

The insolvent joint stock company "Liepājas Metalurģs", incorporated in Republic of Latvia, Brivibas street 93, Liepaja, LV-3401 (hereinafter the "Company"), represented by its administrator Haralds Velmers (hereinafter the "Administrator") invites all interested investors (hereinafter the "Investors") for submission of non-binding expression of interest to participate in the sale of steel mill assets (hereinafter the "Process") owned by the Company.

The main factors in the selection process of investor will be (1) the purchase price and its payment conditions, (2) the strategic rationale and integration, as well as investor's reputation and experience, and (3) the availability and source of financial resources. The Company stopped the operations of steel mill in May 2013 due to lack of working capital and the ensuing Company's insolvency process was initiated by the court in November 2013. With the availability of required financing from the creditors of the Company, Administrator has ensured that the equipment of steel mill is being maintained in operational condition and is in position to be fully operational in short time after purchased by Investor.

According to the approved transaction structure it is expected that the investor will be offered to purchase a consolidated asset package including real estate and equipment required for operations of steel mill, as well as the legal entity operating in deep water unfreezing port.

All information inquiries and correspondence should be addressed to the financial advisor of the Administrator AS IBS "Prudentia", addressed to *Mr. Kārlis Krastiņš, AS IBS Prudentia, 2a Republikas square, Riga, LV-1010, Latvia, email: investorsLM@prudentia.lv*

After the confirmation of the initial interest, all potential investors will be provided with a non-confidential investment overview. Detailed information and visits to Company will be available after signing a non-disclosure agreement. The deadline for submission of non-binding offers for the purchase of the Company's steel mill assets is set at June 13th, 2014.

The Administrator reserves the right to select and not to enter into any agreement with an Investor in the Process without liability for any damages. Furthermore the Administrator reserves the right to stop or amend the Process and, or the timetable, or other elements of the Process on their discretion and without any explanation. In case of such exclusion the Advisor will send written notice to the Investor on the behalf of the Administrator. Investors agree on these terms with their participation in the process.

Information on the steel mill of the Company:

- *Steel mill is located in Liepaja city, Latvia, a member of the European Union and euro zone. It has strategically good location and connection to CIS countries and EU countries by all strategic means of transport, providing efficient logistics solutions for supplies of raw materials and sales of ready products.*
- *Part of the consolidated asset package available to Investors include a stevedore company operating in port of Liepaja – a deep water unfreezing port, perfectly suitable for supporting the steel mill's operations by handling the raw materials and ready products for export.*
- *Steel mill has direct access to port by railway (distance of 2 km) and direct connection to main railway network of Latvia that allows to deliver raw materials straight to the plant. Also geographic location in EU, close proximity to CIS countries are very favorable factors in terms of cost effective delivery.*
- *The scrap supply from the Baltic States reach up to 0.8 - 1 million tons annually, which amounts to 80-90% of the necessary scrap for maximum production of steel mill. Also other scrap export countries are close and can provide low freight costs.*
- *Steel mill has the newest technology electric arc furnace, which was commissioned in September 2011 by STG Group (Italy) and can be considered as one of the most modern and efficient melt shops in Europe.*