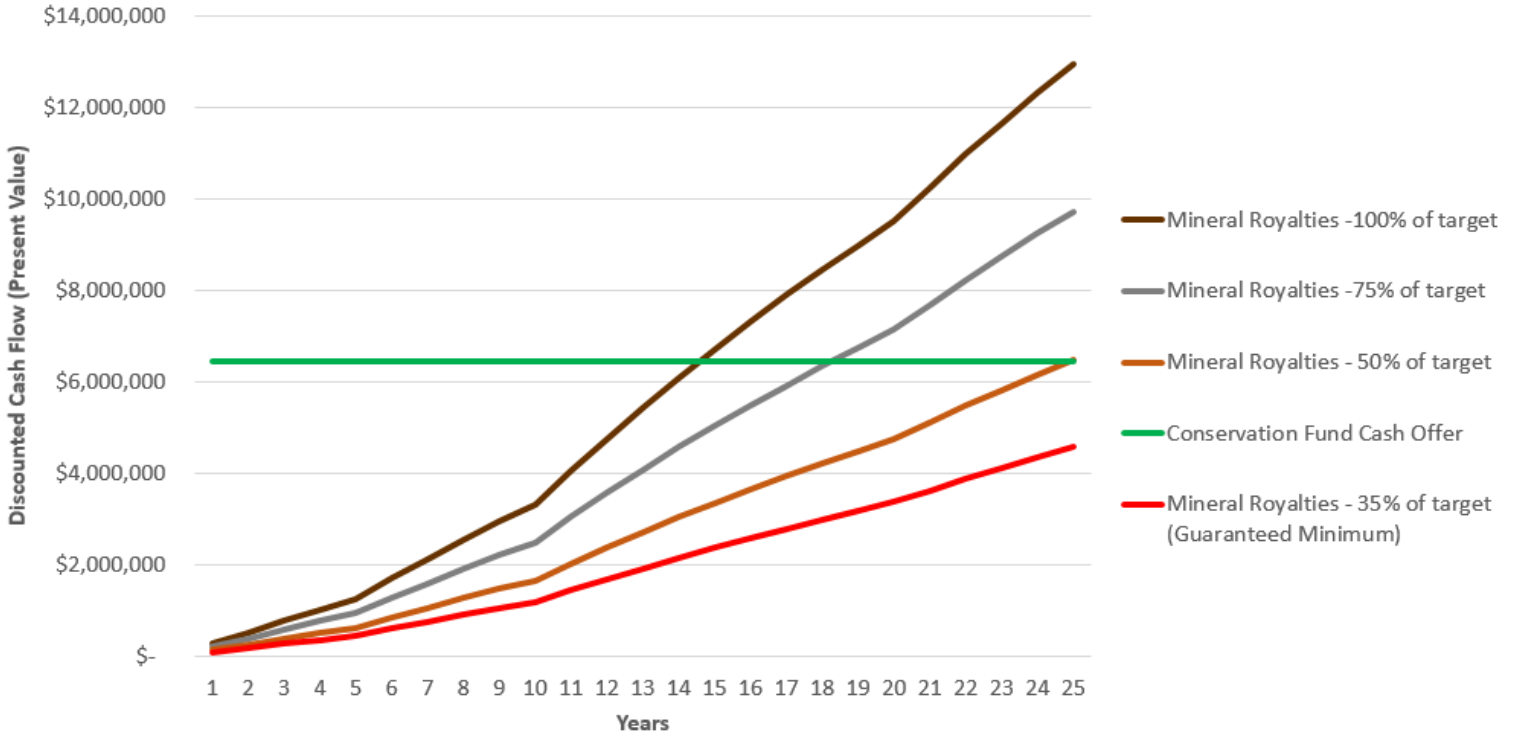




# RDUFOREST

## Comparing the Present Value of Mineral Royalties vs. Conservation Fund Cash Offer



Cashflow Model	Total Payments	Present Value
Mineral Royalties - 100% of target	\$ 24,000,000	\$ 12,953,848
Mineral Royalties - 75% of target	\$ 18,000,000	\$ 9,715,386
Mineral Royalties - 50% of target	\$ 12,000,000	\$ 6,476,924
Conservation Fund Cash Offer	\$ 6,460,000	\$ 6,460,000
Mineral Royalties - 35% of target (Guaranteed Minimum)	\$ 8,500,000	\$ 4,587,821

**Annual Royalty Rate = 5.5%**

**Discount Rate = 4.0%**



## RDU FOREST

### Conservation, a Winning Strategy for RDU Airport and the Triangle

RDU has touted the quarry lease with Wake Stone as essential to support critical infrastructure upgrades at the airport. They say it's a good deal too, claiming the \$24M they've been promised is on the low end of mineral royalty projections.

When you dig into the lease; however, it is anything but a good deal:

- Wake Stone only guarantees **\$8.5M or 35%** of the \$24M promised
- 50% of the royalty payments won't be paid until **years 18-25** subjecting them to a significant loss in value from inflation. The \$8.5M guaranteed has a present value of just \$4.6M, nearly **\$2.0M LESS** than the Conservation Fund's \$6.46M cash offer
- Even if best-case mineral production estimates are achieved, RDU will earn **less than 1%** of the \$3.7B they project is needed to fund their Vision2040 plan. Meanwhile, Wake Stone stands to make over **\$430M** from the sale of minerals extracted from our public property

At the conclusion of mining, RDU and our local governments will be left with the liability of owning an abandoned quarry pit:

- Wake Stone only agrees to pay for fencing, security, and other safeguards to prohibit unauthorized entry into this hazardous area for the 25 year lease term, afterward RDU would be liable for maintaining those safeguards to prohibit unauthorized entry
- Wake Stone only indemnifies RDU from general liabilities arising from the quarry for the lease term plus a 365 day post-termination period leaving the airport and our local governments holding all the risk