

Use, Purchase Royalty Agreements-Interest Income Partners

\$30 – 37M asset purchase **gives exclusive** rights to use all target rocks, minerals, timber, grasses, and water (s) found on, in, or under 7200 acres or 11.24 square miles of California foothill ranch land.

1. 3 Former Mill Sites, one maintenance barn, scale house and office trailer new in 2005, in ground digital read and print certified truck scale, heavy utility power grid tie in 3000 amp 480 volt rated.
2. 450 acre stockpile of upcycle construction grade aggregate measured to contain 6 million tons
3. 1200 acre identified pozzolan bearing acres with reserves at 30 feet estimate 33million 280 thousand tons

Valuation

Lower Tailings Mill site contains 50K tons stockpile of finished saleable aggregate valued to market at \$8 per ton = \$400,000. Office trailer underwent 2017 \$26,000 remodel contains watchman barracks, bathroom and kitchen.

Known as the upper dredge tailings has been under environmental review since 2012, needs final hearing before commencing removal of 6 million tons to mill, based on previous permit and market conditions, estimated removal is based on 200,000 tons per year = 30 life of mine. Current milled value is one gradation low end of market \$8 per ton with a \$5 million CAPEX and an OPEX of \$6 per ton. Delivery freight is value add.

Estimated recovery from 40 feet of pit excavation or contour grading (no hole in ground) is industrial mineral clay and pozzolan. Based solely on existing royalty lease these acres each contain a valuation of at least \$91,476 per acre. Current lease up for renewal is based on \$5.00 per ton royalty return or \$130,000 per acre. Again environmental restrictions place the maximum recovery at 200,000 per year, which means these 33.2 million tons will have a life of mine of 166 years, interestingly the same number of years as the ranch has been managed by the Kelsey family, 1852-2018. A strategy was developed in early 2017 to challenge the tonnage cap per year set by county planners in 1992. A plan is being drafted with help of natural resource attorneys to remove the cap and allow market conditions and CAPEX investment to determine the life mine. Obviously, this would be very disruptive to long established markets in the CalPortland cement industry, but California manufacturing is under mandate to lower carbon dioxide emissions to the atmosphere. The CAPEX calls for a production process that is a net negative impact on all forms of GHG emissions. Within 5 years the markets for pozzolanic supplemental cementitious materials in western states other than coal fly ash are expected to reach 2 million tons per year in California alone. If these arbitrary outdated restrictions were lifted in the spirit of a greener, cleaner construction industry the life of mine could well be reduced and balanced with the 30-year mine life for the upcycled construction aggregates lying as waste prohibiting 400 acres for beneficial agricultural use.. Put another way the royalty valuation @ \$5 per ton would yield the \$166.4 million over 30 years at an annual return rate of \$5.5 million a year. The projected GHG reduction would be the equivalent of ONE MILLION TONS PER YEAR or the equivalent of taking 197,000 petroleum fueled cars and trucks off the road each year in California's San Joaquin Valley for the next 30 years.

Assumptions:

25,000 Tons per Employee 6

Four Product Mix: MetaCrete, Upcycled Aggregate, Pozzolan Powder, Organic Fertilizer

Based on Population base of 400,000 and 7 ton per year per capita, 2,800,000 aggregate yearly market

800,000 tons per year Northern California and Nevada Markets in [SCM] Pozzolan Powders

Entire industry in pozzolans for Western States is 1.8 million tons per year based on fly ash figures

202 full time employees in 1.8 million ton + 8900 tons per employee at maturity

\$9.5M payroll = \$5.27 ton industry average

700 TPD SCM Market based on 260 day year = 182,000 tons per year industry average single shift milling capacity with a \$10 million capital investment

CAPEX per ton produced \$16.66

OPEX per ton produced (energy, payroll +benefits, depletion allowance, = \$23

Delivery Cost 300 mile round trip CAPEX [30 trucks] 8 yr life \$4.75 per ton

OPEX Delivery Cost \$1.90 per mile [300 round trip miles x 30 trucks = 9000 daily miles, delivering 750 tons per day x 260 day year/195,000 tpy] = \$17,500 per day/ 25 tons per truckload = \$23.40 per ton

San Francisco Bay Area and Sacramento 150 mile radius SCM industry estimates are 500K-tpy