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Counsel for Black Iron, LLC

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH**

In re BLACK IRON, LLC  Debtor.	Bankruptcy Case No. 17-24816  Chapter 11  Honorable William T. Thurman
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**MOTION TO SELL EQUIPMENT**

Black Iron, LLC, debtor and debtor-in-possession (“Debtor”) in the above-captioned chapter 11 case, pursuant to Section 363(b) of the Bankruptcy Code and Rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure, hereby moves this Court for entry of an order, substantially in the form attached hereto as Exhibit A (the “Order”), authorizing the Debtor to sell certain equipment (the “Equipment”) owned by the Debtor to Sooner Machinery & Equipment Buyers (the “Buyer”), pursuant to that certain Agreement, a copy of which is attached hereto as Exhibit B (the “Agreement”), subject to higher and better offers, and free and clear of any and all liens, claims, interests, and encumbrances, if any, with any such liens, claims,

interests, and encumbrances to attach to the proceeds of such sale (the “Sale”). In support of the Motion, Debtor respectfully represents as follows:

**JURISDICTION AND VENUE**

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicate for the relief requested herein is section 363(b) of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “Bankruptcy Code”).

**FACTUAL BACKGROUND**

3. On June 1, 2017, the Debtor filed a voluntary chapter petition under the Bankruptcy Code (the “Petition Date”). The Debtor continues to operate its business and manage its property as a debtor-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

4. No trustee or examiner has been appointed in this case. No committee of unsecured creditors or other official committee has been appointed in this case.

5. Debtor owns the Iron Mountain Mine (sometimes referred to as the Comstock Mine). A detailed discussion of the Debtor’s history, business, assets and liabilities, and events precipitating the chapter 11 bankruptcy filing are set forth in the “Declaration of Steve L. Gilbert In Support of Chapter 11 Petition And First Day Motions” (the “First Day Declaration”) (Docket No. 6). Debtor relies on the First Day Declaration in seeking the relief requested herein and incorporates the First Day Declaration herein by reference.

**IDENTIFICATION OF BUYER AND TRANSACTION PARTIES**

6. The Buyer is an independent third-party that buys and sells equipment nationwide.

7. CRS is owned by Gilbert Development Corp., the principal and owner of which is Steve Gilbert, the managing member of the Debtor. CRS has experience and expertise in de-installing and transporting equipment, and under the terms of the Agreement, CRS will receive 10% of the purchase price for performing certain de-installation and transport functions. The 10% arrangement was agreed to and negotiated between Mr. Lange Fay, the president of CRS, and Steve Gilbert, principal of the Debtor, to facilitate the sale of the Equipment.

8. The Debtor understands the Buyer is also entering into a contemporaneous but separation transaction with an entity called Crusher Rental & Sales (“CRS”) to purchase some additional equipment from CRS.

**DESCRIPTION OF ASSETS**

9. The equipment to be sold includes primarily a rotary dryer; a Trio sand screw (i.e., fine material washer); and various ELBO pieces. The sale of the Equipment includes no warranties and is “as is.”

10. In January 2016, Debtor had an appraisal done by AM King of its equipment assets (the “Personal Property Assets”), a copy of which is attached hereto as Exhibit C. That appraisal, for example, valued the rotary dryer at \$100,000 (orderly sales value) and \$35,000 (dealer price for inventory), which piece of equipment was originally purchased by CML Metals, the prior mine owner, at \$676,919. The allocated purchase price for the rotary dryer under the Agreement is \$3,000,000.

11. AM King estimated a needed market exposure time for the Personal Property Assets of about six to twelve months. From early 2016 through November 2016, AM King was marketing the Personal Property Assets for sale, with particular emphasis on certain pieces, including the rotary dryer, and trying to find potential buyers. In November 2016, AM King reported to the Debtor by letter, a copy of which is attached hereto as Exhibit D, that it had not been successful in finding interested buyers but would continue to market the Personal Property Assets and identify potential customers.

12. The current offer for which approval is sought by the Debtor in this Motion represents the highest and best offer received to date. No comparable or back up offers have been received.

13. The Equipment proposed to be sold is non-essential property that will not be needed or used when the Debtor resumes mining operations.

14. The Equipment is not subject to any liens or encumbrances of which the Debtor is aware. The Debtor's counsel undertook a UCC search with the Utah Department of Corporations on January 31, 2018, and confirmed there are no current UCC filings against the Debtor.

15. At this time, because of pending litigation and related issues identified in the First Day Declaration, the Debtor is not operating the mine. The Debtor has looked for and successfully landed alternate sources of revenue while the mine is inoperable, including an arrangement to lease water. The Debtor has determined that sale of the Equipment will maximize value and provide the Debtor an additional source of revenue while it continues its restructuring efforts.

**DESCRIPTION OF SALE**

16. The Debtor has agreed to sell, and the Buyer has agreed to purchase, subject to Court approval, the Equipment listed in the Agreement, for a cash purchase price of \$3,065,000 (the “Gross Purchase Price”). Under the terms of the Agreement, the Debtor will give 10% of the Gross Purchase Price (\$306,500) to CRS for the disassembly, removal, and transport of the equipment. CRS has the necessary equipment, including a crane, to transport the Equipment. The Debtor will, therefore, net from the sale approx. \$2,758,500 (the “Net Sales Price”).

17. Section 363(b)(1) authorizes the Debtor to sell, other than in the ordinary course of business, property of the estate with Court approval. The Debtor asserts that the sale or property of the estate as set forth above may be approved under that authority and the factual circumstances of this case.

**NOTICE**

18. The Debtor is providing notice of this Motion to all parties appearing on the Mailing Matrix for the case, to the Buyer, to CRS, to AM King (the appraiser and marketer), Ritchie Bros. (heavy equipment auctioneers who had previously approached the Debtor with an interest in some of the Personal Property Assets), and to those parties who have contacted the Debtor’s counsel since the Petition Date inquiring about or expressing some interest in any asset sales the Debtor may undertake.

**ARGUMENT AND BASIS FOR RELIEF**

19. A debtor in possession may sell property of the estate outside the ordinary course of business. Sections 363(b)(1) and 1107(a). A chapter 11 debtor may sell all or substantially all of its assets outside of a plan of reorganization. *See In re General Motors Corp.*, 407 B.R. 463

(Bankr. S.D.N.Y. 2009). In order to approve a sale of a debtor's assets outside the ordinary course of business, there must exist: (1) a sound business reason for the sale; (2) adequate and reasonable notice to interested parties, including the sale terms and the Debtor's relationship with the buyer; (3) a fair and reasonable sale price; and (4) good faith on the part of the buyer. *See In re Medical Software Solutions*, 286 B.R. 431, 439-40 (Bankr. D. Utah 2002). Once a debtor articulates a valid business justification, "[t]he business judgment rule "is a presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action was in the best interests of the company." *In re Johns-Manville Corp.*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) ("a presumption of reasonableness attaches to a Debtor's management decisions"). The court, however, is not to substitute its business judgment for that of the debtor. *See, e.g., In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 676 (Bankr. S.D.N.Y. 1989).

20. A sound business reason exists for the proposed sale. The Debtor, at the present time, is not operating the mine. The sale of the non-essential equipment will provide an additional source of revenue for the Debtor's restructuring efforts. Indeed, the Debtor may have eventually had to sell this same equipment for scrap value.

21. The Debtor understands the Buyer needs some or all of the Equipment for a mining project operation in Mexico. The project is time-sensitive, and the Debtor understands the Buyer's need for the Equipment is immediate. The Agreement provides in relevant part that the Buyer's purchase of the Equipment is conditioned on Court approval within the next ten (10) days. Accordingly, it is imperative to close the sale of Debtor's assets quickly.

22. The Agreement is the product of good faith. The Debtor has spent many months marketing the Personal Property Assets through AM King, an independent party, and has received

no meaningful offers. The Buyer is an independent third-party and insofar as the Debtor is aware, the Buyer is not related to the Debtor, its principals, or its creditors. The Agreement is the result of arms-length negotiations. There is no collusion or attempt to take advantage of others. *See, e.g., In re Ewell*, 958 F. 2d 276 (9th Cir. 1992). In addition, there is no special treatment to insiders, but the estate benefits as a whole.

23. Finally, the Debtor requests that the Order approving the Sale be effective immediately to accommodate the Buyer's schedule and desire to acquire and use the Equipment as soon as possible. Therefore, the Debtor respectfully requests that the Court use its authority under Rule 6004(h) to make the Sale Order effective upon entry.

#### **CONCLUSION**

WHEREFORE, the Debtor respectfully requests that the Court approve the Agreement and enter an order, effective immediately upon entry pursuant to Rule 6004(h), authorizing the Debtor to complete any and all tasks necessary to effectuate and close the Sale, pursuant to the Agreement.

Dated this 31st day of January, 2018.

By: /s/ Adelaide Maudsley  
Ralph R. Mabey (#2036)  
Adelaide Maudsley (#8791)  
Ryan C. Cadwallader (#13661)  
**KIRTON McCONKIE**  
50 East South Temple, Suite 400  
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[amaudsley@kmclaw.com](mailto:amaudsley@kmclaw.com)  
[rcadwallader@kmclaw.com](mailto:rcadwallader@kmclaw.com)

*Counsel for Debtor*

**CERTIFICATE OF SERVICE**

The undersigned hereby certified that on this 31st day of January, 2018, a true and correct copy of the foregoing document was electronically filed with the United States Bankruptcy Court for the District of Utah CM/ECF filing system and further certifies that the below listed are parties of record in this case, are registered users of CM/ECF, and will be served through the CM/ECF system:

- Troy J. Aramburu taramburu@swlaw.com, nharward@swlaw.com, docket\_slc@swlaw.com, sballif@swlaw.com
- Ryan C. Cadwallader rcadwallader@kmclaw.com, tslaughter@kmclaw.com
- Laurie A. Cayton tr laurie.cayton@usdoj.gov, James.Gee@usdoj.gov; Lindsey.Huston@usdoj.gov; Suzanne.Verhaal@usdoj.gov
- Bret R Evans brevans@swlaw.com, nharward@swlaw.com; docket\_slc@swlaw.com
- Dana T. Farmer dfarmer@djplaw.com, eirvin@djplaw.com
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- Amy F. Sorenson asorenson@swlaw.com, smoen@swlaw.com
- Jeffrey L. Trousdale jtrousdale@cohnekinghorn.com, nlakey@cohnekinghorn.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov

The undersigned hereby further certifies that on this 31st day of January, 2018, a true and correct copy of the foregoing document was sent by United States mail, first class postage prepaid, to (i) all parties appearing on the MAILING MATRIX for this case dated as of January 31, 2018, and (ii) the following additional parties:

A.M. King Industries, Inc.  
Attn: Scott Pfeiffer  
2875 Feather River Blvd.  
Oroville, CA 95965

Ritchie Brothers  
Attn: Gene Jones, Territory Manager  
10500 Clark R. Peterson Blvd.  
Las Vegas, NV 89165

Sooner Machinery & Equipment Buyers  
1215 South Detroit  
Tulsa, OK 74105  
Attn: Frank George, Owner



Crusher Rental & Sales  
6249 Gilbert Industrial Court  
Hurricane, UT 84737  
Attn: Lange Fay

Perfection Industrial Sales  
Attn: Vaughn Barber  
2550 Arthur Avenue  
Elk Grove Village, IL 60007

NRI Industrial Sales  
Attn: Michele Lester  
6401 Rogers St  
Delta, Ohio 43515

PPL Group LLC  
Attn: Linda Budz  
105 Revere Drive, Suite C  
Northbrook, IL 60062

*/s/ Torri Slaughter, Legal Assistant*

**EXHIBIT A**

**[PROPOSED ORDER]**

*Proposed Order Prepared and Submitted By:*

Ralph R. Mabey (#2036)

Adelaide Maudsley (#8791)

Ryan C. Cadwallader (#13661)

**KIRTON McCONKIE**

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Counsel for Black Iron, LLC

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH**

In re BLACK IRON, LLC  Debtor.	Bankruptcy Case No. 17-24816  Chapter 11  Honorable William T. Thurman
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**ORDER APPROVING MOTION TO SELL EQUIPMENT**

Upon the motion (the “Motion”)<sup>1</sup> of Black Iron, LLC, as debtor and debtor-in-possession (“Debtor”), seeking entry of an order pursuant to section 363(b) of the Bankruptcy Code authorizing the Debtor to sell equipment owned by the Debtor (the “Equipment”) to Sooner Machinery & Equipment Buyers, pursuant to that certain Purchase Agreement dated January 30, 2018, a copy of which is attached hereto as Exhibit 1 (the “Agreement”).

<sup>1</sup> Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

The Property consists of equipment identified on Exhibit A to the Agreement (the “Equipment”).

The Court having jurisdiction to consider the Motion and the requested relief therein pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and the Court having determined that the relief sought in the Motion is in the best interests of Debtor, its creditors, and all parties-in-interest; and upon the Motion and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby:

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED.
2. As evidenced by the certificate of service on file with the Court, (i) proper, timely, and adequate notice of the Motion and Sale has been provided in accordance with Sections 102(1) and 363 of the Bankruptcy Code and Rules 2002, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure; (ii) the form and manner of notice was reasonable, sufficient, and appropriate under the circumstances and adequately apprised interested parties of the terms and conditions of the Sale and the relationship between the Debtor and the Buyer; and (iii) no other or further notice of the Motion is required.
3. The Debtor (i) has full corporate power and authority to execute the Agreement and all other documents contemplated thereby and in the Motion, and (ii) has all of the corporate power and authority necessary to consummate the transaction contemplated by the Agreement and the Motion and the consummation of the sale of the Equipment.
4. The Debtor has demonstrated sound business judgment and justification for

the sale of the Equipment pursuant to Section 363(b) of the Bankruptcy Code.

5. The Agreement constitutes a valid and binding contract between the Debtor and the Buyer.

6. As provided in the Agreement, Crusher Rental & Sales, Inc. is allowed to disassemble, prepare for transport, and remove the Equipment on to Buyer's transportation source for a fee of ten (10%) percent of the sales price.

7. The Agreement was negotiated, proposed, and entered into by the Debtor and Buyer without collusion, in good faith, and from an arm's length bargaining position. Neither the Debtor nor the Buyer has engaged in any conduct that would cause or permit the Agreement to be voided under Section 363(n) of the Bankruptcy Code.

8. The Buyer is a third-party purchaser, unrelated to the Debtor. The Buyer is not a successor-in-interest to the Debtor.

9. The Buyer is a "good faith" purchaser as such term is used in Section 363(m) of the Bankruptcy Code, and, as such, is entitled to all of the protections afforded thereby.

10. The consideration provided by the Buyer for the conveyance of the Equipment pursuant to the Agreement and the Motion is (i) fair and reasonable, (ii) the highest or otherwise best offer for such property, (iii) will provide a greater recovery for the Debtor's creditors and other interested parties than other liquidation or sale alternatives, and (iv) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

11. The transfer of the Equipment to the Buyer will be a legal, valid and effective transfer and will vest the Buyer with all rights, title, and interest of the Debtor in the Equipment free and clear of interests, claims, encumbrances, and the like, if any, as contemplated and allowed by the Bankruptcy Code.

12. The failure specifically to include any particular provisions of the Agreement or the Motion in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Agreement and the Motion be authorized and approved in their entirety.

13. The Debtor is authorized to execute and deliver, and empowered to perform under, consummate and implement, the Agreement and the Motion, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Agreement and the Motion, or as may be necessary or appropriate to the performance of the obligations as contemplated by the Agreement or the Motion.

14. Any agreements, documents or other instruments relating to the sale of the Equipment may be modified, amended, or supplemented by the parties thereto, in writing, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on Debtor's estate and is otherwise consistent with this Order.

15. As provided by Rule 6004(g) of the Federal Rules of Bankruptcy Procedure, this Order shall not be stayed for 14 days after entry and shall be effective immediately upon entry.

16. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order.

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**END OF ORDER**

**EXHIBIT B**

**[PURCHASE AGREEMENT]**

## **PURCHASE AGREEMENT**

This **Purchase Agreement ("Agreement")** is made this 30<sup>th</sup> day of January, 2018 between **BLACK IRON, LLC ("Black Iron")** located at 6249 W. Gilbert Industrial Court, Hurricane, UT 84737 and **SOONER MACHINERY & EQUIPMENT BUYERS ("Sooner")** located at 1215 South Detroit, Tulsa, OK 74105 as follows:

Black Iron is a Chapter 11 debtor in possession (Case No. 17-24816) filed in the United States Bankruptcy Court for the District of Utah.

Black Iron desires to sell the equipment as outlined in Exhibit "A", attached hereto and incorporated by reference ("Equipment") which is subject to the bankruptcy automatic stay prior to bankruptcy court approval;

Sooner desires to purchase the Equipment from Black Iron for THREE MILLION SIXTY-FIVE THOUSAND DOLLARS (\$3,065,000.00) as specifically listed in Exhibit "A".

Sooner's purchase is conditioned on Bankruptcy Court approval which shall be determined, subject to notice and time for objection, within the next ten (10) days.

Purchase of Equipment includes no warranties. Sooner is purchasing the equipment "as is" and shall hold Black Iron harmless for the Equipment condition.

Crusher Rental & Sales, Inc. ("Crusher") shall disassemble, prepare for transport, and remove the equipment from the mine site onto Sooner's transportation source for a fee of ten (10%) percent of the sales price.

***NOW, THEREFORE,*** for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Upon approval of the Bankruptcy Court for sale of the equipment and subsequent receipt of a wire transfer to Black Iron in the amount of THREE MILLION SIXTY-FIVE THOUSAND DOLLARS (\$3,065,000)., Sooner may thereafter notify Black Iron of the date to pick the equipment up from the iron mine site (2708 South Comstock Road, Cedar City, UT 84720) with forty-eight (48) hours notice.

Upon pick up of equipment, Black Iron will provide titles, serial numbers or such bill of sale for Sooner to be certified owner.



This Agreement shall be governed by the laws of the State of Utah with venue in Washington County. Any litigation, mediation or arbitration on the terms of this note shall provide for payment of actual attorney fees and costs to the prevailing party.

**BLACK IRON, LLC**

By:   
STEVE L. GILBERT  
Managing Member

**SOONER MACHINERY &  
EQUIPMENT BUYERS**

By:   
FRANK GEORGE, OWNER

**EXHIBIT A**

<b>Equipment</b>	<b>Price</b>
Trio Sand Screw	\$15,000.00
ELBO Misc.	\$50,000.00
Dryer Set-up	\$3,000,000.00
<b>TOTAL</b>	<b>\$3,065,000.00</b>

**EXHIBIT C**

**[JANUARY 2016 APPRAISAL]**



A.M. King Industries, Inc.  
2875 Feather River Blvd Oroville, CA 95965 USA  
Office: 530.534.7965 Fax: 530.534.6013  
[info@amking.com](mailto:info@amking.com) | [www.amking.com](http://www.amking.com)

January 22, 2016

Black Iron, LLC  
6249 W Gilbert Industrial Court  
Hurricane, UT 84737  
[keith@blackironore.com](mailto:keith@blackironore.com)  
435-701-1903

Dear Mr. Gilbert,

Thank you for the opportunity to assist Black Iron, LLC with the appraisal of the Comstock Iron Mine near Cedar City, Utah owned by Black Iron, LLC.

Please see attached analysis and report on the value of the process plant and assets.

Sincerely,

A handwritten signature in black ink that reads "Albert M. King, Sr." The signature is stylized and cursive.

Albert M. King, Sr  
President  
A.M. King Industries, Inc



## VALUATION REPORT

### CONFIDENTIALITY STATEMENT

This appraisal report and all information contained herein is legally privileged and confidential and intended only for use of the individuals and entity to whom it is addressed. Any dissemination, distribution, or copy of this appraisal is strictly prohibited.

### PURPOSE AND USE OF THE APPRAISAL REPORT

The purpose for this appraisal is to determine the "Orderly Sales Value", of the Comstock Iron Mine Plant located in Cedar City, Utah owned by Black Iron, LLC to provide current market conditions for property tax related appeals.

### VALUATION METHODOLOGY

A.M. King uses the Sales Comparison Market Approach which relies upon the analysis of recent sales and offering prices of similar items to arrive at an indication of the most probable selling price of a subject item.

A.M. King leverages our sales experience and current market knowledge to estimate the current market value of the equipment value for the equipment using the Uniform Standards of Professional Appraisal Practice (USPAP) standards and methods.

The following are used to provide estimated value for the process plans and equipment:

- Age, manufacturer, model, condition, characteristics, size, and capabilities of the subject machinery and equipment
- Accessories, optional features, or modifications to the subject machinery and equipment
- Time-frame given to sell the assets
- Quantity, mix, and composition of the machinery and equipment in their entirety
- Location of the machinery and equipment as it relates to accessibility to potential buyers
- Current market demand for similar used assets
- Current economic conditions
- Physical, functional, and economic obsolescence of the subject machinery and equipment
- Cost of installation, removal, transportation or logistical costs
- Availability of comparable new and used machinery and equipment in the marketplace

### ORDERLY SALE VALUE

Orderly Sale Value is defined as "The estimated gross amount, expressed in terms of money, that could be typically realized from a sale, given a reasonable period of time to find a purchaser(s), with the seller being compelled to sell on an "as is, where is" basis, as of a specific date." In this case, the expected time period is 6-12 months.



## FINDINGS

A.M. King Resources inspected the plant and equipment on January 13, 2016 escorted by Black Iron LLC resources.

A.M. King understood the following regarding the Iron Ore Process plant from discussions with Black Iron LLC resources:

- Plant is designed for estimated 429 Tons Per Hour at 90% Up Time Over 24 Hour Period (or 9,300 TPD)
- Most Equipment purchased new in 2012 with the exception of Ball Mill and other equipment notated
- Plant has been idle since November 2014 and plant is on care and maintenance
- Operations noted the plant only ran at an estimated 3,500 TPD, on average
- All equipment was confirmed to have been maintained and serviced properly during operation

## OVERALL MARKET CONDITIONS

The mining markets have been in a difficult period over the past few years and this has impacted the used equipment market as well. Cancelled projects have added to the inventory and lack of financing and projects have significantly reduced sales price for used equipment. A.M. King works with Iron Producers in Canada and Australia to sell their surplus assets from cancelled projects and reduced capacity.

## COMPARABLE ASSETS

### Black Iron LLC Comstock Iron Mine Process Plant

A.M. King understood from Black Iron LLC resources that the plant was designed for 8,000 – 10,000 TPD, but due to design and engineering issues on both the Concentrate side and the Tailings side, the plant was only able to achieve approximately 3,500 TPD on average (when it was not shut down). The foundational issue was that the material retained a substantially higher moisture content than was anticipated in the design and engineering. This caused consistently low production along with high maintenance. Specific examples from the records included, but were not limited to:

- The plant operated at low capacity due to substantially higher cycle times than engineered for. Per design, the filter presses needed to run in 3.75 minute cycles, but in the beginning, the cycle lasted 45 to 60 minutes (10 to 15 times longer than designed). The best cycle time ever achieved during the plant's term of operation was an 8 minute cycle; however this was not consistent and the basic scenario became a 10 to 11 minute cycle. Even with the 10 to 11 minute cycle, the moisture content was still too high, and that 10 to 11 minute cycle was still three to four times longer than the plant's design.



With cycles that high, the plant could not achieve its full production capacity. The cost of operating a plant at low capacity is significant because the stresses on all the parts of the process are different than the equipment is designed for, causing domino-effect breakdowns.

- The plant itself was designed to shut down only every 6 months for maintenance, but between start-up on 2/23/12 through 6/7/12, a total of 104 days, the plant had already shut down 53 times. This was the pattern throughout its term of activity. Some of the shut-downs were due to major equipment breakdowns, other shutdowns were due the Tailings side having to have their de-watering caught up, sometimes by manual means, so that the Concentrate production could begin again.
- Numerous additional strategies were employed to solve the design and engineering deficiencies, i.e. outside firms were hired to make modifications on the filter presses, a filter belt system was installed, a core blow system was installed, a pulverizer system was tried, a centrifuge system was installed with up to five centrifuges at a time, a pug mill was installed, dry substances were added to the wet material for blending, numerous drying methods were implemented from a fluid bed dryer process to a rotary drum dryer process, a dry polymer process system was installed, a flocculent system was installed, a flotation process was implemented, hyperbaric filter chambers were built, etc. A.M. King has observed the equipment from these strategies on the premises of the minesite, many in various stages of break-down or disuse.

#### Comparable Plants

- 18C-VI01 Used 10,000 TPD Gold Process Plant including 32' x 12' SAG Mill, 14.5' x 28' Ball Mills, 54" x 74" Gyratory, 7' SH HD Cone, Rock Breaker and Supporting Equipment. Plant sold in 2007 with for USD \$17M with an estimated \$7M to dismantle and ship from the Northwest Territory (Colomac) to Calgary and Edmonton. Currently asking \$5M-7M. The owner recently spent over \$600,000 moving the equipment to a storage building where each component was cleaned, sand blasted painted and preserved for long term storage.
- 18C-AP01 Used 5,000 TPD Phosphate Minerals Processing Facility including equipment for primary crushing, milling, classifying, flotation, filtering and drying. Plant is used, dismantled and located in Eastern Canada. Currently asking \$3.3M.
- 18C-RR01 Used 3,500 TPD Copper and Gold Processing Plant including SAG Mill, Ball Mills, Flotation Cells, Thickener and Filter Presses. Plant is used, installed and located in the Philippines. Currently asking \$3M.
- 18C-AP01 Used 3,300 TPD Flotation Plant including 22' x 7' Sag Mill, 12'6" x 20' Pebble Mill, 11' x 12' Ball Mill, Jaw & Cone Crushers, Pumps, Screens, Flotation Cell Drives and More. Plant is used, dismantled and stored in Arizona, USA. Currently asking \$1.6M.
- 18C-GB01 USED 3,000-3,500 TPD GOLD PROCESSING PLANT, including Grinding Circuit, CIL System & Tanks, Gold Assay Lab, Truck Shop, Buildings and Warehouse Spare Parts. Plant is used, installed and located in the Nevada. Currently asking \$3M.



#### ESTIMATED VALUATION

- Complete Process Plant Estimate (all values USD)
- Orderly Sales Value – USD \$5,000,000 – 7,000,000 As-Is Where Is

#### For Reference: Major Equipment Estimate Orderly Sale Values (Installed)

• Ball Mill	\$1,200,000
• SAG Mill	\$1,600,000
• 4 Units Cleaners Magnetic Separators Double Drums	\$240,000
• 1 Unit Fluid Bed Dryer	\$225,000
• 3 Units 40 cubic meter Flotation Cells	\$225,000
• 3 Units Rougher Magnetic Separators Single Drum	\$180,000
• 5 Unit Cluster Grinding Cyclones GMAX 26-20	\$115,000
• Major Equipment Total	\$3,785,000

#### Attachments:

- Black Iron LLC Comstock Iron Mine Process Plant Detailed Equipment Values
- Black Iron LLC Comstock Iron Mine Process Plant Pictures

#### OTHER CONSIDERATIONS

- Estimated Removal, Packing & Loading Costs - \$1.75M - \$3M
- Outright Purchase – if a used equipment dealer/ broker were to purchase the plant outright for inventory, A.M. King estimates an offer in the \$950,000 considering cost to remove, pack, load, store, insure and then resell.

#### LIMITATIONS

- All value projections are presented by A.M. King are considered opinion, based on the facts and data set forth in this Valuation Report. The values reported herein are an opinion only and are not a warranty or representation of fact. Other than as stated herein, no representation, warranty, guaranty, or statement is made as to the value, fitness for specific use, merchantability or marketability of the subject machinery and equipment. A.M. King assumes no responsibility for any inability to sell the machinery and equipment at the values projected.



Ref	Category	Description	New/ Used	Purchase Amount	Orderly Sales	Dealer Purchase Price For Inventory
68	CP - Concentrate Building - Structural Steel and Concrete	n/a	New	\$ 6,104,354.47	\$ -	\$ -
45	CP - Concentrate Building - North and South Well	n/a	New	\$ 713,830.29	\$ -	\$ -
50	CP - Piping	n/a	New	\$ 3,012,721.47	\$ -	\$ -
86	Hyperbaric Filter Building	n/a	New	\$ 4,973,301.00	\$ -	\$ -
277	Hyperbaric Filters	n/a	New	\$ 5,801,454.00	\$ -	\$ -
280	Hyperbaric Filter - Electrical	n/a	New	\$ 1,226,284.00	\$ -	\$ -
281	Hyperbaric Filter - Piping	n/a	New	\$ 835,652.00	\$ -	\$ -
76	CP - Unit Substation	n/a	New	\$ 364,255.64	\$ 50,000.00	\$ 15,000.00
131	ABB Transformer	n/a	New	\$ 880,460.00	\$ 75,000.00	\$ 25,000.00
46	CP - Nuclear Density Analyzer	n/a	New	\$ 51,488.77	\$ 10,000.00	\$ 2,500.00
94	Electrical Power Substation	n/a	New	\$ 2,520,972.00	\$ 150,000.00	\$ 75,000.00
154	TPH 6" Slurry Gate Valve	n/a	New	\$ 14,033.00	\$ 3,000.00	\$ 500.00
155	Tech Flo 30 HP Slurry Pump	n/a	New	\$ 59,863.00	\$ 8,000.00	\$ 3,500.00
156	Tech Flo 30 HP Slurry Pump Replaced Parts	n/a	New	\$ 9,110.00	\$ 3,000.00	\$ 500.00
158	Underflow Pumps	n/a	New	\$ 30,355.00	\$ 6,000.00	\$ 2,500.00
165	Centrifuges	n/a	New	\$ 1,295,898.00	\$ 100,000.00	\$ 37,500.00
230	Centrifuge	n/a	New	\$ 172,144.00	\$ 30,000.00	\$ 7,500.00
71	CP - Tanks	Sag Mill Main Bearing Lubrication Tank - 4 compartments	New	\$ 799,792.97	\$ -	\$ -
	Tanks	Sag Mill Main Motor Lubrication Tank	New		\$ -	\$ -
	Tanks	Sag Mill Gearbox Lubrication Tank - 2 compartments	New		\$ -	\$ -
	Tanks	Conditioning Tank No. 1 - 16 ft dia. X 18 ft H, carbon steel open top agitated tank	New		\$ -	\$ -

	Tanks	Conditioning Tank No. 2- 16 ft dia. X 18 ft H, carbon steel open top agitated tank	New		\$ -	\$ -
	Tanks	Concentrate Filter Feed Tank - 22 ft. dia. X 24 ft H., carbon steel open top agitated tank	New		\$ -	\$ -
	Tanks	Concentrate Thickener Overflow Tank - 14 ft dia. X 16 ft H, carbon steel open top tank	New		\$ -	\$ -
	Tanks	Tailings Filter Feed Tank - 26 ft dia x 28 ft H, carbon steel open top agitated tank	New		\$ -	\$ -
	Tanks	Starch Silo - 10 ft dia x 40ft6in H, carbon steel	New		\$ -	\$ -
	Tanks	Flocculant Mix Tank - 6 ft dia x 5 ft 7 in H, 1/4 in. PEX tank	New		\$ -	\$ 500.00
	Tanks	Flocculant Storage Tank - 12 ft dia x 8 ft 4 in. H, 1/2 in. PEX tank	New		\$ -	\$ 1,200.00
	Tanks	Sodium Hydroxide Storage Tank - 10 ft dia. X 12 ft H, carbon steel closed top tank, 2" insulation	New		\$ -	\$ 800.00
	Tanks	Starch Mix Tank - 2 ft. dia x 3 ft H., carbon steel open top agitated tank	New		\$ -	\$ 250.00
	Tanks	Amine Storage Tank - 10 ft dia x 12 ft H, carbon steel closed top tank	New		\$ -	\$ 250.00
	Tanks	Calcium Chloride Storage Tank - 10 ft dia x 12 ft H, carbon steel closed top tank	New		\$ -	\$ 250.00
	Tanks	Process Water Tank - 25 ft. dia x 22 ft H, carbon steel open top tank	New		\$ -	\$ -
	Tanks	Gland Seal Water Day Tank - 10 ft dia x 12 ft H, carbon steel open top tank	New		\$ -	\$ 250.00
	Tanks	Fire/Fresh Water Tank - 26 ft. dia x 26 ft H, carbon steel open top tank	New		\$ -	\$ -
14	CP - Conveyor Belts	Belt - 2101 - Need Lengths & Sizes, HP	New	\$ 474,978.31	Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 2102	New		Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 2103	New		Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 2105	New		Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 2106	New		Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 5212	New		Included with Conveyor	\$ -
	CP - Conveyor Belts	Belt - 5213	New		Included with Conveyor	\$ -

	CP - Conveyor Belts	Belt - 5227	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 5228	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 5229	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 5233	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 5234	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 6214	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 6215	New			Included with Conveyor	\$ -	
	CP - Conveyor Belts	Belt - 6222	New			Included with Conveyor	\$ -	
61	CP - Screen	n/a	New	\$ 6,881.37	\$ 3,000.00		\$ 500.00	
148	Forklift	n/a	New	\$ 273,648.00	\$ 75,000.00		\$ 25,000.00	00
195	Rotary Dryer	n/a	Purchased Used	\$ 676,919.00	\$ 100,000.00		\$ 35,000.00	00
38	CP - Liner Handler	n/a	New	\$ 312,367.50	\$ 50,000.00		\$ 12,500.00	00
13	CP - Control Booth	n/a	New	\$ 148,398.13	\$ -		\$ -	00
11	CP - Concentrate Building Electrical	n/a	New	\$ 3,122,171.09	\$ -		\$ -	00
27	CP - Flocculant System	Flocculant Blower & Eductor System	New	\$ 104,847.00	\$ 10,000.00		\$ 1,500.00	00
141	Centrifuge	n/a	New	\$ 321,937.00	\$ 25,000.00		\$ 12,500.00	00
	CP - Feeders	1 Unit Stockpile Reclaim Belt Feeder	New	\$ 100,000.00	\$ 5,000.00		\$ 2,500.00	00
	CP - Feeders	2 Unit Flocculant Volumetric Feeder	New		\$ 3,000.00		\$ 500.00	00
	CP - Overhead Crane	20 Ton Overhead Bridge Crane (5 Ton Aux)	New		\$ -		\$ -	00
47	CP - Overhead Crane	30 Ton Overhead Bridge Crane	New	\$ 373,953.00	\$ -		\$ -	00
	CP-Pumps	Sag Mill Main Bearing LP Lube Pump No. 1	New			Included with sag Mill Offer below	Included with sag Mill Offer below	00
	CP-Pumps	Sag Mill Main Bearing LP Lube Pump No. 2	New			Included with sag Mill Offer below	Included with sag Mill Offer below	00

	CP-Pumps	Process Water Pump No. 1 - 20 in. suction x 18 in. discharge, horizontal split case solution pump with fixed	New		\$ 30,000.00	\$ 5,500.00
	CP-Pumps	Process Water Pump No. 2 - 20 in. suction x 18 in. discharge, horizontal split case solution pump with fixed	New		\$ 30,000.00	\$ 5,500.00
	CP-Pumps	Ball Mill Cyclones Feed Pump No. 1 - 16 in. suction x 14 in. discharge w/44 in. impeller, rubber-lined horizontal	New		\$ 25,000.00	\$ 3,500.00
	CP-Pumps	Ball Mill Cyclones Feed Pump No. 2 - 16 in. suction x 14 in. discharge w/44 in. impeller, rubber-lined horizontal	New		\$ 25,000.00	\$ 3,500.00
	CP-Pumps	Sag Mill Cyclone Feed Pump No. 1 - 16 in. suction x 14 in. discharge w/44 in. impeller, rubber-lined horizontal	New		\$ 22,500.00	\$ 7,500.00
	CP-Pumps	Sag Mill Cyclone Feed Pump No. 2 - 16 in. suction x 14 in. discharge w/44 in. impeller, rubber-lined horizontal	New		\$ 22,500.00	\$ 7,500.00
193	Pumps	Sag Mill Discharge Pump No. 1 - 12 in. suction x 10 in. discharge w/26 in. impeller, high chrome horizontal	New	\$ 208,501.00	\$ 18,500.00	\$ 4,500.00
	CP-Pumps	Sag Mill Discharge Pump No. 2 - 12 in. suction x 10 in. discharge w/26 in. impeller, high chrome horizontal	New		\$ 18,500.00	\$ 4,500.00
	CP-Pumps	Rougher Magnetic Separator Tailings Transfer Pump No. 1 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,500.00
	CP-Pumps	Rougher Magnetic Separator Tailings Transfer Pump No. 2 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,500.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Transfer Pump No. 1 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,000.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Transfer Pump No. 2 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,000.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Transfer Pump No. 3 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,000.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Transfer Pump No. 4 - 12 in. suction x 10 in. discharge w/26 in. impeller,	New		\$ 18,500.00	\$ 3,000.00
	CP-Pumps	Flotation Cell Feed Pump No. 1 - 12 in. suction x 10 in. discharge w/26 in. impeller, high chrome horizontal	New		\$ 18,500.00	\$ 3,500.00
	CP-Pumps	Flotation Cell Feed Pump No. 2 - 12 in. suction x 10 in. discharge w/26 in. impeller, high chrome horizontal	New		\$ 18,500.00	\$ 3,500.00
79	CP - Vibrating Screen	Single Deck Vibrating Screen	New	\$ 174,435.00	\$ 18,500.00	\$ 1,500.00
1	CP - Agitators	2 Units Conditioning Tank Agitators Model 1088	New	\$ 147,563.00	\$ 15,000.00	\$ 2,000.00
	CP-Pumps	Rougher Magnetic Separator Concentrate Transfer Pump No. 1 - 10 in. suction x 8 in. discharge w/22	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Rougher Magnetic Separator Concentrate Transfer Pump No. 2 - 10 in. suction x 8 in. discharge w/22	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Cleaner Magnetic Separator Concentrate Transfer Pump No. 1 - 10 in. suction x 8 in. discharge w/22	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Cleaner Magnetic Separator Concentrate Transfer Pump No. 2 - 10 in. suction x 8 in. discharge w/22	New		\$ 12,500.00	\$ 3,000.00

	CP-Pumps	Concentrate Thickener Feed Pump No. 1 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Concentrate Thickener Feed Pump No. 2 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Concentrate Thickener Underflow Pump No. 1 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Concentrate Thickener Underflow Pump No. 2 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Concentrate Thickener Overflow Pump No. 1 - 10 in. suction x 8 in. discharge w/13 in. impeller,	New		\$ 12,500.00	\$ 2,000.00
	CP-Pumps	Concentrate Thickener Overflow Pump No. 2 - 10 in. suction x 8 in. discharge w/13 in. impeller,	New		\$ 12,500.00	\$ 2,000.00
	CP-Pumps	Tailings Thickener Underflow Pump No. 1 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 3,000.00
	CP-Pumps	Tailings Thickener Underflow Pump No. 2 - 10 in. suction x 8 in. discharge w/22 in. impeller, rubber-	New		\$ 12,500.00	\$ 1,000.00
2	CP - Air Compressors	2 Units Plant Air compressor GA110-150AP	New	\$ 121,580.53	\$ 12,500.00	\$ 1,000.00
	CP - Feeders	2 Units 321 TPH Belt Feeders	New		\$ 8,500.00	\$ 2,000.00
	CP-Pumps	Concentrate Filter Feed Pump No. 1 - 7 in. suction x 5 in. discharge, hard metal casing, horizontal centrifugal	New		\$ 7,500.00	\$ 500.00
	CP-Pumps	Concentrate Filter Feed Pump No. 2 - 7 in. suction x 5 in. discharge, hard metal casing, horizontal centrifugal	New		\$ 7,500.00	\$ 500.00
	CP-Pumps	Tailings Filter Feed Pump No. 1 - 7 in. suction x 5 in. discharge, hard metal casing, horizontal centrifugal	New		\$ 7,500.00	\$ 750.00
	CP-Pumps	Tailings Filter Feed Pump No. 2 - 7 in. suction x 5 in. discharge, hard metal casing, horizontal centrifugal	New		\$ 7,500.00	\$ 750.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Pump Box No. 1 - Rubber lined with suction wear liners	New		\$ 6,500.00	\$ 1,250.00
	CP-Pumps	Cleaner Magnetic Separator Tailings Pump Box No. 2 - Rubber lined with suction wear liners	New		\$ 6,500.00	\$ 1,250.00
	CP-Pumps	High Pressure Process Water Pump No. 1 - 8 in. suction x 6 in. discharge w/12 in. impeller, horizontal	New		\$ 6,500.00	\$ 1,000.00
	CP-Pumps	High Pressure Process Water Pump No. 2 - 8 in. suction x 6 in. discharge w/12 in. impeller, horizontal	New		\$ 6,500.00	\$ 1,000.00
	CP-Pumps	Firewater Pump - 6 in. suction x 5 in. discharge w/6.5 in. impeller, horizontal split case solution pump	New		\$ 6,500.00	\$ 1,500.00
	CP-Pumps	Backup Firewater Pump (Diesel) - 8 in. suction x 6 in. discharge, horizontal split case solution pump,	New		\$ 6,500.00	\$ 1,500.00
	CP-Pumps	Cleaner Magnetic Separator Concentrate Pump Box - Rubber lined with suction wear liners	New		\$ 5,500.00	\$ 1,000.00
	CP-Pumps	Concentrate Thickener Feed Pump Box - Rubber lined with suction wear liners	New		\$ 5,500.00	\$ 1,000.00

CP-Pumps	Tailings Thickener Feed Pump - 6 in. discharge w/14.2 in. impeller, rubber-lined 0.82 m3 vertical tank	New		\$	5,500.00	\$	750.00
CP-Pumps	Mill Area Sump Pump No. 1 - 4 in. discharge w/15 in. impeller vertical slurry pump c/w drive components	New		\$	4,500.00	\$	1,500.00
CP-Pumps	Mill Area Sump Pump No. 2 - 4 in. discharge w/15 in. impeller vertical slurry pump c/w drive components	New		\$	4,500.00	\$	1,500.00
CP-Pumps	Magnetic Separator Area Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pumps c/w	New		\$	3,500.00	\$	750.00
CP-Pumps	Flotation Cell Area Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pump c/w drive	New		\$	3,500.00	\$	750.00
CP-Pumps	Concentrate Thickener Clean-Up Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pumps	New		\$	3,500.00	\$	250.00
CP-Pumps	Filter Area Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pumps c/w drive components	New		\$	3,500.00	\$	250.00
CP-Pumps	Tailings Thickener Clean-Up Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pump c/w	New		\$	3,500.00	\$	250.00
CP-Pumps	Flocculant Transfer Pump - Progressive cavity pump, Moyno 500 Series 36751, Iron/Viton	New		\$	3,500.00	\$	250.00
CP-Pumps	Flocculant Distribution Pump No. 1 - Progressive cavity pump, Seepex BN 1-6L, SS/Viton	New		\$	3,500.00	\$	250.00
CP-Pumps	Flocculant Distribution Pump No. 2 - Progressive cavity pump, Seepex BN 1-6L, SS/Viton	New		\$	3,500.00	\$	250.00
CP-Pumps	Flocculant Distribution Pump No. 3 - Progressive cavity pump, Seepex BN 2-6L, SS/Viton	New		\$	3,500.00	\$	250.00
CP-Pumps	Flocculant Distribution Pump No. 4 - Progressive cavity pump, Seepex BN 2-6L, SS/Viton	New		\$	3,500.00	\$	250.00
CP-Pumps	MIBC Distribution Pump - Mechanically-actuated diaphragm metering pump, 10:1 turndown,	New		\$	3,500.00	\$	500.00
CP-Pumps	Amine Distribution Pump No. 1 - Mechanically-actuated diaphragm metering pump, 10:1 turndown,	New		\$	3,500.00	\$	500.00
CP-Pumps	Sodium Hydroxide Starch Mixing Pump No. 1 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$	3,500.00	\$	500.00
CP-Pumps	Sodium Hydroxide Starch Mixing Pump No. 2 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$	3,500.00	\$	500.00
CP-Pumps	Starch Distribution Pump No. 1 - Progressive cavity pumps, Seepex BN 5-6L, CI casing w/SS impeller and	New		\$	3,500.00	\$	250.00
CP-Pumps	Starch Distribution Pump No. 2 - Progressive cavity pumps, Seepex BN 5-6L, CI casing w/SS impeller and	New		\$	3,500.00	\$	250.00
CP-Pumps	Calcium Chloride Distribution Pump No. 1 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$	3,500.00	\$	500.00
CP-Pumps	Reagent Area Sump Pump - 3 in. discharge w/11 in. impeller vertical slurry pumps c/w drive components	New		\$	3,500.00	\$	1,200.00
CP-Pumps	Amine Distribution Pump No. 2 - Mechanically-actuated diaphragm metering pump, 10:1 turndown,	New		\$	3,500.00	\$	500.00

	CP-Pumps	Calcium Chloride Distribution Pump No. 2 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$ 3,500.00	\$ 500.00
	CP-Pumps	Sodium Hydroxide Distribution Pump No. 1 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$ 3,500.00	\$ 500.00
	CP-Pumps	Sodium Hydroxide Distribution Pump No. 2 - Mechanically-actuated diaphragm metering pump, 10:1	New		\$ 3,500.00	\$ 500.00
	CP-Pumps	Gland Seal Water Pump No. 1 - 3 in. suction x 2 in. discharge w/8 in. impeller, horizontal centrifugal	New		\$ 3,500.00	\$ 250.00
	CP-Pumps	Firewater Jockey Pump - 1 in. oval suction/discharge, horizontal centrifugal solution pump with fixed	New		\$ 3,500.00	\$ 100.00
	Air Dryer	1 Unit Instrument Air Dryer (Heatless)	New		\$ 3,500.00	\$ 250.00
	CP-Pumps	Gland Seal Water Pump No. 2 - 3 in. suction x 2 in. discharge w/8 in. impeller, horizontal centrifugal	New		\$ 1,500.00	\$ 250.00
55	CP - Programmable Logic Controller & Software	n/a	New	\$ 554,938.49	\$ -	\$ -
82	CP - Engineering Fees - Samuel Engineering	n/a	New	\$ 5,049,845.21	\$ -	\$ -

**EXHIBIT D**

**[NOVEMBER 2016 SALES/MARKETING UPDATE]**





A.M. King Industries, Inc.  
2875 Feather River Blvd Oroville, CA 95965 USA  
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November 20, 2016

Black Iron, LLC  
Attention Steve Gilbert  
6249 W Gilbert Industrial Court  
Hurricane, UT 84737  
[steve@blackironore.com](mailto:steve@blackironore.com)  
435-701-1903

Subject: Update on sales efforts on finding buyers for equipment located at the Black Iron, LLC Mine

Dear Mr. Gilbert,

For the past year, we've worked to try to find buyers for the Black Iron, LLC equipment located at the Comstock Mt Lion Mine in Southwestern Utah, in Iron County, with our first efforts being centered on the following items:

- Centrifuges – 3 units, 2 are large Andritz birds, 1 is midsize Andritz centrifuge
- Starch Silo – 10 ft dia x 40.5 ft H, carbon steel
- Chemical Tanks (Sodium Hydroxide Storage Tank, 10 feet dia x 12 ft H, carbon steel closed top tank, 2" insulation; Starch Mix tank – 2 ft dia x 3 ft H, carbon steel opn top agitated tank; Amaind Storage Tank – 20 ft dia x 12 ft H, carbon steel closed top tank; Calcium Chloride Storage Tank – 20 ft dia x 12 ft H, carbon steel closed top tank)
- Rotary Dryer – 35' drum, carbon steel
- Fluid Bed Dryer – carrier dryer; includes bag house system
- Flotation Cells – 3 Units, 40 cubic meter, Cylindrical Model BQR-400
- Trio Sand Screw – 300TPH production, SN#TSW5434-069, Manuf 4/08
- Pulverizer – by American Pulverizer Company, type ST.T.

In our original appraisal, we had given two values for the major equipment (an orderly sales value and a value considered "dealer purchase price."). Due to the current market conditions, we have not been successful to date on finding interested buyers for any or all of the equipment we appraised, and very specifically for the equipment listed above. Our asking price has been somewhere between the dealer purchase price and the orderly sales value (estimate in the 10-15% of the original CML Metals' purchase price).

We will continue to market and identify potential customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Albert M. King, Sr.", written in a cursive style.

Albert M. King, Sr  
President  
A.M. King Industries, Inc