STURGIS Project Update, January 17, 2019

Dear STURGIS Stakeholders,

The crew at the International Shipbreaking Limited (ISL) facility, located in the Port of Brownsville, is making excellent progress as they implement the STURGIS' shipbreaking work.

The additional radiological surveys done as part of ISL's standard operating procedures were completed soon after STURGIS arrived and confirmed the ship had no residual radiological contamination. Crews then moved their focus to implementing the required environmental abatement (removal of asbestos, PCBs, etc). The abatement work is mostly complete and the team has now focused their efforts on cutting and breaking cleared portions of the STURGIS vessel.

As you can see in the attached photos, work is being done in a balanced manner to keep the ship from listing while it's still on the water, so portions of the top of the mid-section were removed first, then the aft and then the bow — and so on keeping the vessel level throughout. As part of this, large components are carefully removed to keep the vessel on an even keel.

As a reminder, with the radioactivity having been removed from the STURGIS, the remainder of the vessel will be recycled. Based on the current estimates, we anticipate that we will be recycling approximately 5,800 tons of steel and other assorted metals from the ship.

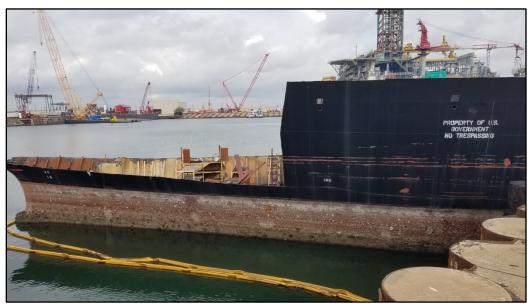
We anticipate the shipbreaking will be complete by early Spring 2019, marking the completion of the decommissioning and dismantling of the STURGIS vessel. The team will then work to finalize a Project Closure report which will document all of the work required to implement this project.

We again want to take this opportunity to thank the local Galveston and Brownsville communities and our local partners and stakeholders for their support as we implemented this complex project in both communities. The local support our team has received greatly contributed to the success of this project.





Additional aerial view of early stages of shipbreaking of STURGIS



View of the aft after portions were removed



Anchor winch being removed via crane



View off the bow of STURGIS with main deck pieces removed



Shipbreaking crews working on the main deck of the STURGIS