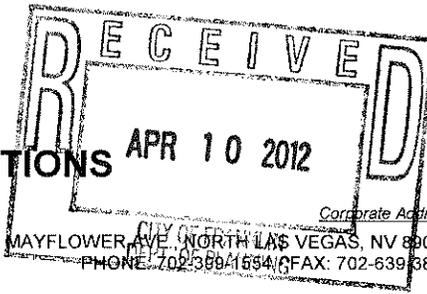




NITREX INC. – INDIANA OPERATIONS

Plant

350 BLUE CHIP COURT, FRANKLIN, IN 46131
PHONE: 317-346-7700 • FAX: 317-346-7704



Corporate Address

201 E. MAYFLOWER AVE. NORTH LAS VEGAS, NV 89030
PHONE: 702-399-1554 / FAX: 702-639-3819

Ms. Krista Linke
Director of Planning & Economic Development
70 E. Monroe Street
Franklin, IN 46131

April 6, 2012

Ref.: (1) 2011 Tax Abatement Compliance Packet for Nitrex Inc.
(2) Resolutions 2000-17 and 2000-18.

Dear Ms. Linke,

Thank you for reviewing the subject matter; enclosed is the updated information for the activity covered by the referenced resolutions.

Enclosed please find Form CF-1/PP (Compliance with Statement of Benefits) regarding compliance with the personal property tax abatements which were granted to Nitrex Inc. (previously known as Alloy Hard Surfacing Inc.) in December 2000 under Franklin Common Council Resolutions referenced hereinabove.

As can be seen from reviewing the enclosed documents, our company has been:

- a) successful in significantly exceeding the capital investment which had been projected for the past year;
- b) successful in creating additional jobs in line with the original forecast, after a temporary downturn experienced during the recent recession.

In all respects the project is on track.

Please review the enclosed documents and if you have any questions or concerns regarding this matter, please feel free to contact me at 702-399-1554 x-101.

Cordially yours,

Chris Morawski
President / Nitrex Inc.

cc.: Isabelle Morawski – Controller
Chuck Thomas – Business Development Manager



COMPLIANCE WITH STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51765 (R / 1-06)

Prescribed by the Department of Local Government Finance

FORM CF-1 / PP

- INSTRUCTIONS:**
1. Property owners whose Statement of Benefits was approved must file this form with the local Designating Body to show the extent to which there has been compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
 2. This form must be filed with the Form 103-ERA Schedule of Deduction from Assessed Value between March 1, and May 15, of each year, unless a filing extension under IC 6-1.1-3.7 has been granted. A person who obtains a filing extension must file between March 1, and the extended due date of each year.
 3. With the approval of the designating body, compliance information for multiple projects may be consolidated on one (1) compliance (CF-1).

SECTION 1 TAXPAYER INFORMATION

Name of taxpayer NITREX INC	
Address of taxpayer (number and street, city, state, and ZIP code) 350 BLUE CHIP COURT, FRANKLIN, IN 46131 - MAILING ADDRESS: 201 E. MAYFLOWER AVE, N. LAS VEGAS, NV 89030	
Name of contact person ISABELLE MORAWSKI	Telephone number (702) 399-1554

SECTION 2 LOCATION AND DESCRIPTION OF PROPERTY

Name of designating body FRANKLIN CITY COUNCIL		Resolution number 2000-17 & 2000-18
Location of property PT. OF 2100 - 2110 EARLYWOOD	County JOHNSON	DLGF taxing district number 31
Description of new manufacturing equipment, or new research and development equipment, or new information technology equipment, or new logistical distribution equipment to be acquired. SEE ATTACHMENT		Estimated starting date (month, day, year) 01/01/2001
		Estimated completion date (month, day, year) 12/31/2011

SECTION 3 EMPLOYEES AND SALARIES

EMPLOYEES AND SALARIES	AS ESTIMATED ON SB-1	ACTUAL
Current number of employees	28.00	29
Salaries	1,497,600.00	989,343.00
Number of employees retained	28.00	29
Salaries	1,497,600.00	989,343.00
Number of additional employees		
Salaries		

SECTION 4 COST AND VALUES

AS ESTIMATED ON SB-1	MANUFACTURING EQUIPMENT		R & D EQUIPMENT		LOGIST DIST EQUIPMENT		IT EQUIPMENT	
	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	755,000.00	251,667.00						
Less: Values of any property being replaced								
Net values upon completion of project	755,000.00	251,667.00						
ACTUAL	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE	COST	ASSESSED VALUE
Values before project								
Plus: Values of proposed project	2,113,143.00	704,381.00						
Less: Values of any property being replaced								
Net values upon completion of project	2,113,143.00	704,381.00						

NOTE: The COST of the property is confidential pursuant to IC 6-1.1-12.1-5.6 (d).

SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER

WASTE CONVERTED AND OTHER BENEFITS	AS ESTIMATED ON SB-1	ACTUAL
Amount of solid waste converted		
Amount of hazardous waste converted		
Other benefits:		

SECTION 6 TAXPAYER CERTIFICATION

I hereby certify that the representations in this statement are true.

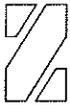
Signature of authorized representative 	Title ACCOUNTING MGR.	Date signed (month, day, year) 04/06/2012
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**OPTIONAL: FOR USE BY A DESIGNATING BODY WHO ELECTS TO REVIEW THE COMPLIANCE WITH STATEMENT OF BENEFITS (FORM CF-1)
THAT WAS APPROVED AFTER JUNE 30, 1991.**

INSTRUCTIONS: (IC 6-1.1-12-5.9)

1. This page does not apply to a Statement of Benefits filed before July 1, 1991; that deduction may not be terminated for a failure to comply with the Statement of Benefits.
2. Within forty-five (45) days after receipt of this form, the designating body may determine whether or not the property owner has substantially complied with the Statement of Benefits.
3. If the property owner is found **NOT** to be in substantial compliance, the designating body shall send the property owner written notice. The notice must include the reasons for the determination and the date, time and place of a hearing to be conducted by the designating body. If a notice is mailed to a property owner, a copy of the written notice will be sent to the Township Assessor and the County Auditor.
4. Based on the information presented at the hearing, the designating body shall determine whether or not the property owner has made reasonable effort to substantially comply with the Statement of Benefits.
5. If the designating body determines that the property owner has **NOT** made reasonable effort to comply, then the designating body shall adopt a resolution terminating the deduction. The designating body shall immediately mail a certified copy of the resolution to: (1) the property owner; (2) the County Auditor; and (3) the Township Assessor.

We have reviewed the CF-1 and find that:			
<input type="checkbox"/> the property owner IS in substantial compliance			
<input type="checkbox"/> the property owner IS NOT in substantial compliance			
<input type="checkbox"/> other (specify) _____			
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
If the property owner is found not to be in substantial compliance, the property owner shall receive the opportunity for a hearing. The following date and time has been set aside for the purpose of considering compliance.			
Time of hearing	<input type="checkbox"/> AM <input type="checkbox"/> PM	Date of hearing (month, day, year)	Location of hearing
HEARING RESULTS (to be completed after the hearing)			
<input type="checkbox"/> Approved		<input type="checkbox"/> Denied (see instruction 5 above)	
Reasons for the determination (attach additional sheets if necessary)			
Signature of authorized member			Date signed (month, day, year)
Attested by:		Designating body	
APPEAL RIGHTS [IC 6-1.1-12.1-5.9(e)]			
A property owner whose deduction is denied by the designating body may appeal the designating body's decision by filing a complaint in the office of the Circuit or Superior Court together with a bond conditioned to pay the costs of the appeal if the appeal is determined against the property owner.			



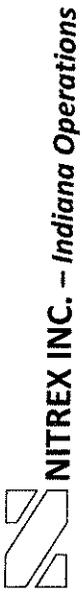
NITREX INC. – Indiana Operations

350 BLUE CHIP COURT, FRANKLIN, IN 46131

TEL.: 317-346-7700 • FAX: 317-346-7704

JOB CREATION OR RETENTION SCHEDULE BY QUARTER

Actual # of employees as of 12/31/10 (From SB-1)	Proposed total # of employees by 12/31/11 (From SB-1)	Actual number of employees added during year (by quarter)				Actual total # of employees as of 12/31/11	Difference between actual and proposed # of employees
		03/31/11	06/30/11	09/30/11	12/31/11		
25	28	1	1	1	1	29	+1



350 BLUE CHIP COURT, FRANKLIN, IN 46131

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EXPANSION INVESTMENT SCHEDULE BY QUARTER

Proposed	Actual Amount of Investment as of 12/31/10 (from SB-1)	Proposed Amount of Total Investment by 12/31/11 (from SB-1)	Actual Amount of Investment Added during year (by quarter)				Actual total Amount of Investment as of 12/31/11	Difference between Actual and proposed amount of investment
			03/31/11	06/30/11	09/30/11	12/31/11		
Machinery & Equipment	1,871,618	755,000	0	0	241,525	0	2,113,143	1,358,143

Nitrex Inc. - Indiana Operations - Abatement - Feb. 2012 - Resolutions 2000-17 & 2000-18

TAX ASSET	GROUP	FULL DESCRIPTION	DATE	COST BASIS
22	Mach. & Equip.	Palatek Air Compressor	11-Feb-02	7,129.49
23	Mach. & Equip.	Electric Floor Lift	15-Aug-02	1,200.00
1	Lab Equip.	Leco Mounting Press	31-Aug-02	3,750.00
2	Lab Equip.	Buehler Polisher	31-Aug-02	1,750.00
3	Mach. & Equip.	Ipsen Vacuum Furnace	31-Aug-02	70,000.00
4	Mach. & Equip.	Lindberg Generator	31-Aug-02	8,250.00
5	Mach. & Equip.	Leco Cut Off Saw	31-Aug-02	7,500.00
6	Mach. & Equip.	Leco Hardness Tester	31-Aug-02	6,000.00
7	Mach. & Equip.	Wilson Rockwell Dual Test	31-Aug-02	2,750.00
8	Mach. & Equip.	Ipsen Internal Quench	31-Aug-02	60,000.00
9	Mach. & Equip.	Webber Deep Freeze	31-Aug-02	11,500.00
10	Mach. & Equip.	Spray Washer	31-Aug-02	10,000.00
11	Office Furn./Eq	Partner Phone System	31-Aug-02	1,533.63
12	Mach. & Equip.	Cooling Tower	31-Aug-02	5,500.00
13	Mach. & Equip.	Cooling Fluid System	31-Aug-02	5,000.00
14	Mach. & Equip.	Box Gas Recirculating	31-Aug-02	32,500.00
15	Mach. & Equip.	Spsen Loader-S/N53679	31-Aug-02	1,000.00
17	Mach. & Equip.	Forklift	31-Aug-02	10,500.00
19	Mach. & Equip.	Hoist-Monorail System	31-Aug-02	6,521.51
20	Lab Equip.	Microscope	31-Aug-02	3,070.00
21	Mach. & Equip.	Ammonia Dissociator	31-Aug-02	6,000.00
24	Lab Equip.	Scleroscope	2-Sep-02	1,209.00
25	Lab Equip.	Mitutoyo Hardness Tester	2-Sep-02	7,001.00
26	Mach. & Equip.	FN3	2-Sep-02	18,945.00
27	Mach. & Equip.	FN2 Furnace	2-Sep-02	4,293.00
28	Mach. & Equip.	Straightening Press	2-Sep-02	26,938.00
29	Mach. & Equip.	Chain Hoist	2-Sep-02	4,662.00
30	Mach. & Equip.	FN1 Furnace	2-Sep-02	10,000.00
31	Mach. & Equip.	FN4 Furnace	2-Sep-02	3,500.00
32	Computers	Computers (2)	2-Sep-02	3,659.00
33	Mach. & Equip.	Lou Wenning	13-Sep-02	5,853.00
34	Mach. & Equip.	Ion Nitride Furnace	1-Dec-02	75,000.00
35	Mach. & Equip.	Ion Nitride Furnace - S/N GAGN-5G2R3B	1-Dec-02	75,000.00
36	Mach. & Equip.	Electric Hoist	9-Dec-02	2,942.24
37	Mach. & Equip.	Truline Recorder	19-Jun-03	2,271.00
38	Mach. & Equip.	Horizontal Furnace	23-Jul-03	42,900.00
40	Mach. & Equip.	Gas Nitrider Furnace	29-Oct-03	10,500.00
41	Mach. & Equip.	Nitriding Power Supply	3-Nov-03	43,425.00
42	Mach. & Equip.	Vacuum Carburize Furnace	8-Jan-04	40,000.00
43	Mach. & Equip.	Vacuum Temper Furnace	8-Jan-04	10,000.00
44	Mach. & Equip.	Konacrane Hoist	3-Mar-04	10,013.36
45	Mach. & Equip.	Evapco Cooler - S/N 906279	18-May-04	7,000.00

46	Mach. & Equip. Abar/Ipsen Vacuum Furnace	11-Jun-04	90,000.00
48	Mach. & Equip. 4000 Gal. CS Tank	12-Jul-04	2,000.00
47	Mach. & Equip. Vacuum Pump	15-Aug-04	13,007.25
39	Lab Equip. Paxcam Camera	17-Aug-04	4,701.49
49	Mach. & Equip. Lindberg Nitrider Furnace	13-Jan-05	23,000.00
50	Mach. & Equip. Vacuum Pump	1-Jun-05	12,320.00
51	Mach. & Equip. Surface Comb.Box Furnace	29-Jul-05	28,000.00
52	Mach. & Equip. Surface Comb.Box Furnace	24-Aug-05	28,000.00
63	Mach. & Equip. Nitrogen Tank, 7500 Gallon	1-Nov-05	42,000.00
54	Mach. & Equip. 10 Ton Crane System	11-Nov-05	21,650.00
55	Mach. & Equip. L&N Nitriding Furnace	16-Jan-06	29,000.00
56	Build. & Improv. Electrical Installation for Pit	15-Feb-06	55,263.87
57	Mach. & Equip. Cooling Tower	13-Apr-06	8,500.00
58	Mach. & Equip. Nitrex Gas Nitriding System	13-Apr-06	70,000.00
59	Mach. & Equip. Plasma Furnace & Control	13-Apr-06	51,000.00
60	Mach. & Equip. Vacuum Pump-Rebuilt, S/N 132,89280	7-Jun-06	19,500.00
66	Lab Equip. Eddy Current Instrument, Cat #6020-00-02	21-Dec-06	25,805.80
64	Mach. & Equip. Furnace/Sew Eurodrive	10-Jul-07	75,000.00
65	Mach. & Equip. Selas Vacuum Draw Furnace,BFV-243624	3-Aug-07	45,000.00
67	Mach. & Equip. Racking - Nitriding	6-Oct-07	3,863.00
76	Computers Hardware - Shop Pilot	1-Feb-08	17,928.82
75	Lab Equip. Microscope	8-Feb-08	2,651.00
69	Mach. & Equip. Screens	11-Feb-08	3,578.61
81	Mach. & Equip. Washer	4-Mar-08	71,830.00
70	Mach. & Equip. Screens	20-Mar-08	4,200.00
85	Mach. & Equip. Crane/Hoist for Washers	30-Apr-08	7,805.91
71	Mach. & Equip. Screens	1-May-08	16,974.00
72	Mach. & Equip. FN-5 - Exhaust	12-Jun-08	23,533.00
68	Mach. & Equip. FC-2 Installation	31-Aug-08	13,350.00
73	Mach. & Equip. FV-1 H. Exchanger	31-Aug-08	18,450.37
74	Lab Equip. Mounting Press	31-Aug-08	5,029.30
77	Computers Server	31-Aug-08	3,518.81
89	Computers Set 10-01 - Laptop w/ Microsoft Office 2007	6-Nov-08	1,489.89
83	Mach. & Equip. Hoist Overhaul	1-Dec-08	10,123.21
84	Mach. & Equip. Racking / Baskets	11-Dec-08	15,600.00
86	Mach. & Equip. FN5 - PC for Communications	12-May-09	3,859.47
82	Mach. & Equip. FN-9 Installation	25-Mar-10	195,475.00
88	Mach. & Equip. FV-3 Power Supply	31-Mar-10	19,239.25
90	Mach. & Equip. Basket Jet-Carburizers	5-Apr-10	15,486.81
91	Mach. & Equip. Cooley Wire Products	13-Apr-10	10,080.00
93	Mach. & Equip. E-1 Dewpoint Analyzer	7-Jun-10	6,088.30
95	Mach. & Equip. Transformer 50KVA - (Spare for FV1 & FV3)	1-Jul-10	5,653.26
96	Mach. & Equip. Alloy Racking - Set #1	26-Jul-10	34,960.00
100	Mach. & Equip. FV-3-Power Supply Transformer Replacement	1-Aug-10	4,093.26
99	Mach. & Equip. Bin & Shelf Cabinets	18-Aug-10	2,855.55
97	Mach. & Equip. 3gas Analyzer	26-Aug-10	24,341.24
98	Mach. & Equip. Gidgid 535 Pipe Threader	31-Aug-10	2,273.70

