



Forest  
Service

Washington  
Office

1400 Independence Avenue, SW  
Washington, DC 20250

# Appraisal Report Summary

**Apache Leap South End Parcel (Non-Federal)  
Pinal County, Arizona**

**Resolution Copper Legislated Land Exchange  
(Southeast Arizona Land Exchange and Conservation Act, 16 U.S.C. §539p)**

**Date of Appraisal Report**  
December 5, 2022

**Date of Appraisal Review**  
December 20, 2022

**Appraisal Report Prepared By**  
Barry Weissenborn  
Weissenborn Appraisal, LLC  
326 South Convent Avenue  
Tucson, AZ 85701



America's Working Forests – Caring Every Day in Every Way

Printed on Recycled Paper



## Appraisal Summary

### Appraisal Report Under Review

#### Appraiser(s)

Barry Weissenborn  
Arizona Certified General Real Estate Appraiser #30724  
Weissenborn Appraisal, LLC  
326 South Convent Avenue  
Tucson, AZ 85701

#### Date of Inspection

October 23, 2020. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection. On April 12, 2022, the appraiser viewed the broader Oak Flat area and of the damage done by the Telegraph Fire, including in the general locale of the subject property, from a viewing platform near the headframes for Shafts 9 and 10 at Resolution Copper's East Plant, northeast of Superior. Also, on April 12-13 2022, the appraiser viewed the western portion of the subject from State Highway 177.

#### Date of Report

December 5, 2022

#### Owner

Resolution Copper Mining, LLC

#### Client

In the original appraisal contract, the client for the appraisal was broadly defined as the USDA Forest Service. It shall be noted that the Client of the appraisal report is the USDA Forest Service, Director of Lands and Minerals, Southwestern Region.

#### Intended Use

To provide a basis of market value for the legislated land exchange between the United States of America and Resolution Copper Mining, LLC pursuant to 16 U.S.C. §539p.

#### Intended User(s)

In the original appraisal contract, the intended users were broadly defined. It shall be noted that the intended users of the appraisal report are specifically identified as the USDA Forest Service, Director of Lands and Minerals, Southwestern Region, USDA Office of General Counsel, and Resolution Copper Mining, LLC.

#### Professional Standards

The appraisal standards required for this assignment were the *Uniform Appraisal Standards for Federal Land Acquisitions* and *Uniform Standards of Professional Appraisal Practice*.



## **Estate Appraised**

The estate appraised includes the fee simple interest, subject to the specific reservations and encumbrances of record shown in a title commitment issued by First American Title Insurance Company dated April 10, 2020. The appraisal includes the underlying mineral estate. There are no water rights, claims to or filings for water associated with the property.

## **Outstanding Rights**

### **Schedule B – Exceptions**

#### **Part II**

1. Taxes for the full year of 2021.

(The first half is due October 1, 2021 and is delinquent November 1, 2021. The second half is due March 1, 2022 and is delinquent May 1, 2022.)

Taxes are paid to current. The appraisal assumes marketable title, unencumbered by any tax liens or related matters.

2. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof in Patent No. 633038 dated June 4, 1918, Patent No. 41338 dated June 12, 1914, Patent No. 658231 dated January 10, 1919, Patent No. 383255 dated December 12, 1921.

The subject was patented under a process common to many properties throughout the region. The comparable sales were patented in the same manner, so the valuation analysis inherently addresses any potential impact on value.

3. Deleted Intentionally

4. Deleted Intentionally

5. Any charge upon said land by reason of its inclusion in Central Arizona Water Conservation District. (All assessments due and payable are paid.)

Membership in this district is common to all properties located in Maricopa, Pima and Pinal Counties. In that regard, the exception is not property specific. It is noted, however, that otherwise competitive properties located in other counties, and in particular across the line in Gila County, may hold a perceived advantage over the subject and other properties in the three CAWCD counties, in that they are not subject to a CAWCD assessment.

6. Deleted Intentionally

7. All matters set forth in Survey, recorded October 21, 2020 as 2020-107043 [found at 2020-107243].

This is a Bureau of Land Management Cadastral Survey of the patented claims included in the subject and adjoining property. The survey officially delineates the boundaries of those claims. No adverse impact on value is noted.



8. Deleted Intentionally

9. Water rights, claims or title to water.

There are no water rights, claims to or filings for water rights currently associated with the subject property.

10. Deleted Intentionally

11. Deleted Intentionally

In summary, the title documentation raises no matter of particular concern with regards to the marketability, or value, of the subject property.

### **Definition of Value**

Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interest in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeable, and the price is not affected by undue influence. (36 CFR 254.2).

### **Extraordinary Assumptions**

The appraisal is not based upon any Extraordinary Assumptions.

### **Hypothetical Conditions**

The appraisal is not based upon any Hypothetical Conditions.

### **Jurisdictional Exception**

The appraisal has been prepared in conformance with UASFLA, which requires that the opinion of value not be linked to a specific exposure time as required by USPAP SR 1-2(c) & UASFLA 1.2.4 & 4.2.1.2.

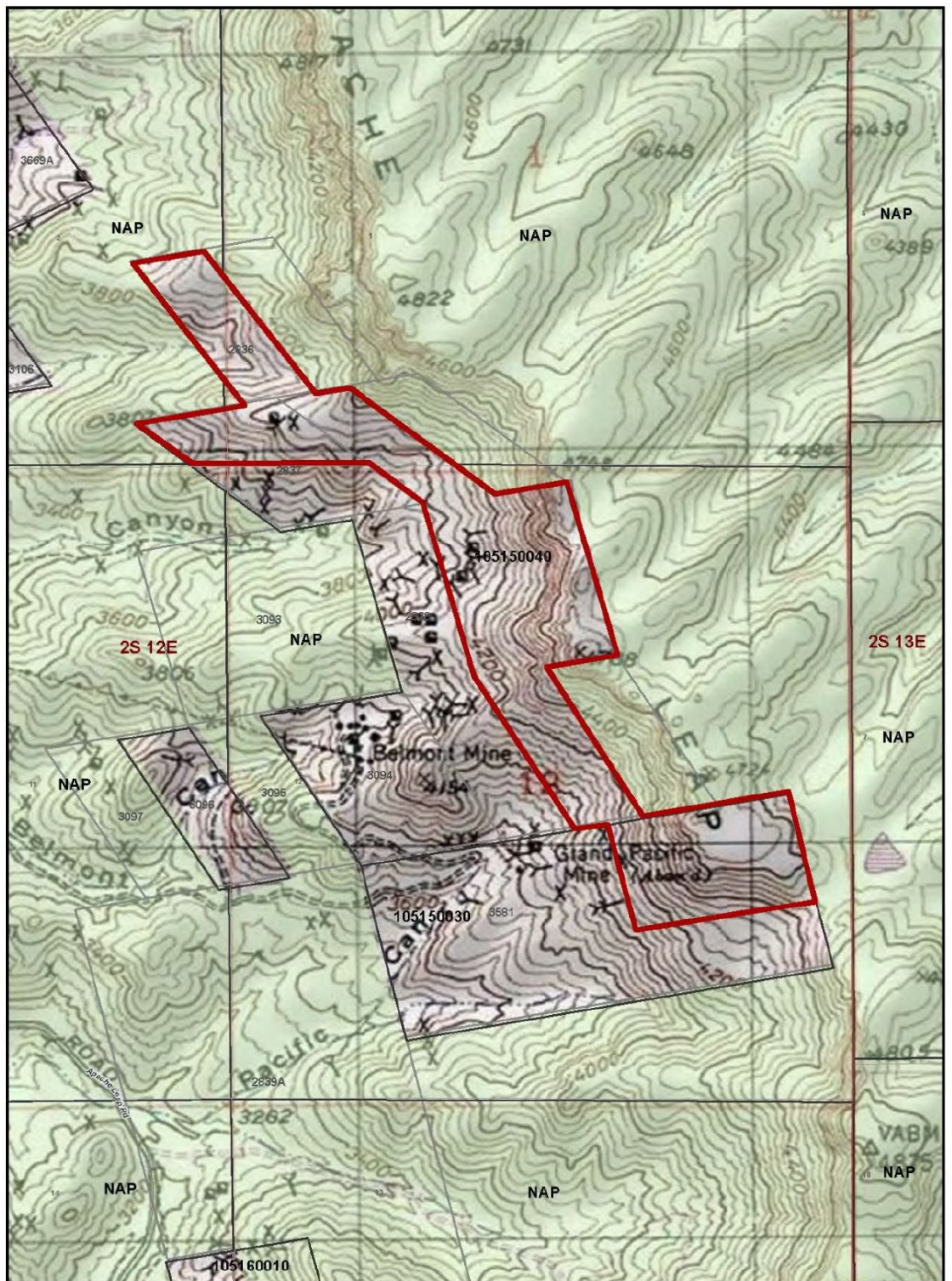
### **Legal Description**

Sections 1, 2 and 12,  
Township 2 South, Range 12 East, Gila and Salt River Meridian, Arizona  
M.S. No. 2836, Panic Lode Mining Claim;  
M.S. No. 2837, Selma Lode Mining Claim, only those portions in Sections 1 and 2;  
M.S. No. 2837, Skiberean Lode Mining Claim, only those portions in Sections 1 and 2;  
M.S. No. 2838, Touch Not No. 3 Lode Mining Claim;  
M.S. No. 2838, Hillside Lode Mining Claim;  
M.S. No. 2838, Touch Not Lode Mining Claim;  
M.S. No. 2838, Rawhide Lode Mining Claim;  
M.S. No. 3581, Pacific No. 32 Lode Mining Claim;  
M.S. No. 3581, Grand Lode Mining Claim.

The following maps are for illustration purposes:



### Topographic View of Subject Property

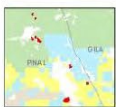
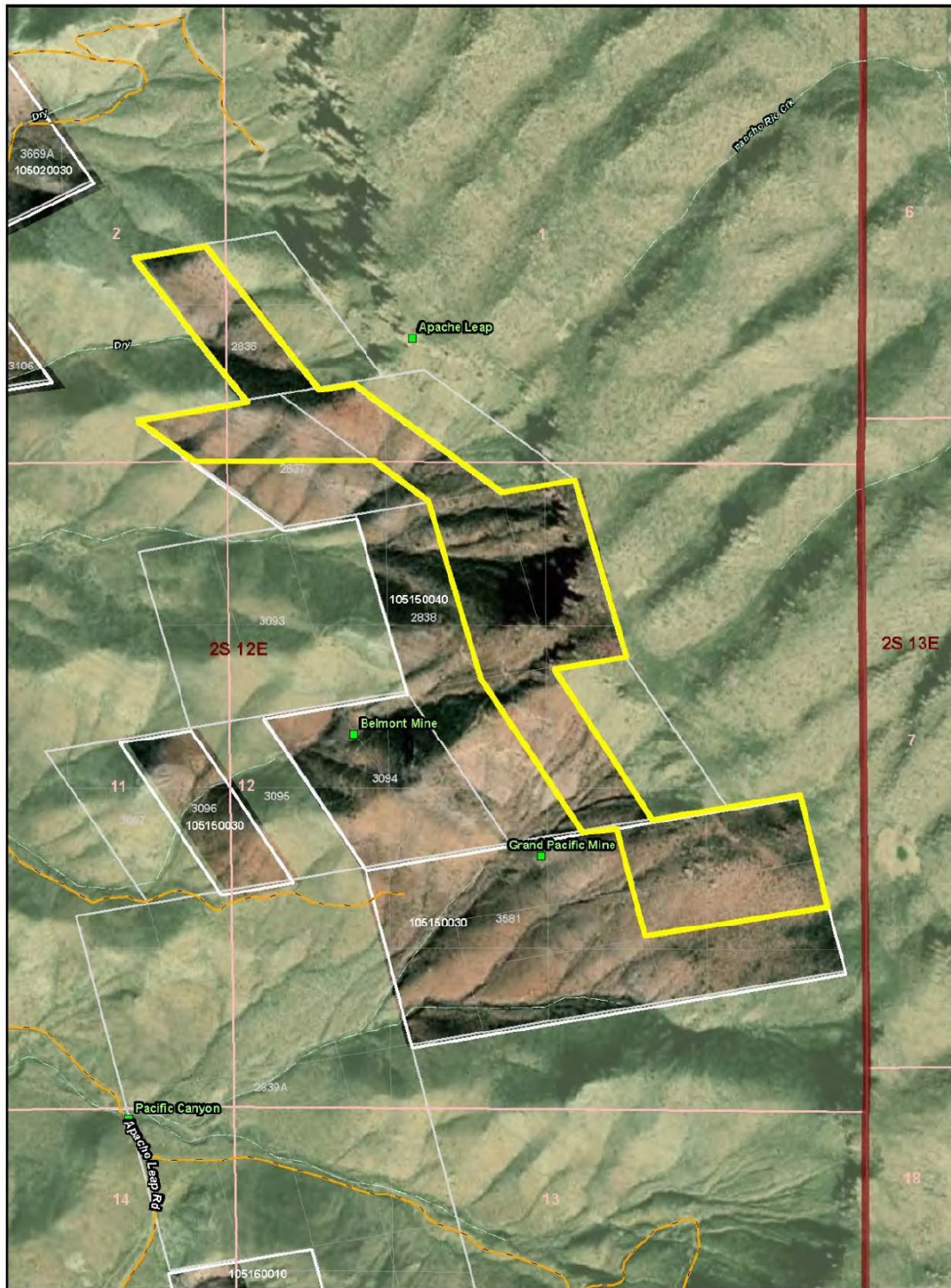


0 600 1,200 2,400 Feet





Aerial View of Subject Property



## Property Description

**Location:** The subject property is located just southeast of the town of Superior, in Pinal County, Arizona. It lies within the boundaries of the Globe Ranger District, Tonto National Forest.

**Size:** The subject property is an irregularly shaped group of seven patented lode mining claims and portions of two others. It contains 139.662 acres.

**Topography:** The property is located on the southern end of Apache Leap and, in its western extremes, includes two sections of the escarpment. A small amount of the property lies atop the escarpment. Most is at the base. Elevation varies from about 3,600 feet on the northern portion of the west boundary, to 4,788 feet at the top of Apache Leap, in the south-central reach of the west boundary. The escarpment itself is something on the order of 200 feet tall, depending on the level of the perceived base, within the property boundaries. The property is steep, to say the least, with exposed rock face at the escarpment. The slopes below include loose, poorly developed soils and exposed rock outcrops. The area atop Apache Leap is in rolling terrain highlighted by extensive landscape of rounded rock formations and large boulders. Vegetative cover, on slopes where it is supported, includes a dense manzanita chaparral. The area atop Apache Leap supports an attractive Emory oak woodland.

In June 2021, the Telegraph Fire burned 190.697 acres across the Dripping Springs Mountains and portions of the Pina and Mescal ranges. The northern fire boundary reached the easternmost portions of the subject property, mainly atop Apache Leap. The fire burned in something of a mosaic pattern across the rugged oak woodland atop Apache Leap and a portion of the manzanita chaparral below.

**Soil Types:** Areas to the north and west of that line include the **Rock outcrop-Mabray-Pantak complex, 20 to 70 percent slopes**. This soil unit is comprised of 40% rock outcrop, 35% Mabray and similar soils, 15% Pantak and similar soils, and 10% minor components. The soils are common to summits and backslopes of hills and mountains in the area. The rock outcrop parent material is limestone and/or quartzite. The parent material of the Mabray soils is calcareous loamy slope alluvium and/or residuum weathered from limestone. A typical profile includes extremely gravelly loam from 0 to 2 inches; very gravelly loam from 2 to 14 inches, and bedrock from 14 to 60 inches. The parent material of the Pantak soils is loamy and gravelly slope alluvium and/or residuum weathered from quartzite. A typical profile includes extremely cobbly sandy loam from 0 to 2 inches, extremely cobbly sandy clay loam from 2 to 12 inches, and bedrock from 12 to 60 inches. The NRCS Web Soil Survey site rates the soils in this complex as very limited for the development of local and neighborhood roads, single family residences without a basement and septic absorption fields. Development limitations include slope, the shallow depth to bedrock, large stones and the shrink-swell characteristics.

Areas to the south and east of that winding line through the property are in **Rock outcrop-Woodcutter complex, tuff, 15 to 50 percent slopes**. This soil unit is comprised of 50% rock outcrop, 40% Woodcutter and similar soils, and 10% minor components. The soils are common to summits and backslopes of hills and mountains in the area. The rock outcrop parent material is tuff. The parent material of the Woodcutter soils is loamy and gravelly slope alluvium and/or residuum weathered from tuff. A typical profile includes cobbly sandy loam from 0 to 2 inches;



extremely cobbly loam from 2 to 10 inches, and bedrock from 10 to 60 inches. The NRCS Web Soil Survey site does not have suitability and limitation ratings for the Rock outcrop-Woodcutter complex. But it is reasonable to expect that they would be similar to the Rock outcrop-Mabray-Pantak complex.

**Water Amenity:** None. The appraisal includes no water rights, claims to or filings for waters.

**Flood Zone:** The hazard for flooding at the property is minimal, except for the potential for flash floods, sheet flow and rockfalls during periods of heavy precipitation.

**Utilities:** There are no publicly provided utilities at the property. Any reliance on such will require an extension of existing facilities from the north or establishment of on-site systems.

**Access:** There is no legal access to the subject property. There is no vehicular access to the subject property. The appraisal reported that a review of aerial mapping and on-site observations suggest that there is an historic mine road that reaches the Touch Not No. 3 claim, in the southern part of the subject group, but on-ground attempts to find drivable access on that road was unsuccessful. The October 23, 2020 inspection included viewing the property from drivable points to the south of the property, via an un-named canyon to the south; and at Cross Canyon to the north. From the Cross Canyon Road, it is a relatively short walk to the north end of the subject. Travel across the subject requires cross-country hiking in rugged, brushy terrain. The roads mentioned above access the west-facing slopes below Apache Leap and offer views across the property, but do not provide perspective on the portions of the subject located atop the escarpment. The upland portions of the subject can be reached via a minimally developed road that leads southward from the old Magma Mine site to near the southern end of the subject. From the end of the road, it is about a half-mile cross-country hike through boulder-strewn and brushy country to the subject.

**Timber:** N/A

**Minerals:** The subject is to be conveyed with any and all associated appurtenant mineral rights, oil, gas, and geothermal resources. A Mineral Potential Report prepared by the Forest Service on January 18, 2021 concluded a high potential for locatable minerals; low potential for leasable oil, gas, coal, and geothermal resources, no indication of sodium, phosphate or other leasable minerals; moderate potential for salable minerals, however the presence of similar resources within the surrounding areas closer to Superior, make any development unlikely. Resolution Copper has drilled three exploration holes on the subject and has indicated that the results of the exploratory drilling indicates no presence of economically viable minerals. Therefore, the appraisal did not place emphasis on the economic potential of the underlying mineral estate.

**Amenities:** N/A

## **Improvements**

None





### **Use, Rent and Sale History**

It is stated within the report that the subject is owned by Resolution Copper Mining, LLC, which took title to the property on August 20, 2004 in a transfer from BHP Copper Inc. The transfer was inadvertently recorded in Maricopa County on that date. The recording error was corrected via a January 31, 2005 recording in Pinal County. This was not a direct arm's length transaction including the subject property. Rather, it included the transfer of something on the order of 3,173.38 acres in, surrounding and outlying the town of Superior, mine and administrative facilities, mine and exploration data compiled by BHP and its predecessors, in exchange for an interest in Resolution Copper Mining, LLC. The transfer included property interests far beyond the subject property alone and no money changed hands. Accordingly, the 2004-2005 transfer of the subject property and other interests involved is not viewed as a particularly reliable indicator of value for the subject, as a stand-alone property, either at that time or in the current market setting.

The property was patented because of the perceived mineral potential. Mineral exploration and limited mining have taken place over the years. But Resolution Copper Mining, LLC. has determined, via exploratory drilling on and near the property, that there is no significant economic mineralization at the property.

The property is not currently listed for sale. The tract has not been rented or leased in the past three years.

### **Zoning and Land Use Restrictions**

It is stated in the report that the subject is located in the Pinal County Land Use Area slated for Very Low-Density residential use which allows up to one dwelling unit per acre.

While the Comprehensive Plan presents a vision for future development and growth, the Zoning element of the Development Services Code provides the regulatory framework for land use planning and enforcement. The subject property falls within the GR district under the ordinance. The GR, or General Rural, District is a rural holding category for all unincorporated areas of Pinal County, pending more intensive development of the area. It provides for a broad range of agricultural, residential, public, quasi-public and supporting occupancies on sites containing at least 1.25 acres. Under State law, there are also several ways the property could potentially be subdivided.

Given the lack of access and the character of the land at the subject, the local land use regulations are not a factor that materially impact future use of the property.

### **Highest and Best Use**

It is reported that the uses that meet the tests of legally permissible, physically possible, and financially feasible resulting in the highest value is investment for tenure control and/or recreational purposes

### **Larger Parcel Determination**

The report indicates the subject property is contiguous, in the same ownership, and has a single, unified highest and best use. The current owner does have other holdings adjacent to and in this vicinity including patented and unpatented mining claims. However, the subject is not reliant on any of those parcels in achieving the highest and best use. The appraisal report concludes that the entire subject parcel is considered the larger parcel.



### **Selection of Approaches to Value**

The appraisal included a **sales comparison approach** using sales of vacant tracts having the same or similar highest and best use as the subject. This is the method the most probable buyer would utilize to determine value.

The **income capitalization approach** was considered, but not applicable for this assignment because the property has no market-based rental or income history. Typical buyers of the subject property would not purchase the property based on an income stream.

The **cost approach** is based upon the principal of substitution that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct improvements of a similar utility without undue delay. The cost approach was not included in this appraisal and is not applicable for this assignment as the property is vacant land.

### **Sales Comparison Approach**

The appraiser selected five primary sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements to include size and physical characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from the July 2005 to January 2019 in the greater Superior, Dripping Springs Mountains and Kelvin/Riverside areas. Also known as the "Copper Corridor".

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

### **Property Rights**

The appraisal report indicated that all of the comparables are comprised of patented mining claims, but not sold because of perceived economic mineralization. None of the sales included developed waters, water rights, claims to or filings for waters. The appraisal concluded that no adjustments for property rights were applied.

### **Financing Terms**

Financing terms for four of the five sales were reported as being for cash or cash equivalent, with no adjustments made. Sale Four included seller financing with low down payment. After further analysis and discussion, the appraisal report indicated that no adjustments are applied. However, the sale is viewed as an indicator of the potential value floor for the class of property considered in the appraisal.

### **Conditions of Sale**

The appraisal report indicated, after a comprehensive analysis and discussion of each comparable sale, that there were no conditions of sale that influenced value. Therefore, no adjustments were applied.

### **Expenditures After Purchase**

The appraisal report indicated that there were no known anticipated expenditures that impacted the purchase prices of any of the sales considered. No adjustments are applied.



### **Market Conditions**

The appraisal report provides an adequate analysis from a market perspective. An extensive paired sales analysis is undertaken that stratifies geographic areas as well as timeframes. The appraisal reported that the pairings are not viewed as directly comparable to the subject but are useful in observing trends in the local area marketplace over the timeframe covered by the comparable sales. Downward adjustments were applied to Sales Three and Four with upward adjustments applied to Sales One, Two and Five.

### **Property Adjustments**

#### **Location**

Location adjustments account for the remote location, quality of access as well as available utilities. Each of the sales were discussed with the appraisal report indicating that no adjustments are applied but the differences between the subject and the comparables are considered in the development of the opinion of value for the subject.

#### **Physical Characteristics**

The subject property is located along the southern end of Apache Leap and includes portions of the escarpment as well as land atop and at the base of this geologic feature. The bulk of the property is in steep terrain with exposed rock face at the escarpment. Vegetative cover on the lower slopes includes manzanita chaparral. The area atop Apache Leap supports an attractive Emory oak woodland. No adjustments were applied. However, it is noted that the difference in physical characteristics is a consideration in developing of the opinion of value.

#### **Size**

The subject contains 139.662 acres. The comparable sales range in size from 15.64 - 400.46 acres. Typically, unit price tends to decline as parcel size increases. A pair sales analysis is developed utilizing data from within the core comparable dataset as well as outside the core dataset. A downward adjustment to Sale 2 is applied with size differences in the remaining comparables given important consideration in the development of the appraiser's opinion of value.

#### **Economic Characteristics**

Economic potential reflects the range of potential economic activity within the core dataset. Sales 1 and 5 were identified as representing the two pronged highest and best use of the subject. Sale 2 and 3 were identified as the top end of the range due in part to the buyer of Sale 2 willing to pay something of a premium while Sale 3 has a far broader range of potential uses. No adjustments were applied.

The unadjusted and adjusted sale prices are reflected below.



### Direct Sales Comparison Sales Summary

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2017	36.66	\$1,337	\$1,805
2	2012	15.64	\$5,115	\$2,762
3	2005	81.16	\$4,929	\$3,204
4	2005	98	\$327	\$213
5	2019	400.46	\$1,498	\$2,022
<b>Low</b>	2005	15.64	\$327	\$213
<b>High</b>	2019	400.46	\$5,115	\$3,204

### Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$213 per acre to a high of \$3,204 per acre. The appraiser opined that Sales 1 and 5 were given the greatest weight. Sale 4 is a low flyer in the marketplace with little emphasis placed on this sale.

The opinion of value conclusion is \$2,000 per acre for the subject's 139.662 acres, equivalent to \$279,000 rounded.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach because it was the only applicable approach.

### Value Indications

Cost Approach	\$0
Sale Comparison Approach	\$279,000
Income Capitalization Approach	\$0
<b>Conclusion</b>	<b>\$279,000</b>

### Transaction Scale Analysis

As a final step in the valuation of each larger parcel, in accordance with the SOW requirement, the appraisal analyzed the parcels comprising each side of the exchange as a whole in the context of the market and report if there is an additional increment of value or discount attributable to portfolio enhancement or the bulk nature of the transaction. Any value enhancement or diminution under this provision shall be recognized in the concluded values for each of the larger parcels as noted in the SOW.

As stated in the report, the subject property is one of eight Offered Non-Federal Land properties included in the Southeast Arizona Land Exchange and Conservation Act. Those eight properties are dispersed throughout Arizona, in widely varying geographic, ecological and economic settings. Together they represent a portfolio of independent properties, each subject to a different set of market forces. The appraisal suggests that there is no market data that the appraiser is aware of showing an increment in value or a discount attributable to the bulk nature of the legislated transaction.

