



HEYCO METALS, INC.

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July 1, 2016

Dear Customer:

We are in receipt of your request for further input regarding the “Conflict Minerals” rule (“the rule”) finalized on August 22, 2012, by the Securities and Exchange Commission (SEC) as directed by Section 1502 of the Dodd-Frank Act of 2010.

The final rule applies directly only to companies required to report to the SEC under Sections 13(a) or 15(d) of the Exchange Act. However, even if a company determines that the rule will not directly apply to them, the company may still bear an indirect impact if its downstream users are directly covered by the rule. Regardless of whether we are covered directly by the rule, we intend to follow the rules requirements for reporting on conflict minerals to provide our customers with the information necessary for them to comply.

The term “Conflict Minerals” used in this context relates to the minerals used to produce any of the four metals: tantalum, tungsten, tin and gold and their derivatives, regardless of their origin. These minerals are “conflict minerals” no matter where in the world they are mined. The intent of the rule is to require certification that products are “DRC Conflict Free”, meaning that none of the conflict minerals being used were sourced from The Democratic Republic of the Congo or surrounding countries from mines that support conflicts in the region.

The final rule will apply to products containing any of the four conflict minerals (tin, tantalum, tungsten and gold) if the minerals are “necessary to the functionality or production” of the product or products manufactured. In a significant departure from its original proposal, the SEC ultimately determined that “intentionally adding” a mineral to the product was a measure of whether the mineral was necessary to the functionality or production of the product. We have been advised this means that alloys containing trace elements of a conflict mineral as contaminants and impurities do not cause that product to fall under the requirements of the rule.

We followed the development of this rule closely and responded to the SEC’s request for comments, raising several critical issues related to the inability to trace the origin of conflict minerals in recycled scrap. We are pleased to report that the SEC responded to our comments and recognized that it is impossible to trace the source of conflict minerals in scrap. The original proposal would have required a Conflict Minerals Report (CMR), due diligence and third-party audits for all recycled or scrap sources of conflict minerals. In the final rule, we will be required only to conduct a “reasonable inquiry” procedure to determine whether the conflict minerals come from scrap sources.

Of the four metals, our mill vendors use only tin as an alloying element in some of the alloys that we supply to you. Some of the tin in our alloys is sourced from the post-industrial or post-consumer scrap that our mill vendors melt as part of the melting operation to produce new material and some is sourced via virgin ingot. Our vendors are required to report on their sourcing via the EICC/GeSI reporting template. This is either already in your possession or included with this letter. In any case we maintain a copy of the current template online at our website at "Regulatory Documents".

Thank you for the opportunity to address your concerns regarding the SEC's Conflict Minerals Rule, and most importantly, for the opportunity to be your supplier. We appreciate your business.

Heyco Metals Inc.

A handwritten signature in black ink, appearing to read "W.P. Barry", is written over the printed name.

William P. Barry
VP Sales & Marketing