

October 5, 2006

NEWS :- Dear customers,

Listed below is a list of Research and Development projects that we have undertaken.

A. Incorporation of the Modular design using 3D software into our engineering drawing system.

Benefits for our customers are:-

1. Reduction in engineering time.
2. An aid to assist in training so that our customers can benefit from seeing a 3D version of the process section before it is built.
3. Highlights interferences during the engineering phase.
4. Produces a accurate "Bill of Materials"

The modular design has been incorporated into our engineering as a standard system on all future projects.

B. Automatic acid metering

This system is designed to remove the operator input in automatically adding acid to the acid recirculation system thus removing errors that may be caused by the operator.

The main benefit is to control the acid consumption to a tighter range thus saving on gallons of acid per ton of steel processed.

Presently operational on one of Nelson Steel lines in Canada and functioning well

C. Automatic water addition to the rinse system

1. As with the above automatic acid metering system, this system is designed to continuously monitor the quality of the water in the last rinse stage with out operator interference.
2. Again a saving on a consumable by reducing the gallons of water per minute required to reduce chlorides on the strip

Presently operational on two of Nelson Steel lines and showing good results in reducing water consumption.

D. Air Blow Off System

Designed to remove residual water off the strip as it exits the rinse.

Presently operating on two of Nelson Steel lines and producing excellent results

E. Retrofitting existing lines with the F.R.P. double pickling tank cover system

This relatively low cost addition will save on acid and gas consumption

In addition, the HCl emissions from the stack are greatly reduced

Please feel free to contact myself or Gino, Ryan and Luc on any of the above modifications to obtain more details.

Thank you for spending the time in reading this E mail.

Thank you,

Graham Oakley

General Manager

Nelson Steel, Technology Group

Tel: (905) 662-1807

Tel: (905) 662-1814 ext.325

Fax: (905) 662-5041

Email: groakley@nelsonsteel.com

www.nelsonsteel.com