



4 December 2015

Governor Bill Haslam  
State of Tennessee  
Nashville, Tennessee

Dear Governor Haslam,

Re: CVMR (USA) Inc. proposed relocation to  
Oak Ridge, Tennessee

We are writing this open letter to you for the purpose of publicly clarifying the position of CVMR with respect to its proposed relocation to Oak Ridge, Tennessee.

Our original proposal was two-fold. We proposed to initially establish a Center of Excellence focused on research and development of the application of vapour metallurgy technology to an expanding group of elements. We envisioned that the Center would be focused primarily on research and development in conjunction with the Oak Ridge National Laboratory and the University of Tennessee and to facilitate training of our new employees. The Center was not expected to generate substantial revenue. As we advised Commissioner Boyd in September, we realized at that time that this part of our proposal was based on a misunderstanding of the degree and nature of the support that was offered by the State of Tennessee to establish the Center of Excellence. Based on this realization, we concluded that it was not feasible to proceed at that time with the establishment of the Center of Excellence and that CVMR research and development in and the application of vapour metallurgy, in conjunction with ORNL, would continue to be conducted at our facility in Toronto.

We want to acknowledge the support and assistance that we have received to date from the State of Tennessee and in particular from your office, the Department of Economic and Community Development, the City of Oak Ridge and Roane County and regret that, notwithstanding this assistance and support, we were unable to proceed with the establishment of the Center of Excellence. We would however point out that since that time CVMR and ORNL have engaged on a number of occasions in joint consultations with respect to CVMR's ongoing research in the application of CVMR's technology to an expanding group of elements.

CVMR (USA) Inc.  
2702 Centennial Road  
P.O. Box 1 Union Mills  
NC 28167-9167, USA  
Tel: 1.256. 527.0898  
[www.cvmr.ca](http://www.cvmr.ca)

CVMR Corporation  
35 Kenhar Drive  
Toronto, ON Canada M9L 1M9  
tel: 1.416.743.2746  
fax: 1.416.743.4193  
[www.cvmr.ca](http://www.cvmr.ca)

The balance of our proposal was the establishment, in three phases, of a metal refining facility in Oak Ridge for the production of metal powders and nano materials at an estimated cost of more than \$300 million in phase one, which we anticipated over a period of 6 years would expand substantially and employ 1200 to 1500 qualified engineers and technicians. As we advised Commissioner Boyd last September, we hope that we will be able to establish this facility in Oak Ridge. We are currently revising the structure of our proposal to establish this facility and are in discussions with our suppliers of raw materials and equipment and our design team is working to finalize the construction parameters for the three phases of our plan. We hope that this amended plan will be completed within the next six months and that it will receive the same degree of support and encouragement from the State of Tennessee, the City of Oak Ridge and Roane County.

With kind regards,

A handwritten signature in dark ink, appearing to read "K. M. Khozan". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Kamran M. Khozan  
Chairman & CEO