

# The METALAST<sup>®</sup>

C O N F I D E N T I A L

VOL. 54 \* \* \* \*

A QUARTERLY PUBLICATION

\* \* \* \* JULY 2009

## GOODRICH REACHES FOR METALAST TCP-HF SEAL

**G**OODRICH Corporation, a renowned Fortune 500 company, is a leader in the aerospace and defense industries. With offices in over fifteen (15) countries around the world, representing over twenty (20) business units such as aero structures, engine component systems, landing gear and aircraft gear, GOODRICH relies heavily on metal finishing processes for the hundreds of thousands of parts it manufactures yearly. GOODRICH performs in-house processing as well as supply-chain processing facilities to perform the various metal finishing applications needed.

In March 2009, METALAST was contacted by the head of the Materials and Processing Standardization Department (MPSD) located at the GOODRICH Research and Development center in Ohio. It was learned that GOODRICH (Corporate) had set their sights on eliminating the use of dichromate chemistries in anodizing seal applications in an effort to go “green”.

Dichromate seals are also used in conjunction with nickel acetate seals where corrosion resistance is needed. The MPSD was assigned the primary duty of researching and testing environmentally friendly chemistries that will ultimately replace the dichromate and nickel acetate seals and result in a company-wide specification.



GOODRICH MPSD has set a twenty-four (24) month timeline to implement the new chemistry into their supply-chain and in-house anodizing seal processing tanks.

To date, their research, through internal investigations and high recommendations from other companies (specifically NAVAIR and Pratt & Whitney), led them to believe that METALAST TCP-HF is the most promising product that meets their environmental and performance standards.

Although the product doesn't need to be on the QPL (Qualified Products List), the fact the METALAST TCP-HF is QPL approved further validated that the product has already undergone years of quality and performance testing.

Soon after the initial introductory conference call, METALAST sales and technical personnel visited the GOODRICH R&D facility to discuss the next steps with key MPSD personnel, which included large sample quantities of TCP-HF shipped to the GOODRICH facility.

Since that time, MPSD has begun, what is expected to be a long stretch, of tests pitting METALAST TCP-HF against dichromate and nickel acetate seals. The tests will be coordinated by the MPSD, however they will include seven (7) other GOODRICH groups located throughout the U.S. Each group will be looking at specific test data as it relates to how well the anodized surface, sealed with METALAST TCP-HF fared in corrosion resistance, paint adhesion and fatigue strength.

The GOODRICH MPSD anticipates the first round of testing and subsequent reporting to conclude by the end of 2009 with the second “duplicate” final round of testing to be completed by the middle of 2010. The MPSD said that they would like to have TCP-HF specified by the end of 2010 with supply-chain compliance beginning in 2011.

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## DISTRIBUTORS CONTINUE TO CLIMB ON BOARD

**M**ETALAST continues to field inquiries from distribution companies eager to sell TCP-HF, TCP-HF EPA, AA-200 and other products. Two more companies were added to the growing network of METALAST distributors in the second quarter, including Plating Specialists and BroCo Products, boosting the total to eight (8) companies (excluding Chemetall), distributing products in North America.

Plating Specialists Inc. (PSI), headquartered in Fort Thomas, KY has distributed metal finishing chemistries for the past twenty one (21) years. PSI also has offices in Indianapolis, Indiana as well as Sarasota, Florida giving them enough manpower to cover 11 states, which include: Illinois, Indiana, Ohio, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Alabama and Florida. PSI distributed TCP-HF over the past few years for Chemetall, however, once they learned METALAST was able to manufacture and support the product directly, they quickly moved to sign a distribution agreement. PSI stated that they have seen a spike in the amount of companies asking for a RoHS compliant and QPL listed product so far in 2009. In addition, he mentioned they have been working with very large manufacturers, such as Lockheed Martin, in the approval and specification process of METALAST TCP-HF. Although TCP-HF is their “spotlight product”, PSI has been successful in gaining interest in the AA-200 anodizing additive and has already placed several orders to date. Recently PSI stated “we believe METALAST is on the cutting edge of providing environmentally friendly specialty chemicals and we are in the process of relaying this message and selling these products to our customers...we believe TCP-HF and AA-200 will play a major role in increasing our sales revenue moving forward.”



BroCo Products, located in Cleveland, Ohio, has distributed metal finishing chemistries for over sixty (60) years. BroCo, with five (5) technical sales representatives, maintains a strong presence and loyal customer base in Southeast Michigan, Northwest Pennsylvania and Northern Ohio territories. BroCo indicated that they would be very successful in selling and distributing TCP-HF, TCP-HF EPA, AA-200 and the complete line of METALAST pre and post aluminum anodizing chemicals. BroCo indicated their customer base is very interested in QPL approved products, TCP-HF and TCP-HF EPA, along with new environmentally friendly anodizing chemicals, AA-200 and pre and post. METALAST performed the initial products training and “kick off” meeting at the BroCo facility at the end of May. As stated by the METALAST Regional Sales Manager at the conclusion of the meeting “ These guys are focused on anodizing, have a very loyal customer base and will bring many opportunities and sales to METALAST... they are eager and excited to offer METALAST specialty chemicals to their customers.”



The METALAST Confidential Report is published quarterly by METALAST International, Inc.

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## 2DYE4 METALAST PRODUCTS

**2**Dye4 Anodizing, a new metal finishing job shop located in Northern California, offers anodizing and chemical conversion processes to manufacturers and machine shops located throughout the West Coast, including Boeing and Icore. While 2Dye4 officially opened its doors for business in early 2009, the principals of the company are savvy 30 year veterans of the metal finishing industry and former job shop employees and owners.

In April, METALAST was introduced to 2Dye4 by the Chemetall Regional Sales Manager, with the meeting designed for METALAST to provide more specific technical information and assist in the closing of the sale. At the conclusion of the four (4) hour meeting, 2Dye4 gave a verbal purchase order of \$7,750.00, which included six (6), (55) gallon drums of METALAST TCP-HF. TCP-HF will be used as their RoHS compliant and QPL approved chromate conversion chemical of choice for their 1,200 gallon chromate conversion (chemical film) tanks.

During the meeting, METALAST also introduced AA-200 and discussed the technical benefits in Type II and Type III anodizing processing environments. 2Dye4 was impressed with the technical literature and voluminous test data showing high performance results and agreed to a forty-five (45) day trial period in which they will install AA-200 in one (1) of their four (4) anodizing tanks to observe the characteristics of the additive first-hand. After the trial period, 2Dye4 expressed that the additive provided a “quality” oxide layer they had never been able to achieve. Although 2Dye4 had yet to “experiment” with many of the other benefits the additive had to offer, they immediately sent in payment for the ten (10) gallons (\$2,450.00) used for the trial. 2Dye4 plans on installing the AA-200 in the remaining Type II and Type III 2,000-gallon anodizing tanks and will market the additive to their customers as “cutting edge and high performance.” Given their proximity to the METALAST Tech Center, approximately four (4)-hours driving, 2Dye4 also plans on sending key anodizing personnel to an upcoming training class in order to learn better anodizing practices and how to achieve the full potential of the AA-200 anodizing additive.



## BAE SPEC MOVING THROUGH GLOBAL SUPPLY CHAIN

**A**s detailed in previous METALAST Confidential Newsletters, British Aerospace Systems (BAE) specified METALAST TCP-HF for all of their chromate conversion processing applications. Although the specification became “official” in 2008, BAE materials and supply-chain engineers have been updating the hundreds of individual product specifications that were effected by this change by including the verbiage “chromate conversion process chemistry METALAST TCP-HF.”

Once these changes were made, the new product specification sheets were released to the BAE supply-chain managers who in turn introduced them to their Tier one (1), two (2) and three (3) suppliers, which included metal finishing job shops.

Since that time and more recently since early in 2009, METALAST has begun to field phone calls and emails from job shops looking to purchase TCP-HF as a result of the BAE specification. These inquiries have come from all corners of the U.S., including C & M Machine located in Arkansas, Argus Systems from Colorado, Surcai Metal Finishing in Connecticut.

### BAE SYSTEMS

Once METALAST receives this type of inquiry, it is

determined by the sales department, based on many variables, if the account will be sold to directly or if an authorized METALAST distributor will handle the account. In some instances the job shops have directly contacted the METALAST distributors in order to obtain TCP-HF.

METALAST knows of several companies that have purchased product specifically because of the BAE specification located in California, Texas and Illinois. METALAST has also been contacted by multiple facilities throughout Asia, including China, Japan and Thailand. These inquiries have help spearhead the effort for METALAST to open up its Asian distribution network, read more in the article “METALAST Arrives In China.”

Although METALAST can attribute some TCP-HF sales directly to the BAE specification, it remains difficult to forecast the full effect of this particular specification and when it will reach the entire BAE metal finishing supply chain.

Additionally, many job shops that have and will purchase TCP-HF will not comment on why they are purchasing, but will simply place the order through the METALAST sales department or through the METALAST distribution network.

## LOCK'ED AND LOADED

**L**ockheed Martin remains on the forefront in converting all of their in-house processing facilities and job shop vendors to METALAST TCP-HF chromate conversion chemistry. Although individual Lockheed facilities operate under the “corporate umbrella” by following environmental edicts and basic metal finishing standards, each facility works autonomously from each other and issues their own specific approvals and specifications for the types of chemistry and processes used on specific Lockheed Division piece parts. Although Lockheed corporate issued a “fast track” memo to all divisions banning the use of the cancer causing chromate conversion chemical “Alodine” on it’s parts, a few specific divisions have spearheaded the effort to test, qualify, approve and specify environmentally friendly and RoHS compliant replacements.

Since the “fast track” memo was issued back in 2007, Lockheed facilities located in Texas, New York and Florida have spearheaded the charge to find a suitable alternative and have performed countless tests covering a wide range of processing



variables on METALAST TCP-HF. These facilities have shared the very favorable test results with other Lockheed facilities throughout the country over the past twelve (12) months. Included in these reports are corrosion and adhesion performance data, in which METALAST TCP-HF outperformed the two other chemistries being considered at that time- Henkel’s Alodine 1600 and SurTec’s Alumiscent. METALAST has since experienced a spike in all forms of communication and activity with various Lockheed Divisions, including website document downloads, emails, phone calls and meeting requests.

In April, METALAST was invited to the Lockheed facility in Orlando, FL, to take part in their “vendor certification program.” Unaware of the meeting specifics, METALAST was on-hand and prepared to discuss any technical or sales questions regarding TCP-HF. After quick introductions and a recap of the most recent rounds of TCP-HF testing, Lockheed senior materials processing engineers stated that Lockheed, Orlando would be writing a METALAST TCP-HF “Best Practices” Process Specification. This specification will call for TCP-HF for all chromate conversion applications and will also include the pre and post treatment chemistries as specified by the METALAST Technical Department. These chemistries will include METALAST cleaners, deoxidizers and etchants. This METALAST TCP-HF specification will affect over two hundred (200) Lockheed metal-finishing vendors located throughout the Southeast and into the Midatlantic and Midwest territories.

At the conclusion of the meeting with Lockheed, Orlando, METALAST was told that this specification, although written and enforced by one (1) division, will have a “domino effect” on others. It was learned that Lockheed Martin Corporate is moving closer to issuing a final “hex removal” compliance date by the end of 2009. Considering the test data supplied by numerous facilities and now the Lockheed-Orlando specification, METALAST believes that all other major Lockheed Divisions will adopt the METALAST “Best Practices” Process Specification in the near future.

## MILES IS OFF TO THE RACES

**A**s reported in April 2009 Confidential, Miles Chemical joined the METALAST Distribution Team in January and became the first with headquarters in Southern California (Los Angeles). After the initial METALAST products training seminar concluded in March, the Miles technical team, comprised of twelve highly technical sales representatives, began their push to introduce TCP-HF, TCP-HF EPA and AA-200 to their prospects and customers.

To start, Miles was able to secure a meeting with METALAST and All Metals Processing (AMP). AMP, located in Orange County, CA, has provided metal finishing related services to the aerospace industry for the past forty-eight (48) years. Their customer list is a “who’s who” of aerospace giants and includes Lockheed Martin, Northrop Grumman and Boeing. Although a prime target for METALAST products and services throughout the years, METALAST sales personnel have been unable to convert as a result of strong ties between AMP’s key decision makers and the vendors that have supplied them products, including chemistries, for decades. As a long-time AMP vendor, Miles was able to secure the appropriate decision makers for the meeting, which resulted in the purchase of five (5), fifty-five (55) gallon drums of METALAST TCP-HF shortly thereafter. On May 27th, AMP announced that they can now meet the new MIL-DTL-5541 Type II, Class IA with METALAST TCP-HF.

Due to the distribution relationship over the years with Plateronics, located in Chatsworth, California, Miles was able to open the door for another METALAST sales presentation. Although Plateronics has been using the SurTec TCP chromate conversion brand over the past year, they were very impressed that if they purchase TCP-HF they will receive support from not only the distributor of the chemical (Miles) but the manufacturer and support team (METALAST). This along with the fact that TCP-HF does not need to be heated or filtered, as the SurTec product does, lead Plateronics to commit to switching out the SurTec chemistry in favor of TCP-HF. During the meeting METALAST also discussed the technical benefits of anodizing with the AA-200 additive, including its ability to retard burning, produce a better more consistent oxide while increasing throughput and decreasing decanting and tank dumping. Plateronics agreed to try the additive and purchased seven (7) gallons (\$1,750.00) for one of their anodizing tanks. The same scenario and opportunity presented itself when Miles opened the door for METALAST at Elite Metal Finishing in Oceanside, California. METALAST and Miles were able to convince Elite to purchase the AA-200 additive, based on the performance characteristics describe above, for one of their anodizing tanks.



Although the Miles team has only three (3) months exposure to the METALAST line of products, they have already produced their “fair share” of leads, prospects, quotes and orders. Both companies agree that the future is very bright in converting a large portion of Miles Chemical prospects and customers over to TCP-HF, TCP-HF EPA and AA-200.

## TCP-HF...JUST WHAT THE DOCTOR ORDERED

**I**n August 2008, Siemens Medical Solutions (SMS) contacted the U.S. Navy to learn more about the TCP process that was developed, as they needed to move all of their metal finishing processors over to an environmentally friendly, RoHS compliant and QPL approved product. The Navy directed SMS to METALAST and shortly thereafter, SMS downloaded technical information on TCP-HF, which triggered a series of follow-up calls and meetings at the SMS facility in Tennessee.

SMS further defined their situation and stated that they were relying on the Navy TCP product and therefore the TCP licensee’s to provide a solution. They went on to say that they will begin their own series of tests and will go with the TCP licensee that provides the best result and is listed as a QPL approved product.

**SIEMENS**

In May 2009, METALAST was contacted by SMS and notified that they would be specifying METALAST TCP-HF for all of their chromate conversion applications. SMS went on to ask for a list of current TCP-HF users in the Midwest and Southeast that they will use while their other vendors go through their sources to purchase TCP-HF. Most of SMS parts go to a machine shop first for fabrication and machining and then typically the machine shop selects a job shop for the chromate conversion application. SMS stated that this specification and list of current TCP-HF job shops would help make for a smooth transition to the METALAST product

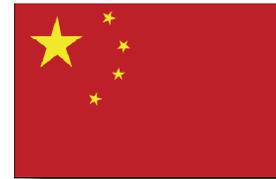
Siemens Medical Solutions is a division of Siemens Healthcare, a worldwide operated company with corporate headquarters in Germany and U.S. headquarters in Pennsylvania. SMS manufactures medical equipment and devices that are used in all types of procedures performed throughout the world.

## METALAST ARRIVES IN CHINA

**M**ETALAST was granted a license to market, sell or otherwise “commercialize” the patented TCP (Trivalent Chromium Process) from the U.S. Navy in 2004. Since that time, the company has spent millions of dollars and thousands of hours to enhance and perfect the chemistry, which has resulted in the METALAST TCP-HF and METALAST TCP-HF EPA superior performing and Qualified Products List (QPL) approved chemistry. In addition to making the necessary technical “adjustments” to the product that has since “separated” it from all competition (including the other TCP licensee’s), METALAST launched the most aggressive and innovative marketing campaign ever targeted to the metal finishing industry.

The Touring Research Educational eXhibits (T-REX) visited five hundred (500) manufacturing companies and over ten thousand (10,000) engineers over the course of three years, from 2004-2008. The T-REX was an integral part of the successful branding and TCP-HF specification that has taken place since it’s “extinction.” To date, METALAST TCP-HF has been approved and specified by fifty (50) companies who use supply-chain processing facilities in the U.S. and abroad.

Although the TCP license obtained by the U.S. Navy only gives METALAST the ability to manufacture and directly sell to companies in North America, U.S. Patent Law and the First Sales Doctrine, states that METALAST can sell TCP-HF to any distributor in the U.S. (FOB U.S.) who is in turn free to sell anywhere in the world, without any restrictions. Although the global market has been on the METALAST radar, management has concentrated on the U.S. market until such time as product specifications were arriving overseas, requiring the need to set-up distribution channels.



Recently the METALAST Sales Department responded to a series of emails that were sent by Job Shops located in Asian Countries (primarily China). All of these inquiries were a result of receiving METALAST TCP-HF specifications from BAE Systems and Hughes Network. Both BAE Systems and Hughes Network were T-REX participants and had spent two (2) years testing and validating the chemistry before issuing worldwide specifications for the product. These Asian Job Shops stated they were looking to purchase TCP-HF and needed information on who to contact and delivery information. With specifications hitting Asia, METALAST Management set out to put together a distribution channel to immediately meet the needs of the Job Shops.



The shortest and easiest route to opening up the China distribution market came from contacting a current domestic METALAST Distributor, Galaxy Associates. In addition to distributing throughout the U.S., Galaxy opened up an office in Shanghai, China a few years ago. It was learned that since that time, Galaxy made inroads with several local Asian distributors, including a company called Honor Chem. Honor Chem was founded and is owned by a former SurTec Technical Sales Representative who knows the TCP product and METALAST TCP-HF very well. It was learned that Honor Chem previously set out to contact METALAST in an effort to sell TCP-HF, but declined to pursue because they were unfamiliar with the First Sale Doctrine described above.

METALAST, Galaxy and Honor Chem began discussions in early May with all parties excited about the business and market share that could be obtained, in a short amount of time, in the Asian market. By the end of June a business plan was agreed upon and cemented the relationship between the three (3) companies.

METALAST will sell to Galaxy (U.S.) who will purchase product FOB Los Angeles, California. Galaxy will ship product on cargo ships to a designated port in China. Galaxy (China) will clear customs in China and proceed to sell the product to Honor Chem or other distribution companies yet to be added.

Honor Chem has already begun to develop METALAST TCP-HF marketing materials and will be sending out small, liter-sized samples, to prospective customers. As a result of the current group of Asian companies in need of TCP-HF and the anticipated response generated from Honor Chem’s reputation and marketing prowess, METALAST and Galaxy believes that the first “inventory” purchase for the Asian market will come by the end of the third quarter. This initial order will likely include TCP-HF and TCP-HF EPA (4:1 ratio), and amount to approximately five thousand (5,000) gallons of product that will be shipped in 40 foot long containers across the ocean.

METALAST and Galaxy have already begun to discuss plans on using the same international distribution template for opening up the European, Indian and Australian markets. METALAST continues to locate and “interview” other potential international distribution partners in anticipation of other manufacturer specifications reaching those regions as well.

## SUMMER IS THE TRADE SHOW SEASON

In June, METALAST attended the annual Sur/Fin (Surface Finishing) Conference and Exposition. Sur/Fin is the largest trade show in the metal finishing industry. In addition to attracting job shops from across the country, Sur/Fin also hosts many engineers, quality and supply-chain personnel representing the Fortune 500 manufacturing community. This year's three (3) day conference was held in Louisville, Kentucky and was attended by METALAST technical and sales representatives.

Although the overall attendance was on the low side, due to the economy, the quality of visitors that stopped by the METALAST trade show booth was excellent. Some of the companies that visited with METALAST personnel included Northrop Grumman, Boeing, NAVAIR, GOODRICH Aerospace, Lockheed as well as a host of job shops and potential and current METALAST distributors. METALAST has begun the customary "follow-up" process with the appropriate designated Regional Sales Manager.

METALAST also attended the NAVAIR (Naval Air and Warfare) Air Vehicle Engineering Conference in June. This annual technical conference hosted key employee's representing all of the NAVAIR facilities located throughout the U.S. NAVAIR requested METALAST presence as a key exhibitor, due to the work done with TCP-HF, TCP-HF EPA as well as the JoPro and equipment installations performed at various NAVAIR locations over the past few years.

During the conference, NAVAIR-Jacksonville, Florida (JAX) stopped by the METALAST booth to discuss the progress being made with the submitted equipment line project. METALAST was told that the \$1,800,000 project is budgeted and approved and is simply making its way through the "paperwork channels" within the DoD. NAVAIR JAX continued to say that they expected to submit the Purchase Order to METALAST this fiscal year.



## SELEX SPECIFIES TCP-HF

Selex Galileo provides integrated products for military and security industries. The company represents the defense sector for its publicly traded parent company Finmeccanica. With headquarters in Italy, Finmeccanica employs over seventy three thousand (73,000) people in Italy, England and the U.S. In addition to defense electronics systems, Finmeccanica is also involved in the aeronautics, helicopters, space and energy transportation industries.



In early 2006 Galileo made the corporate decision to switch to environmentally friendly and RoHS compliant chemistries. Shortly thereafter, their research led them to the METALAST website and discussions with sales personnel. Since that time, Galileo has sent in numerous sets of panels

and conducted a myriad of tests to determine the performance of the TCP-HF as applied in immersion, spray and wipe applications.

In June 2009, METALAST was informed by the Selex Chief Chemist of Design Integrity that they have officially switched from Alodine 1200, a Henkel hexavalent chromium product and specified METALAST TCP-HF for all of their chromate conversion applications. The specification will affect dozens if not hundreds of metal finishing job shops in Europe as well as in the U.S.

## ECONOMY TO EFFECT INVENTORY

Over the past six (6) months the world has experienced what has been called the worst global economic downturn ever. Although there has been recent signs of recovery in the U.S. and other countries, many companies are still holding their breath, and adjusting their short-term and long-term business plans. Even though many of the Fortune 500 companies continue to plan for the future, conduct R&D on environmentally friendly alternative metal finished products and issue approvals and specifications throughout their supply-chains, the levels to which products were manufactured have yet to return and in most cases are running at least 50% below historical averages.

Job Shops are ultimately feeling the squeeze, as the amount of products that require metal finishing (anodizing, plating, chromate conversion) continue to lag. As a result, Job Shops will continue to deplete product until the last minute before ordering more product. Rather than keeping a standing inventory of product, typically enough to run operations for weeks, Job Shops are ordering product "as needed", requiring the need to overnight shipments of chemicals. Ultimately this approach, although necessary during these tough times, has effected the quantity of METALAST product that has reached the Job Shops. METALAST remains confident that once the economy rebounds and product orders begin to flow with inventory levels increasing again, the fifty (50) TCP-HF specifications will launch METALAST to realize the profit levels previously forecasted, albeit twelve (12) months delayed.

## BY GEORGE, WE GOT IT!

As described in the previous Confidential Newsletter, George Industries (GI), one of the largest anodizers on the West coast, agreed to trial the AA-200 anodizing additive in one (1) of their six (6) anodizing tanks. This trial would give GI the opportunity to evaluate the performance and operating benefits of the additive. In February GI ordered fifteen (15) gallons of the product and by the end of March, GI reported that the early results were in and that the AA-200 performed “very good and better than expected.” Although they weren’t completely sold at the time, as they still had additional tests to perform and they wanted their processing engineers to push the additive to its full processing capabilities, GI communicated to Galaxy Associates (METALAST authorized distributor), they fully anticipated installing to the rest of the anodizing tanks.

By the end of April and after an additional thirty (30) days of processing with AA-200 had passed, GI asked for a meeting with METALAST and Galaxy Associates. During the meeting the GI Operations Manager stated, “AA-200 makes the colors on our parts seem deeper and the oxide layer seems hard to scratch.” He went on to say that “we have reduced our processing times by 34% while increasing our Amps Per Square Foot by 10%-20% (throughput) without burning.” He added, “AA-200 does much more than you (METALAST) promised.” He went on to say that they would be ordering enough AA-200 to convert the remaining five (5) Type II anodizing tanks.

Now that the AA-200 has proved itself to GI in a Type II environment, GI will now look to test out the benefits of the additive in a Type III environment. Although the majority of work that GI processes calls out for Type II anodizing, they still boast three (3) Type III anodizing tanks as well. GI will use the same procedures and templates used to previously test AA-200 and although they fully anticipate the additive to excel in this environment as well, they need to have full documentation and reporting on file.



George Industries is part of Valmont Industries, a publicly traded company headquartered in

Omaha, Nebraska. The Valmont groups of companies, thirty-six (36) total, are located throughout North America and Brazil and include Engineered Support Structures, Coating For Metal Products, Irrigation, Water Management and Tubing.

Given the reputation and market presence of Valmont Industries and the success that GI has experienced with AA-200 while possessing “high visibility” products such as Maglite® flash lights and Halliburton “Zero” Luggage, it is very likely that GI could help launch AA-200 into the anodizing “mainstream.”

## METALAST JOINS THE SHOW

In early April the Light Metals Institute (LMI), a division of Light Metals Industries and the Surface Finishing Academy, contacted METALAST to discuss their interest in sponsoring new advanced anodizing training classes to be held throughout the year across the U.S. The principals and moderators who designed the course are former job shops owners and colleagues, who were very familiar with METALAST products, specifically the JobPro and AA-200 anodizing additive.

LMI asked METALAST if they would be interested in becoming the sole sponsor for the training class, as LMI believes that the METALAST brand has conveyed quality and technological advancements in anodizing to the metal finishing industry over the



past fifteen (15) years. By partnering with METALAST, LMI felt that they could attract more visitors and create a higher degree of buzz and increase class registration. After detailing the proposed training class syllabus with METALAST, it was learned that LMI would be using the JobPro and AA-200 as two (2) key critical components that should be added to any anodizing operation. In short, LMI would be recommending these products to their training class attendee’s.

Needless to say, METALAST agreed to become the sole sponsor and the first LMI training class was held in Pittsburgh, Pennsylvania on May 18th. The two (2) day class attracted eleven (11) people, representing seven (7) different anodizing Job Shops. During a period when AA-200 was being discussed in detail, a current METALAST customer and long time AA-200 user stood up and stated “we have been using the AA-200 for over two (2) years now and this stuff beats the pants off of any other additive in the industry. Trust me I have seen them all and used them all, and this stuff is the real deal.” At the conclusion of the second day, each attendee was given a portable “zip drive” containing six (6) METALAST Technical Papers regarding AA-200 and the JobPro. Three days after the training class, METALAST received two (2) separate orders for AA-200 while other companies have been contacted by METALAST Regional Sales Managers.

LMI plans on holding six (6) to seven (7) class a year, with the next class being held in South Carolina in August. Although the class materials are designed and moderated by a independent third party with no METALAST affiliation (LMI), the course is a ringing endorsement for METALAST products. METALAST will continue to attend these training classes which will continue to provide new prospects and immediate sales opportunities.



## CORPORATE CORNER

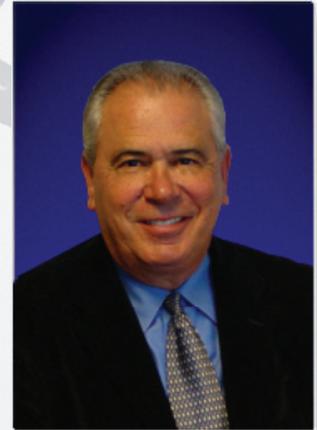
**W**e have always believed that once fully established the METALAST business model would be somewhat recession proof because of the broad diversity of the industrial sectors we service. In my 4th Quarter, 2008 Corporate Corner METALAST Confidential News Report I stated: "During these stressful economic times we must remain diligent and focused. We are doing fine and the current Wall Street meltdown and global financial crisis has little direct impact on our long-term success. The point is that nothing is truly exempt from risk exposure or is entirely "recession proof", however we believe that our "Solutions Provider" approach, innovative materials science technology and "green" specialty chemical business model is proving itself to be about as "bullet-proof" as one can reasonably expect."

For many years we felt that the entire industrial world would have to collapse in order for METALAST to be affected. Well, that dire forecast has come true and the entire industrial world is experiencing a meltdown of catastrophic proportions. While we are still poised for explosive growth in the coming years, the rate at which new customers are signing up for METALAST TCP-HF and our other products has slowed and is not expected to ramp up at the rate anticipated until maybe next summer. Obviously if companies are manufacturing fewer products, metal finishers are extending the life of their process baths and chemical inventories may be at six (6) to twelve (12) months versus two (2) to three (3) months. This means that the finishers are going to wait to order replacement chemicals until such time that they have used up 100% of their existing inventories.

We did receive the \$100,000 SBIR Grant from the U. S. Air Force, have started work on the nearly \$1,000,000 project with the Corpus Christi Army Depot and are still processing the final \$1,800,000 funding documentation for the U. S. Navy at the Jacksonville NADEP Fleet Readiness Center. We are opening the China markets and the METALAST distribution network is taking shape. We are seeing chemical orders from \$1,000 to \$5,000 per day, although we had anticipated the numbers to be ten times (10x) that amount by the third quarter and thus be at positive cash flow before year-end. To date we have raised approximately \$44,000,000 in capital and will need at least another \$5,000,000 net to fully implement the marketing plan, grow the business and sustain operations. We are working with several groups on different types of financing structures for additional funding.

Fueled by the \$60 billion Bernie Madoff, the \$8 billion Allen Stanford scandals, "Madoffism", which is justifiably running amuck with investors and shareholders and what is believed to be a very small handful of unhappy METALAST Shareholders the Securities and Exchange Commission of Los Angeles, CA launched an investigation into METALAST. The SEC is in the process of confirming that investor funds have been properly used and that there has not been misappropriation or any type of corporate malfeasance. Our books and records are in order and we have always acted as a proper fiduciary on behalf of our LLC Members. We are fully cooperating with the SEC and are hopeful we will receive a quick resolution to this fact-finding inquiry. We will continue to work on your behalf to build METALAST into a successful business. Thank you for your continued support.

David Michael Semas  
Chairman/CEO  
METALAST International, Inc.  
Manager



## ORO SEALS THE DEAL

**O**RO Manufacturing Company provides a wide variety of high density, lightweight aluminum seating components to the Department of Defense, Sikorsky Aircraft, Boeing Helicopters and Bell/Textron Helicopter. Operating from their 80,000 square foot, ISO Certified manufacturing and metal finishing facility in Monroe, North Carolina, ORO has continued its quest to seek out new technologies to help maintain its place among the best contract manufacturers in the U.S.

Type II (architectural) anodizing is one of the many metal finishing processes that is critical to the ORO factory and one area in which they have looked to METALAST for assistance and guidance. Over the past year, ORO has experienced inconsistent results and performance from their anodizing hot water seal tank. After discussing some alternative (expensive) changes that could be made to the aging anodizing equipment and 1,400 gallon anodizing seal tank, METALAST made the recommendation to switch to TCP-HF high performance anodizing seal. METALAST went on to state that in addition to providing superior performance, TCP-HF would run at room temperature as opposed to the high temperatures (190°F) needed to operate a hot water tank, thereby dramatically lowering the energy consumption.

After a few months of successful testing TCP-HF on samples provided by METALAST as well as submitting their own production samples for processing, ORO installed TCP-HF into one of their anodizing seal tanks in March 2009. Since that time and due to the amount of product that they anodize and move through the anodizing seal tank, ORO has purchased over two hundred and seventy-five (275) gallons (\$6,500.00) of TCP-HF. As a result and positive experience with TCP-HF in their seal tank, ORO has begun to test AA-200, which would be used as a sulfuric acid additive and installed in their primary anodizing tanks.

## METALAST LANDS ARMY CONTRACT

**A**s detailed in the April 2009 Confidential, the Corpus Christi Army Depot (CCAD) contacted METALAST in 2008 to discuss their needs for a new metal finishing line at their facility located in Corpus Christi, Texas. The CCAD is a key repair station for overhauling a wide variety of aircrafts including the Apache, Blackhawk and Chinook helicopters. After METALAST Engineers performed a series of facility reviews, a budgetary proposal of \$987,000.00 was submitted in late 2008. Included in the proposal was a series of stainless steel one thousand (1,000) gallon tanks that would accommodate paint stripping and chromate conversion processes as well as featuring ventilation ducts, heating systems and a waste-water treatment unit. METALAST was later contacted in early 2009 and



told that the project was approved and awarded to METALAST, although at that time, no Purchase Order (PO) was placed.

In June, METALAST received the signed purchase order, initiating the project start-date along with the agreed upon payment terms. The CCAD will release funds as

manufacturing and installation milestones are completed, as follows: 30% upon PO (\$296,100.00 already received by METALAST), 25% upon statement of purchased materials, 25% prior to shipping, 10% upon successful installation, 10% upon final acceptance. These project milestones agreed upon by METALAST and the CCAD are typical and always used when manufacturing capital equipment. The project is scheduled for completion in twenty-four (24) weeks, making the line fully operational by January 2010.

## No PREP, No PROBLEM

**A**lthough TCP was patented by the DoD and the U.S. Navy, a few select companies were involved in the scientific development of the product. One of the companies included Pratt & Whitney (P&W), who boasts impressive R&D assets from its headquarters in East Hartford, Connecticut. During this time P&W worked down a parallel path and developed a chemical, very similar to TCP called TCRP. TCRP works much like TCP, however one of the main distinctions between the two (2) products is that TCRP requires no pre-treatment steps prior to final application. During the TCP process, a part passes through various pre-treatment cleaning cycles. Although the products are similar in how they behave, they do not directly compete with each other, as TCRP would be used in situations where TCP would not excel.

Due to the success that METALAST has experienced with commercializing the TCP product for the DoD, with now fifty (50) TCP-HF specifications, P&W contacted METALAST in early 2009 to discuss bringing TCRP to market as well. P&W were looking at a multitude of companies to license the product rights to, but after a series of meetings, METALAST and one (1) other company were selected. P&W stated "At the same time since our interests are aligned in our common desire to make TCRP a profitable product, our decision is to have only two (2) licensees for TCRP selected based on a combination of our understanding of your market approach and technical expertise you've demonstrated. With this letter we'd like to invite METALAST to be one of our two (2) official licensees for TCRP.

The METALAST Technical Department and P&W have worked together on further validating and perfecting the final product formulations. The two (2) companies have agreed to the basic terms and conditions of the relationship and are in the final stages of executing a worldwide license agreement. METALAST will be bringing the product to market under the name METALAST TCP-NP (No Prep). Once the final manufacturing and processing procedures are in place, METALAST will market and offer the product to the metal finishing industry through its distribution network.

## STAYING AHEAD OF THE CURVE

**M**ost, if not all metal finishing processing facilities and manufacturers facilities now know Hexavalent Chromium (Cr6+) has been banned as detailed in various worldwide mandates and directives such as the RoHS, WEEE, ELV and OSHA PEL. These mandates have forced companies to look for alternatives, like METALAST TCP-HF, that use environmentally friendly chemical components like Trivalent Chromium (Cr3+). Although the Cr3+ chemical component is generally accepted by all companies worldwide, as evidenced by the forty-eight (48) METALAST TCP-HF specifications to date and acceptance of the chemical by all manufacturing industries, many feel that a no-chrome product will need to be introduced to the marketplace in the next ten (10) years or by 2020.

With this in mind, the METALAST Technical Department set out to develop a No-Chrome product that could be used in chromate conversion and anodizing seal applications in early 2008. Since that time they have performed hundreds of tests taking into account dozens of variables and potential product formulations. Recently, the Technical Department completed successful testing and validation on what will be referred to as METALAST xCP (Zero Chrome Process) 6800. METALAST xCP 6800 has reached over four hundred (400) hours of salt spray testing (336 hours is the industry benchmark) as a room temperature anodizing seal, which will also offer huge energy savings benefits to a metal finishing operation. The Technical Department continues to work on the product in chromate conversion applications, but there is enough conclusive data to show that it will excel in the processing environment as well.

As a result, METALAST filed for patents for the METALAST xCP 6800 process and has been granted "patent pending" status, providing METALAST the protection to begin creating technical and sales collateral materials. METALAST sales department anticipates introducing the product by the 4th quarter 2009 and making available for purchase shortly thereafter. METALAST xCP 6800 will not "compete" directly with METALAST TCP-HF, but will rather satisfy the current or future need for a company looking to implement no-chrome processes.