro resources have been developed aggressively for many decades.

LARGE OPPORTUNITIES FOR SPECIAL METALS AND NONFERROUS METALS NICHE GROWTH

This demanding environment requires very specialized materials such as alloys 316, 316L, 317, 317L, 718, titanium or other very high priced items.

In general, these materials are more than ten times as profitable per pound of output than common variety stainless alloy 304. Moreover, they are less subject to competition from emerging competitors in China or elsewhere, which benefits suppliers such as Allegheny Technologies or others.

Further, their popularity benefits specialty nonferrous metals miners or producers of nickel, molybdenum or titanium whose global market sizes are near 2 mmt, 275,000 tonnes and 100,000 tonnes, respectively. Such markets are not terribly large, and relatively small volumes can exert large upward effects.

More knowledge about the performance of specialty materials under such stresses will develop over time. Longer service periods as projects operate over longer periods, new geothermal regions and greater optimizations will provide greater experience. These may permit even more opportunities as greater knowledges of stresses and performances evolve.

FOUR PHASE GEOTHERMAL FULL UTILIZATION

The geothermal utility Hitaveita Sudurnesja effectively gets “all the squeal out of the pig” in a four phase optimization.

On September 26th it was generating about 102 of its 110 MW capacity, using process heat to heat nearby communities, delivering water to nearby towns and operating the health spa resort “Blue Lagoon” with 100 fahrenheit geothermal bathing waters.

Blue Lagoon is a tourist hub selling all sorts of health, beauty, tourist item and related “image products.” The Blue Lagoon alone generates 400,000 tourist visitors that is much larger than the modest nation’s population.

Growth of bacteria for health purposes and a clinic are considered future growth opportunities.

GEOTHERMAL PLANT INCREMENTAL POWER OPPORTUNITIES

Hitaveita Sudurnesja has a goal of generating an extra 40 MW of power from warm brines from the sea.

Another 50 MW of power is targeted from a steam dome captured underground. These steams boil as the utility injects waters or brines into the underground cavities near the underground lava or heat sources.

CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

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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.

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Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

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 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, Inc., 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, Novelis Inc., FNX Mining.

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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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