

June 19, 2018

Re: Notification of Force Majeure Event

Dear Valued Customer:

On March 19, 2018, Southern Ionics Incorporated (“SII”) advised you that our primary supplier of Alumina TriHydrate (“ATH”), Hydro Aluminium International AS (“Hydro”), declared force majeure regarding an environmental concern at its Brazilian aluminum refinery, Alunorte-Alumina do Norte do Brasil SA. The effective force majeure date is March 2, 2018. At that time, we were advised that Hydro would be allocating its production and could only commit to supply 50% of its contracted requirement to SII.

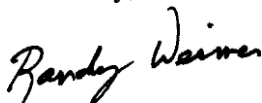
Following that notice, we continued to work with Hydro and other suppliers to cover SII’s remaining ATH requirements. Since the March declaration, Hydro has assisted SII in procuring the remaining 50% of its ATH requirements by negotiating monthly to make spot purchases of smelter grade alumina (SGA), which they then swapped for ATH. Thus, Hydro has been able to provide much of the unallocated ATH volume to SII, though at higher prices.

SII was hopeful that the Alunorte facility would return to its normal production levels after a brief period, while SII endeavored to avoid declaration of force majeure. With your cooperation, SII made progress in doing so. However, we have now been advised that ongoing efforts to obtain a release of the suspension of the limitations on Alunorte production capacity from Brazilian authorities have failed. As a result, there is no clear, foreseeable prospect for resumption of that production, and the 50% production rate could be prolonged. Further, Hydro has asked SII to reduce volumes in future planned shipments.

Given the circumstances, SII has no alternative but to declare force majeure, effective today, June 19, 2018. Without firm commitment for 50% of its ATH supply, SII must allocate its ATH-based products accordingly. However, SII remains confident that it will be able to source sufficient ATH to supply your products, though likely at higher costs. We appreciate your understanding and cooperation during this challenging time, and we will keep you informed as developments occur.

If you have questions, feel free to contact John Fairley at (662) 494-3055, x307, in SII’s corporate office, or your SII account representative.

Sincerely,



Randy Weimer
Vice President, Sales and Business Development