Orig: Magcorp Bankr File (PIC)
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DIV. OF OIL, GAS & MINING

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	**Chapter 11**
MAGNESIUM CORPORATION OF AMERICA, et al.,	:	**Case No. 01-14312 (REG)**
Debtors.	:	**(Jointly Administered)**

NOTICE OF INTENT TO SELL SUBSTANTIALLY ALL OF THE ASSETS OF MAGNESIUM CORPORATION OF AMERICA, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS

PLEASE TAKE NOTICE, that Magnesium Corporation of America ("Magcorp" or the "Seller"), one of the above-captioned debtors-in-possession in the above-captioned case, by motion dated May 2, 2002 (the "Sale Motion"), has requested, among other things, entry of an order approving bid procedures and bid protections (the "Bid Procedures") in connection with a sale of substantially all of Magcorp's assets, including, but not limited to the following: (i) real property consisting of approximately 4,525 acres of land adjacent to the Great Salt Lake in Rowley, Utah, (ii) the operating production facility located thereon including machinery, equipment and other personal property (the "Facility"), (iii) an office building in Salt Lake City, Utah and (iv) goodwill, and other assets described in the Sale Motion and the exhibits annexed thereto except for the Excluded Assets (collectively, the "Assets"). The Facility is designed to produce pure magnesium and magnesium alloys to domestic and international customers in all the major industrial markets for magnesium.

PLEASE TAKE FURTHER NOTICE, that a hearing to consider approval of, among other things, the bidding procedures governing the sale is scheduled before the Honorable Robert E. Gerber, United States Bankruptcy Judge, in Room 620 of the United States Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004 on May 14, 2002 at 9:45 a.m. (the "Procedures Hearing").

PLEASE TAKE FURTHER NOTICE, that all bids are subject to higher and better offers and to approval of the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). An auction of the Assets (the "Auction") is scheduled to take place at 10:00 a.m. (New York City Time) on May 21, 2002, at the New York offices of Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, New York, or such later time or other place as Magcorp shall notify all Qualified Bidders (as defined in the Bid Procedures).

PLEASE TAKE FURTHER NOTICE, that a hearing on the approval of the sale of the Assets (the "Sale Hearing") is currently scheduled before the Honorable Robert E. Gerber at 2:00 p.m. (New York City Time) on May 22, 2002 at Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004. The Sale Hearing may be adjourned or rescheduled without notice by an announcement of the adjourned date at the Sale Hearing. Magcorp will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE, that the sale of the Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by Magcorp, its agents or its estate, unless otherwise agreed to by Magcorp in a definitive purchase agreement. Except as otherwise agreed, all of Magcorp's right, title and interest in and to the Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon (collectively, the "Interests") in accordance with section 363 of the United States Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE, that in order to be considered at the Auction, a bid must be a Qualified Bid, which is any bid that the Seller determines is reasonably likely (based on availability of financing, experience and other considerations) to be a bona fide offer that may be consummated if selected and that includes the following delivered to the Seller on or before 4:00 p.m. (New York City Time) on May 13, 2002 (the "Bid Deadline"). All bids must be accompanied by:

- An asset purchase agreement, marked to show changes from the Asset Purchase Agreement annexed to the Sale Motion as Exhibit "D," providing for consideration or value to the Seller's estate determined by the Seller to be acceptable in view of alternative scenarios;
- Appropriate evidence of a bidder's financial ability to consummate the proposed transaction including current financial statements of the potential bidder, or, if the potential bidder is an entity formed for the purpose of acquiring the Assets, current financial statements of the equity holder(s) of the potential bidder;
- A preliminary schedule of executory contracts to be assumed and assigned; and

- A representation that the offer is irrevocable until the earlier of (x) June 15, 2002; (y) 15 days after the Sale Hearing; and (z) receipt of written notification form the Seller that the offer is not acceptable.

A Qualified Bidder is any potential bidder that submits a Qualified Bid. At the Procedures Hearing, the Bankruptcy Court may confirm the qualifications of any Qualified Bidder if a dispute exists.

All requests for due diligence material as well as access to the Facility should be made through Bruce Conklin of Kibel Green & Issa, Inc., Magcorp's financial advisors (telephone number (949) 852-0150).

PLEASE TAKE FURTHER NOTICE, that any bidder that is determined by the Seller or the Bankruptcy Court to be a Qualified Bidder shall deliver, within two (2) business days of such determination but no later than immediately prior to the Auction, a good faith deposit (the "Deposit") in the form of a certified check or wire transfer (or other form acceptable to the Seller in its discretion) and payable to the order of the Seller (or such other party as the Seller may determine) in the amount of $1,000,000.00.

PLEASE TAKE FURTHER NOTICE, that a Qualified Bidder that desires to make a bid shall deliver a written copy of its bid to Chadbourne & Parke LLP, 30 Rockefeller Plaza, New York, New York 10112, Attention: Joseph H. Smolinsky, not later than the Bid Deadline.

PLEASE TAKE FURTHER NOTICE, that copies of the Sale Motion and the Bid Procedures as well as information on how to qualify as a bidder may be procured upon written or telephonic request to the undersigned.

Chadbourne & Parke LLP
30 Rockefeller Plaza
New York, New York 10112
Telephone No. (212) 408-5100
Attn: Joseph H. Smolinsky, Esq.

Attorneys for Magnesium Corporation of America of the above-captioned Debtors and Debtors in Possession