

AN APPRAISAL REPORT

OF

**TWO NON-CONTIGUOUS PARCELS OF VACANT LAND
TOTALING 199.61 ACRES**

LOCATED ON

**THE EAST SIDE OF CANYON EDGE TRAIL ALIGNMENT, SOUTH
OF TRAILBLAZER WAY (NORTH PARCEL) AND
NORTH OF SANTA RITA ROAD, EAST OF HELVETICA
ROAD ALIGNMENT (SOUTH PARCEL),
PIMA COUNTY, ARIZONA**

FOR

**MR. R. SCOTT SHERWOOD, APPRAISAL SECTION MANAGER
ARIZONA STATE LAND DEPARTMENT
1616 WEST ADAMS STREET
PHOENIX, ARIZONA 85007**

**APPLICATION NO. FILE 53-122457-00-100 (ROSEMONT
COPPER COMPANY)**

**OWNERSHIP: STATE OF ARIZONA
TAX PARCEL NUMBER: 305-38-0120 (NORTH PARCEL)
SECTION 35, TOWNSHIP 17 SOUTH, RANGE 15 EAST
TAX PARCEL NUMBER: 305-53-0160 (SOUTH PARCEL)
SECTION 11, TOWNSHIP 18 SOUTH, RANGE 15 EAST**

**EFFECTIVE DATE OF APPRAISAL
JANUARY 25, 2023**

**DATE OF REPORT
MARCH 8, 2023**

**BAKER, PETERSON, BAKER & ASSOCIATES, INC.
*Tucson, Arizona***

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

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March 8, 2023

Mr. R. Scott Sherwood
Appraisal Section Manager
Arizona State Land Department
1616 West Adams Street
Phoenix, Arizona 85007

RE: An appraisal report of two non-contiguous parcels of vacant land totaling 199.61 acres, located on the east side of Canyon Edge Trail alignment, south of Trailblazer Way (north parcel) and north of Santa Rita Road, east of Helvetica Road alignment (south parcel), Pima County, Arizona

Application No.: File 53-122457-00-100 (Rosemont Copper Company)

Tax Parcel Nos.: 305-38-0120 and 305-53-0160

Ownership: State of Arizona

Effective Date of Appraisal: January 25, 2023

Date of Report: March 8, 2023

Dear Mr. Sherwood:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property. This report is intended for use only by the client/intended user, the Arizona State Land Department and Board of Appeals. Use of this report by others is not intended by the appraiser. This report is intended only for use in estimating the market value of the subject property for assisting the State Land Department in its disposition and/or leasing decisions. The appraisal will assist in the establishment of the minimum bid price for a State Trust land auction. It is not intended for any other use.

I have formed the opinion that, as of the effective date of the appraisal, January 25, 2023, in its "as is" condition, based on a 6 to 12 month market period, and subject to the assumptions and limiting conditions set forth in the report, the subject property has a market value of:

ONE MILLION ONE HUNDRED NINETY-EIGHT THOUSAND DOLLARS
(\$1,198,000)

Mr. R. Scott Sherwood
Arizona State Land Department
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I have formed the opinion that, as of the effective date of the appraisal, January 25, 2023, the subject property's market value on a per acre basis equals \$6,000 per acre.

Extraordinary Assumptions - This appraisal is based upon the following extraordinary assumptions: 1. There is no archaeological significance on the subject site; 2. There is no geological significance on the subject site; 3. There are no environmental risks or hazardous conditions found on the subject site; and 4. Legal access exists. Per USPAP, the use of these extraordinary assumptions might have affected the assignment results.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal practice for an Appraisal Report (USPAP) and the Arizona State Land Department Appraisal Guidelines (Revised February 2020). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'T. Baker', with a long horizontal flourish extending to the right.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

C228263

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EXECUTIVE SUMMARY/APPRAISAL ABSTRACT - PART I

CLIENT/INTENDED USER

Arizona State Land Department and Board of Appeals

APPRAISER

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139

Baker, Peterson, Baker & Associates, Inc.
4547 East Fort Lowell Road, Suite 401
Tucson, Arizona 85712

SUBJECT PROPERTY

Two non-contiguous parcels of vacant land, located on the east side of Canyon Edge Trail alignment, south of Trailblazer Way (north parcel) and north of Santa Rita Road, east of Helvetica Road alignment (south parcel), Pima County, Arizona.

LAND AREA

North Parcel:	39.53 acres
South Parcel:	<u>160.08</u> acres
Total Size:	199.61 acres (according to information provided by the client)

ZONING

RH – Pima County

LEGAL DESCRIPTION

North Parcel

A portion of the Northwest quarter of the Northwest quarter of Section 35, Township 17 South, Range 15 East, G&SRB&M, Pima County, Arizona. The client will provide a complete legal description of the subject property being appraised in this report at a subsequent date.

South Parcel

A portion of the Northwest quarter of Section 11, Township 18 South, Range 15 East, G&SRB&M, Pima County, Arizona. The client will provide a complete legal description of the subject property being appraised in this report at a subsequent date.

OWNERSHIP

According to public records of the Cochise County Assessor, title to the subject property is in the name of the State of Arizona based on a title search, according to the Pima County Assessor's Office. However, there is no recording information available.

SALES/LISTING HISTORY

No known sales of the subject property have occurred within the last five years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

TAX PARCEL NUMBERS

North Parcel - 305-38-0120

South Parcel - 305-53-0160

FULL CASH VALUE

Parcel	Full Cash Value (2022)
305-38-0120	\$122,000
305-53-0160	<u>\$228,000</u>
Total FCV - 2022	\$350,000

Parcel	Full Cash Value (2023)
305-38-0120	\$165,000
305-53-0160	<u>\$287,000</u>
Total FCV - 2023	\$452,000

The development of full cash values is based on mass appraisal models as set by the State of Arizona. They are for tax assessment purposes only and cannot be equated with market value as utilized in this appraisal. Thus, they serve only as a point of comparison with other properties.

LIMITED CASH VALUE

Parcel	Limited Value (2022)
305-38-0120	\$122,000
305-53-0160	<u>\$194,481</u>
Total LV - 2022	\$316,481

Parcel	Limited Value (2023)
305-38-0120	\$128,100
305-53-0160	<u>\$204,205</u>
Total LV - 2023	\$332,305

Limited Cash Value is the basis for primary property taxes. It is a legislatively established value based on a mathematical formula that limits the amount of increase in any given year.

REAL ESTATE TAXES

Parcel	Taxes (2022)
305-38-0120	\$0.00
305-53-0160	<u>\$0.00</u>
Total Taxes - 2022 - EXEMPT	\$0.00

Real estate taxes are a combination of a primary tax, which is the primary tax rate applied to the limited cash value and divided by 100, plus the secondary tax, which is the secondary tax rate applied to the full cash value and divided by 100. The primary and secondary tax rates are an aggregate of various tax rates set by various jurisdictions.

DELINQUENT TAXES

Not applicable

SPECIAL ASSESSMENTS

None

LIMITING CONDITIONS

Subject to those assumptions and limiting conditions contained in the "*Assumptions and Limiting Conditions*" section of this report.

EXTRAORDINARY ASSUMPTIONS

This appraisal is based upon the following extraordinary assumptions: 1. There is no archaeological significance on the subject site; 2. There is no geological significance on the subject site; 3. There are no environmental risks or hazardous conditions found on the subject site; and 4. Legal access exists. Per USPAP, the use of these extraordinary assumptions might have affected the assignment results.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to provide the appraiser's opinion of the market value of the subject real property as of the effective date of the appraisal, January 25, 2023.

MARKET VALUE DEFINITION

Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 15th Edition, published by the Appraisal Institute, 2020, page 48, is:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

INTENDED USE AND USER OF REPORT

This report is intended for use only by the client/intended user, the Arizona State Land Department and Board of Appeals. Use of this report by others is not intended by the appraiser. This report is intended only for use in estimating the market value of the subject property for assisting the State Land Department in its disposition and/or leasing decisions. The appraisal will assist in the establishment of the minimum bid price for a State Trust land auction. It is not intended for any other use.

INTEREST VALUED

Fee Simple Interest, as defined in The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, page 73, is “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

EFFECTIVE DATE OF APPRAISAL

January 25, 2023

DATE OF INSPECTION

January 25, 2023

SCOPE OF THE APPRAISAL - PART II

Scope of work is identified by USPAP as the "amount and type of information researched and the analysis applied in an assignment." According to the scope of work rule as defined by USPAP, "For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

- 1) identify the problem to be solved;
- 2) determine and perform the scope of work necessary to develop credible assignment results; and
- 3) disclose the scope of work in the report."

This appraisal assignment has been completed in response to authorization by Mr. R. Scott Sherwood, for the Arizona State Land Department, in a contract executed by Thomas A. Baker, MAI, SRA for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by the Arizona State Land Department, including compliance with the Arizona State Land Department Appraisal Guidelines (Revised February 2020).

This report is intended for use only by the client/intended user, the Arizona State Land Department and Board of Appeals. Use of this report by others is not intended by the appraiser. This report is intended only for use in estimating the market value of the subject property for assisting the State Land Department in its disposition and/or leasing decisions. The appraisal will assist in the establishment of the minimum bid price for a State Trust land auction. It is not intended for any other use. The purpose of the appraisal is to provide the appraiser's opinion of the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. The appraisal provides an opinion of the market value of the subject property using the sales comparison approach, which is defined in the report. In completing this assignment, the appraiser inspected and photographed the subject property, reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS® Commercial Property Information Services, Tucson Multiple Listing Service (MLS), and the Pima County Real Estate Research Council), the market area, and the site.

An opinion of the "highest and best use" of the property was formed, utilizing resources to identify such factors as land use, supply and demand, governmental requirements,

environmental concerns, and economic elements, present and anticipated, which may impact upon the marketability of the property.

In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County and Pinal County Assessor's Offices. The analysis then compared each sale considered a reliable indicator of the value to the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

The sales comparison approach provided an opinion of the market value of the subject property to arrive at a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. The appraiser's file retains supporting documentation.

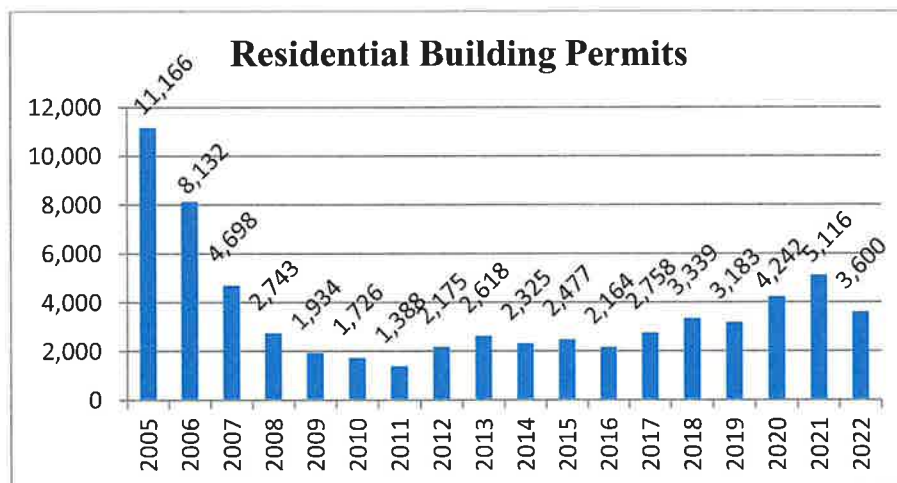
Extraordinary Assumptions - This appraisal is based upon the following extraordinary assumptions: 1. There is no archaeological significance on the subject site; 2. There is no geological significance on the subject site; 3. There are no environmental risks or hazardous conditions found on the subject site; and 4. Legal access exists. Per USPAP, the use of these extraordinary assumptions might have affected the assignment results.

DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW

Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the MAP AZ dashboard, in 2020, the estimated population of the Tucson metropolitan area was 1,044,675 persons, while the 2020 US Census indicated the population of the City of Tucson was 542,629.

Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020. The 2022 data is through November 2022. There was recently strong residential demand, leading to an increase in permits in 2020 and 2021. However, as interest rates have risen since mid-2022, demand for residential properties has slowed and the number of permits has declined.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to a low of 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The number of housing permits increased slightly in 2012 and 2013 and then remained relatively stable. In recent years, the number of permits has remained mostly stable with a slight increase in 2017 and 2018 and was mostly stable in

2019. Most recently, there was an increase in 2020 and again in 2021 followed by a slight decrease in 2022 as interest rate increases have slowed demand for residential properties.

Office Market

Overall, the Pima County *office market* experienced net negative absorption of 192,084 square feet in the Fourth Quarter 2022, according to *CoStar*. This compares to net positive absorption of 160,124 square feet in the Third Quarter 2022, net negative absorption of 190,138 square feet in the Second Quarter 2022, net positive absorption of 334,597 square feet in the First Quarter 2022, net positive absorption of 101,978 square feet in the Fourth Quarter 2021, 47,098 square feet in the Third Quarter 2021, net negative absorption of 105,781 square feet in the Second Quarter 2021, net positive absorption of 15,711 square feet in the First Quarter 2021, net negative absorption of 86,496 square feet in the Fourth Quarter 2020, net negative absorption of 165,817 square feet in the Third Quarter 2020, net negative absorption of 53,698 square feet in the Second Quarter 2020, net negative absorption of 59,483 square feet in the First Quarter 2020, net negative absorption of 43,280 square feet in the Fourth Quarter 2019, net positive absorption of 227,305 square feet in the Third Quarter 2019, net positive absorption of 107,029 in the Second Quarter 2019, and net positive absorption of 244,022 in the First Quarter 2019.

The following figure shows trends in the vacancy rates for office properties in Pima County through the Fourth Quarter 2022. The vacancy rate increased until late 2013 and then declined through 2017. The vacancy rate remained mostly stable in 2018 and the first part of 2019 before increasing at the end of 2019 through mid-2021. The vacancy rate declined slightly from mid-2021 through the first quarter 2022. The vacancy rate was generally stable with slight increases and decreases in 2022, with an increase in the fourth quarter.



Two new buildings containing 27,988 square feet was completed in the Fourth Quarter of 2022. This compares to one new building containing 18,500 square feet in Third Quarter 2022, two new buildings containing 50,695 square feet in the Second Quarter 2022, two new buildings containing 130,000 in the First Quarter 2022, no new buildings in the Third and

Fourth Quarters 2021, three new buildings containing 64,037 square feet in the Second Quarter 2021, three new buildings containing 120,000 square feet in the First Quarter 2021, no new buildings in the Fourth Quarter 2020, two new buildings containing 58,500 square feet in the Third Quarter 2020, two new buildings containing 42,000 square feet in the Second Quarter 2020, four new buildings containing 4,669 square feet in the First Quarter 2020, four new buildings containing 88,735 square feet in the Fourth Quarter 2019, two new buildings containing 207,248 in the Third Quarter 2019, one new building containing 266,300 square feet in the Second Quarter 2019, and four new buildings totalling 235,300 square feet in the First Quarter 2019.

The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There was a decline in demand for owner/user office buildings, which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remained slow but stable through 2019. Market conditions for office properties had started to slowly improve, primarily for office properties in high demand areas and newer office buildings in good condition. Demand remained lower for older office buildings. It is not yet known to what extent work from home will remain in demand, permanently impacting office trends and demand.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007, and later remained stable and then slowly improved. In recent years, demand had increased for many types of retail properties and remained stable for less desirable retail uses. In March 2020, the Covid-19 pandemic impacted the world. After pausing in the immediate emergence of Covid-19, demand has again increased for many retail property types and remained more stable for other property types.

There was net negative absorption of 111,228 in the Fourth Quarter 2022, according to CoStar. This compares to net positive absorption of 9,981 in the Third Quarter 2022, net positive absorption of 164,073 in the Second Quarter 2022, net negative absorption of 4,064 in the First Quarter 2022, net positive absorption of 175,293 square feet in the Fourth Quarter 2021, net positive absorption of 170,617 square feet in the Third Quarter 2021, net negative absorption of 113,234 in the Second Quarter 2021, net positive absorption of 146,145 square feet in the First Quarter 2021, net positive absorption of 11,328 in the Fourth Quarter 2020, net negative absorption of 277,353 in the Third Quarter 2020, net positive absorption of 122,501 square feet in the Second Quarter 2020, net negative absorption of 20,344 square feet in the First Quarter 2020, net positive absorption of 100,130 square feet in the Fourth Quarter 2019, net negative absorption of 36,068 square feet in the Third Quarter 2019, net positive absorption of 87,318 square feet in the Second Quarter 2019, and net negative absorption of 230,274 square feet in the First Quarter 2019.

In the Fourth Quarter 2022, six new buildings containing 28,122 square feet were completed. This compares to thirteen new buildings containing 98,310 square feet in Third Quarter 2022, four new buildings containing 8,125 square feet in Second Quarter 2022, 13 new buildings containing 46,734 square feet in the First Quarter 2022, five new buildings containing

198,831 square feet in the Fourth Quarter 2021, seven new buildings containing 181,410 square feet in the Third Quarter of 2021, six new buildings containing 21,331 square feet in the Second Quarter of 2021, 13 new buildings containing 82,006 square feet in the First Quarter 2021, three new buildings containing 30,591 square feet in the Fourth Quarter 2020, eight new buildings containing 33,731 square feet in the Third Quarter 2020, ten new buildings containing 68,870 square feet in the Second Quarter 2020, 13 new buildings containing 69,437 square feet in the First Quarter of 2020, nine new buildings containing 48,059 square feet in the Fourth Quarter of 2019, 14 new buildings containing 76,653 square feet in the Third Quarter of 2019, eight new buildings containing 27,078 square feet in the Second Quarter of 2019, and eight new buildings containing 35,358 square feet in the First Quarter of 2019.

The following shows trends in the vacancy rate for retail properties in the Tucson market through the Fourth Quarter 2022, according to *Costar*.



This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time. Most recently, there was a decline though 2018, with a slight increase in the vacancy rate from late 2018 through the first quarter of 2020. The retail vacancy rate has remained mostly stable with slight variations from mid-2020 through second quarter 2022. Prices and rents are stable or increasing in high demand areas or for high demand property types, although there remains limited demand for older retail properties in low demand areas. Market conditions have remained generally stable for many properties as interest rates have risen with near term trends uncertain.

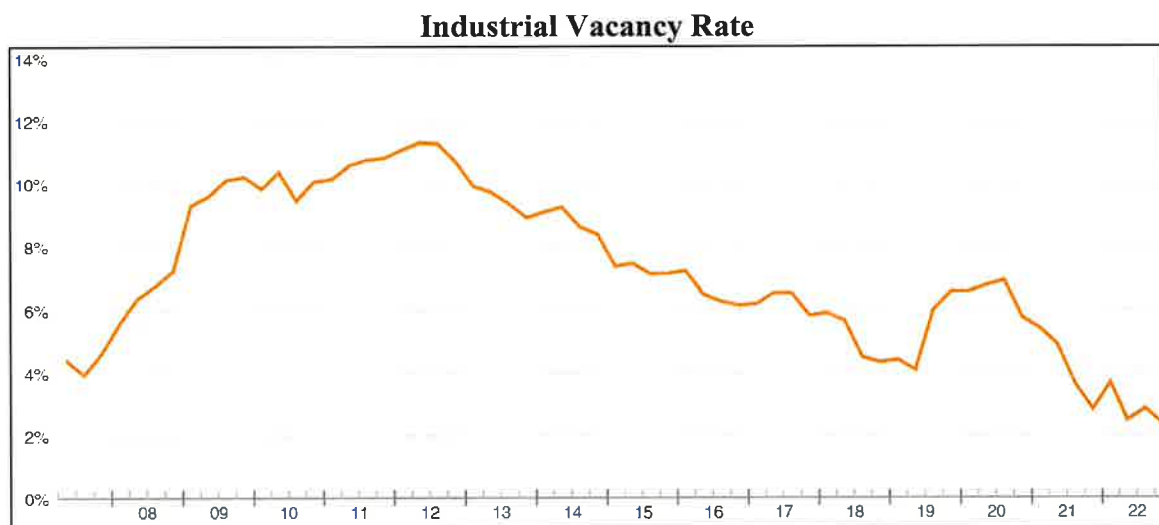
Industrial Market

Tucson experienced rapid industrial growth from the late 70's to the mid-80s. Since then, there has been more limited new industrial development. Most recently in Tucson, three new building containing 459,859 square feet were completed in the Fourth Quarter 2022. This compares to two new buildings containing 108,549 square feet in Third Quarter 2022, one new building containing 60,437 square feet in Second Quarter 2022, two new buildings containing 450,000 square feet in the First Quarter 2022, one new building containing

240,000 square feet in the Fourth Quarter 2021, two new buildings containing 308,670 square feet in the Third Quarter 2021, no new buildings completed in Second Quarter 2021, one new building containing 12,237 square feet completed in the First Quarter 2021, one new building containing 5,473 square feet completed in the Fourth Quarter 2020, no new buildings completed in the Third Quarter 2020, one new building containing 32,000 square feet completed in the Second Quarter 2020, two new buildings containing 41,122 square feet in the First Quarter 2020, one new building containing 157,000 square feet completed in the Fourth Quarter 2019, three new buildings containing 277,634 square feet in the Third Quarter 2019, two new buildings containing 906,900 square feet in the Second Quarter 2019, and no new buildings completed in the First Quarter 2019, the Fourth Quarter 2018, or the Third Quarter 2018, according to *CoStar*. Many of the recently constructed buildings are larger buildings.

There was net positive absorption of 629,645 square feet in the Fourth Quarter 2022. This compares to net negative absorption of 27,062 square feet in the Third Quarter 2022, net positive absorption of 479,7070 square feet in the Second Quarter 2022, net positive absorption of 133,047 square feet in the First Quarter 2022, net positive absorption of 503,165 square feet in the Fourth Quarter 2021, net positive absorption of 730,894 square feet in the Third Quarter 2021, net positive absorption of 173,291 square feet in the Second Quarter 2021, net positive absorption of 128,193 square feet in the First Quarter 2021, net positive absorption of 416,650 square feet in the Fourth Quarter 2020, net negative absorption of 88,238 square feet in the Third Quarter 2020, net negative absorption of 37,010 square feet in the Second Quarter 2020, net positive absorption of 33,760 square feet in the First Quarter 2020, net negative absorption of 57,713 square feet in the Fourth Quarter 2019, net negative absorption of 394,468 square feet in the Third Quarter 2019, net positive absorption of 978,954 square feet in the Second Quarter 2019, and net negative absorption of 26,230 square feet in the First Quarter 2019, according to *CoStar*.

The following chart shows trends in the industrial/flex vacancy rate in Tucson from 2006 through Fourth Quarter 2022, according to *CoStar*.



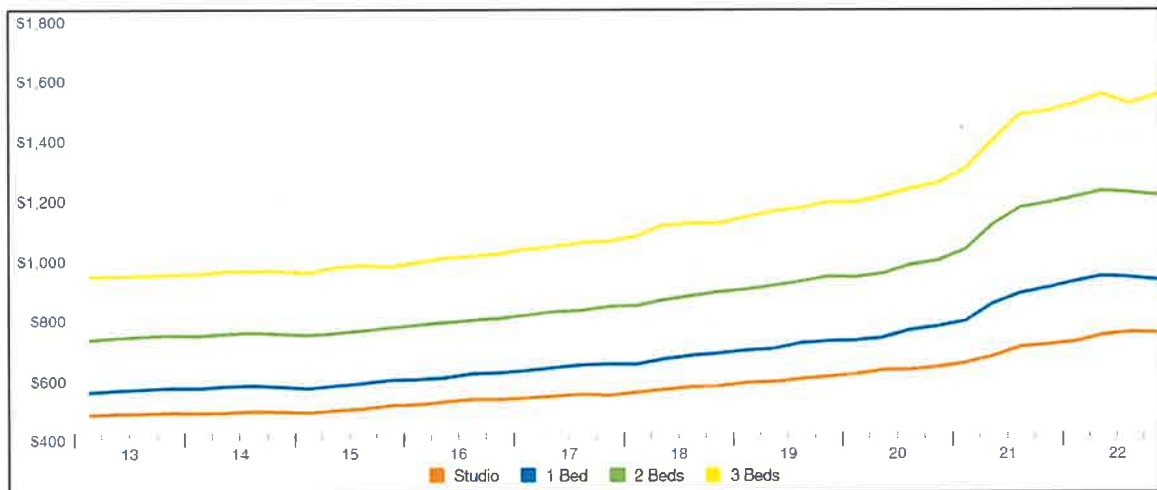
Overall, the industrial vacancy rate increased through mid-2012. The vacancy rate declined from late 2012 through the first part of 2019 before increasing somewhat through mid-2020 before declining again through late 2021 with a slight decrease in the fourth quarter of 2022. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. In March 2020, the Covid-19 pandemic led to a shutdown of many businesses; however, the industrial market has not been significantly impacted and demand for many industrial uses increased since that time. There may potentially be long-term impacts due to changing demand for warehouses and cold storage due to potential changes in supply chains and delivery and storage models.

Multi-Family Market

The following is the vacancy rate for apartments in Tucson from 2006 through the Fourth Quarter 2022. Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining, with that decline continuing through 2021 and increased in 2022.

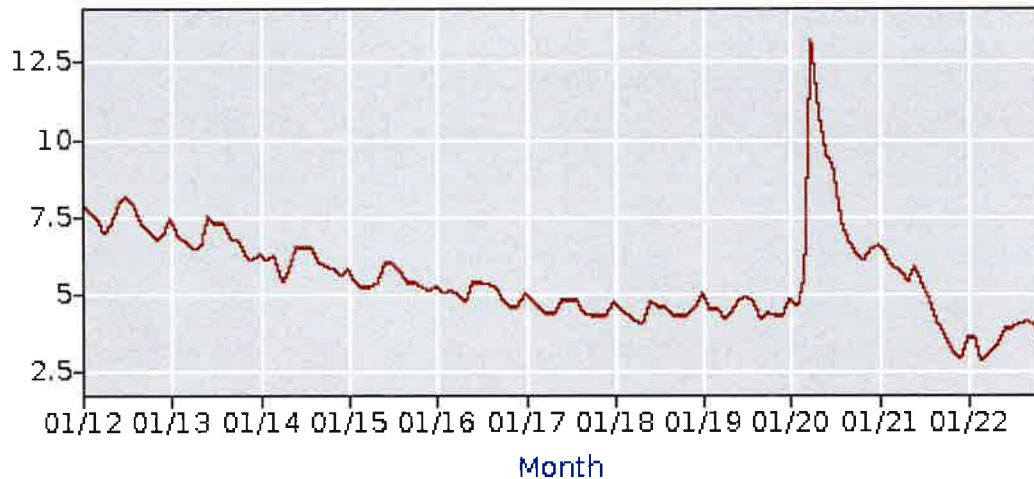


The following is the average effective rental rate per unit type for apartment properties through Fourth Quarter 2022 in the Tucson market, according to CoStar. There has been a significant increase in rents for all unit types in the first three quarters of 2021 followed by a stabilization in the fourth quarter of 2021, a slight increase in the first half of 2022, and a slight decrease in third quarter 2022. The average rent was generally stable in the fourth quarter.



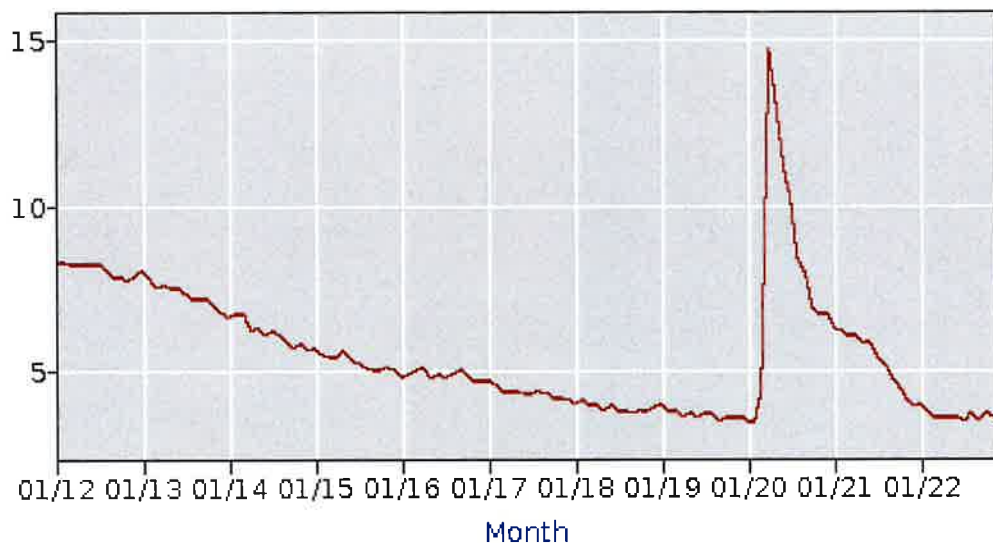
There has been limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities. Market conditions for multi-family properties has increased significantly since mid-2020, with increasing rents, decreasing vacancy rates, and increased sales prices. Demand has slowed recently due to increased interest rates.

According to the Bureau of Labor Statistics, the (not seasonally adjusted) unemployment rate for metropolitan Tucson was as follows:



This data shows that the unemployment rate in the Tucson metropolitan area had slowly been declining since early 2011. There was a slow steady decline in the unemployment rate over several years. However, the unemployment rate (not seasonally adjusted) was stable in 2019 with an increase early in the year. Due to the shutdown of many businesses due to Covid-19, unemployment began to increase significantly in mid-March 2020. The unadjusted unemployment rate peaked at 13.2% in April 2020 and declined to 10.7% in May 2020. There was a decline to 7.3% in August 2020. In October 2020 the unemployment rate was 6.2%. The unemployment rate was 6.6% in January 2021 and then declined to 5.7% in April 2021. The unemployment rate was 4.7% in August 2021, 3.6% in October 2021, 2.9% in December 2021, and increased to 3.6% in January 2022. The unemployment rate declined to 2.8% in March 2022, increased to 3.3% in May 2022, and increased to 3.9% in June 2022 and 4.0% in October 2022.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is below 2007 levels. The seasonally adjusted unemployment rate was 3.5% in February 2020 and 4.4% in March 2020. This increased to a peak of 14.7% in April 2020, then declined slightly to 13.2% in May 2020 and 10.2% in July 2020. The unemployment rate declined to 8.4% in August 2020 and 6.9% in October 2020. The unemployment rate declined to 6.4% in January 2021, declined to 6.0% in April 2021, 5.4% in July 2021, 4.7% in September 2021, 3.9% in December 2021, and 3.6% in March 2022. The unemployment rate was 3.7% in August 2022 and 3.5% in December 2022.



Overall, the commercial real estate markets reveal that in early to mid-2020, most investors held a cautionary outlook due to the uncertainty of the government conditions and Covid-19. Market conditions have improved for many property types since that time, starting as early as mid-2020. Market conditions were uncertain for some commercial property types, while demand remained for many other property types that are less impacted by Covid-19. Market conditions for single-family and multi-family properties has increased significantly in that time frame, while demand for many commercial uses, particularly those most impacted by Covid-19, were uncertain and stable for longer but increased for many other commercial uses. As interest rates increased starting in mid-2022, demand slowed and market conditions became more uncertain for many property types. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA

The subject market area is located southeast of the City of Tucson, within Pima County. The subject market area has a western boundary of Country Club Road alignment, Sahuarita Road to the north, Sonoita Highway to the east, and Box Canyon Road (Highway 62) and Coronado National Forest to the south. The northern portion of the market area consists primarily single family residences on lots ranging from 7,000 square feet to over an acre. This residential development is close to Sahuarita Road in Corona De Tucson and nearby developments. The Santa Rita Experimental Range Wildlife Area is located in the western portion of the market area. The northeast and east portions of the market area consists of mostly vacant land with few homes on large acreage. The southern portion of the market area is located in the Coronado National Forest.

There is limited commercial development in the market area, with small supporting commercial development at the corner of Sahuarita Road and Houghton Road. The Town of Sahuarita is just west of the subject market area and provides commercial services, including major shopping centers, for residents of the market area. Access to the subject market area is considered average with Sahuarita providing east-west travel and Sonoita Highway, Houghton Road and Kolb Road providing north-south travel. Interstate 10 is to the north of the market area and Interstate 19 is to the south of the market area.

A significant planned development in the market area is the plan by Hudbay Mineral (Rosemont Copper) to open a copper mine in the Santa Rita Mountains in the southern portion of the subject market area. Rosemont Copper owns land on the east and west slopes of the Santa Rita mountains and had planned to open a mine on the east slope of the Santa Rita mountains, however this planned mine has been held up by regulatory issues and lawsuits. Rosemont Copper's latest plan is to open the Copper World Complex on the west slope of the Santa Rita mountains. This mine would include operation on private land and patented mining claims. Rosemont Cooper has assembled significant acreage on the west slope of the Santa Rita mountains for this mining operation.

Overall, there is average demand for residential development in the subject market area. Most of the market area lacks infrastructure for major development to occur. The strongest demand is in the northern portion of the market area where infrastructure necessary for development exists.

SITE DESCRIPTION

Extraordinary Assumptions - This appraisal is based upon the following extraordinary assumptions: 1. There is no archaeological significance on the subject site; 2. There is no geological significance on the subject site; 3. There are no environmental risks or hazardous conditions found on the subject site; and 4. Legal access exists. Per USPAP, the use of these extraordinary assumptions might have affected the assignment results.

The site consists of two non-contiguous parcels of vacant land totaling 199.61 acres, according to information provided by the client (see Exhibits). The north parcel contains 39.53 acres and is located on the east side of Canyon Edge Trail alignment, south of Trailblazer Way, Pima County, Arizona, adjacent to the Santa Rita Experimental Range (to

the west). The south parcel contains 160.08 acres and is located north of Santa Rita Road, east of Helvetica Road alignment, Pima County, Arizona, adjacent to the Coronado National Forest (to the east). The south parcel is located 1.75 miles directly to the south of the north parcel. Physical access to the parcels is generally by roughly graded ranch roads. There is also a rough graded ranch road that physically connects the two subject parcels which runs across Rosemont Copper Company owned land in a north-south direction (see Exhibits). There is no traffic count data available for any of the roads in the area of the subject parcels.

North Parcel

The north parcel contains 39.53 acres and is a rectangular shaped interior property with about 1,320 feet along the southern and northern property boundaries. The site also has a length of about 1,320 feet along the eastern and western property boundaries. Physical access to the north parcel is from Canyon Edge Trail which legally ends at the northwest corner of the north parcel. This roughly graded ranch road continues onto the subject parcel, mostly in a southeasterly direction.

The topography of the north parcel ranges from level (mostly on the west end and some on the east side) with a ridgeline near the middle of the site that runs in a southerly direction, mostly sloping downward in a southeasterly direction. There are no known protected peaks or ridges on the subject property, however, there are areas on the property which will require development to occur within the hillside development standards for any land area with an average cross slope of 15% or greater. The north parcel is covered in natural desert vegetation. The north parcel has mountain views. The parcel is covered in natural desert vegetation. Soil conditions appear to be typical of the area. The north parcel is located within the Buffer Overlay zone for the adjacent National Park/Forest land areas. About 88% of the north parcel is located in the Conservation Lands System Category designated as Biological Core Management Areas and about 10% of the parcel is designated as Important Riparian Areas. Properties bordering the north parcel include the Santa Rita Experimental Range to the west, single family residences on acreage to the east with a portion to the south, conservation land followed by a residential subdivision to the north, and vacant land owned by Rosemont Copper Company to the south.

Utilities available in the area of the parcel include electric (Trico Electric) and telephone (CenturyLink). There is no public water or sewer available in the vicinity of the subject and the parcel is not in a public water company obligated service area. Water would have to be provided by development of a shared well or individual wells. Waste removal would be by private septic systems. This is typical for properties in this vicinity due to the remoteness of the area. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). There is a larger wash identified as Sycamore Wash which traverses the middle of the site (effectively bisecting it), mostly in a north-south direction. This wash has a 100 foot Erosion Hazard Setback from the bank of the wash. About 24% of the parcel identified as being in the Erosion Hazard Setback area. The area

surrounding this wash (totaling about 10%) is identified as a riparian habitat area, with a designation of Xeroriparian D.

South Parcel

The south parcel contains 160.08 acres and is a rectangular shaped interior property with about 2,640 feet along the southern and northern property boundaries. The site also has a length of about 2,640 feet along the eastern and western property boundaries. Physical access to the south parcel is over ranch roads which connect to Helvetia Road/Santa Rita Road which is located to the west and south of the parcel. Helvetia Road/Santa Rita Road is a county maintained two-lane roughly graded dirt road for a portion of the roadway. The roadway also crosses U.S. Bureau of Land Management (BLM) land and private land to access the subject property.

The topography of the south parcel is rolling to steep hill, mostly sloping upward in a southeasterly direction. There is a more level area on the northern portion of the parcel which rises to a very steep hilly peak area near the southeasterly portion of the site. There are no known protected peaks or ridges on the subject property, however, there are areas on the property which will require development to occur within the hillside development standards for any land area with an average cross slope of 15% or greater. The south parcel has mountain views. The parcel is covered in natural desert vegetation. Soil conditions appear to be typical of the area. The south parcel is located within the Buffer Overlay zone for the adjacent National Park/Forest land areas. All of the south parcel is located in the Conservation Lands System Category designated as Biological Core Management Areas. Properties bordering the south parcel include Coronado National Forest park land to the east, vacant land owned by Rosemont Copper Company to the west and north, and vacant land owned by the U.S. BLM and Rosemont Copper Company to the south. The Santa Rita Experimental Range is located to the northwest and west of the south parcel.

Utilities available in the area of the parcel include electric (Trico Electric) and telephone (CenturyLink). There is no public water or sewer available in the vicinity of the subject and the parcel is not in a public water company obligated service area. Water would have to be provided by development of a shared well or individual wells. Waste removal would be by private septic systems. This is typical for properties in this vicinity due to the remoteness of the area. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). There is a medium sized unnamed wash which traverses the northern portion of the site, mostly in an east-west direction. This wash has a 50 foot Erosion Hazard Setback from the bank of the wash. There are several small arms of this wash that branch off to the north and south of the main channel of the wash. There is a smaller unnamed wash which traverses the western portion of the site, mostly in a north-south direction. This wash has a 25 foot Erosion Hazard Setback from the bank of the wash. A total of about 10% of the parcel identified as being in the Erosion Hazard Setback areas.

The areas surrounding these washes (totaling about 8%) are identified as a riparian habitat area, with a designation of Xeroriparian C.

Both parcels are in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject parcels.

ZONING

Both parcels are zoned Rural Homestead (RH), according to the Pima County Zoning Code (see Exhibits). The purpose of this zone is to "preserve the character and encourage the orderly growth of rural areas in the county. It is intended to encourage rural development in areas lacking facilities for urban development and to provide for commercial and industrial development only where appropriate and necessary to serve the needs of the rural area." The principal uses allowed by this zoning designation are low density residential, limited commercial use, agriculture use, and governmental uses. Specific allowable uses include single family residences, manufactured or mobile homes and trailers, and some commercial agriculture uses.

The general development standards include a minimum site area of 180,000 square feet, with minimum front/rear yard setbacks of 50 feet and a minimum side yard setback of 25 feet. The maximum building height is 34 feet.

The designation of the site as RH zoning is consistent with current surrounding uses.

PIMA COUNTY COMPREHENSIVE PLAN

Both subject parcels are located in an area identified as Low Intensity Rural (LIR) according to the Pima County Comprehensive Plan. The purpose of this designation is to "designate areas for residential uses at densities consistent with rural and resource-based characteristics." The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIR designation are RH, SR, SR-2, GR-1, and MR.

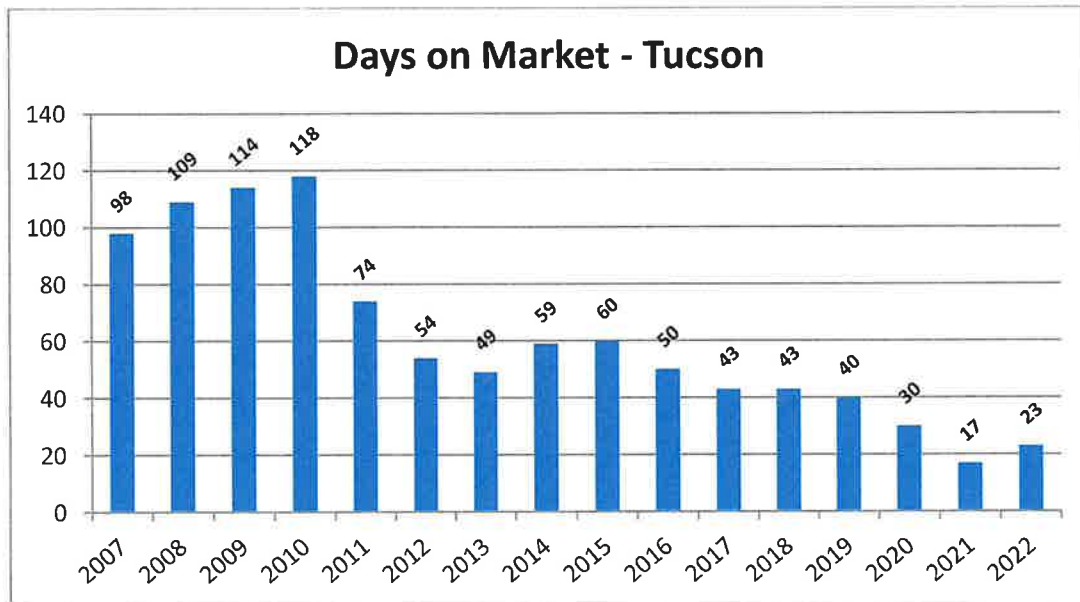
In the LIR designation, a minimum of 30 percent of natural open space is required within areas zoned MR (Major Resort Zone).

The existing RH zoning is consistent with the Low Intensity Rural guidelines of the Pima County Comprehensive Plan.

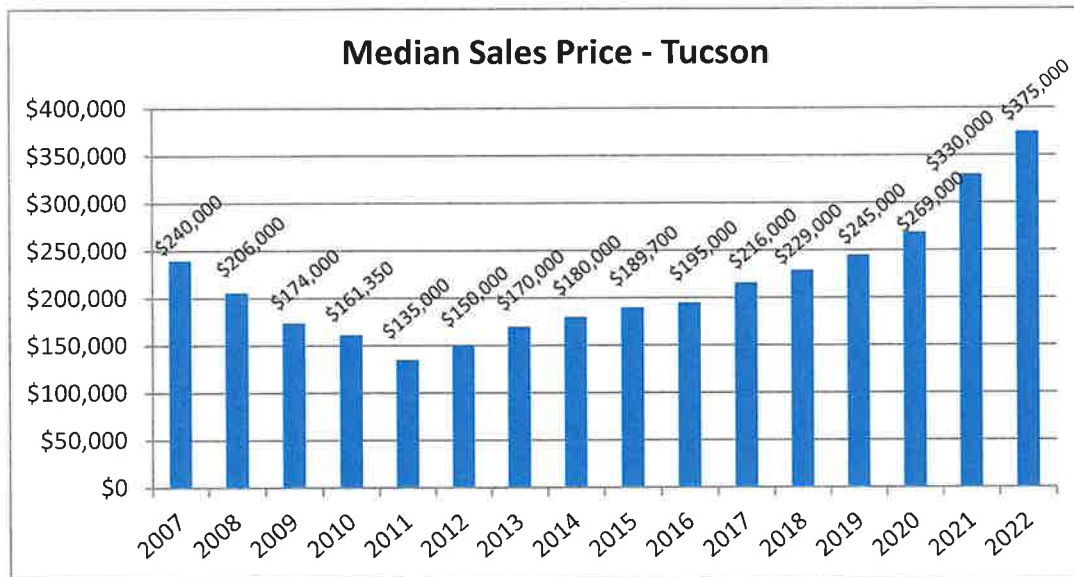
MARKET PROFILE - RESIDENTIAL

Starting in mid-2006, the market began to slow, and this trend continued into 2007, with a further slowdown in 2008 through 2010. Prices for residential properties leveled off and then decreased in all market areas. The demand for homes began to decline and fewer homes were purchased. The median price for homes also declined during this time. From 2011, there has been a steady recovery in the residential housing market, in all market areas. Market conditions for single-family residences increased significantly starting in mid-2020 due to largely in part to low interest rates and extremely limited inventory.

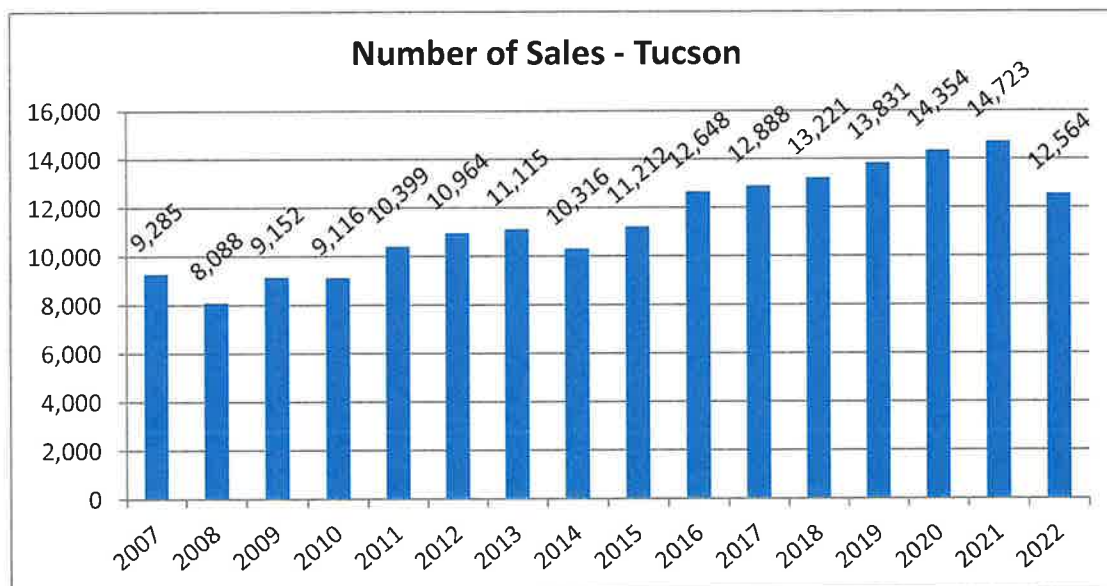
The following are the average number of days on market for sold single-family residences in the Tucson Market from 2007 through the year end of 2022, according to Multiple Listing Service (MLS). This data indicates that the average days on market for single-family residences increased from 2007 and peaked in 2010. Beginning in 2011, the number of days on market dropped significantly and was mostly stable from 2017 through 2019. The number of days on market decreased in 2020, with a substantial reduction in 2021. Days on market for single family homes did experience a slight increase in 2022.



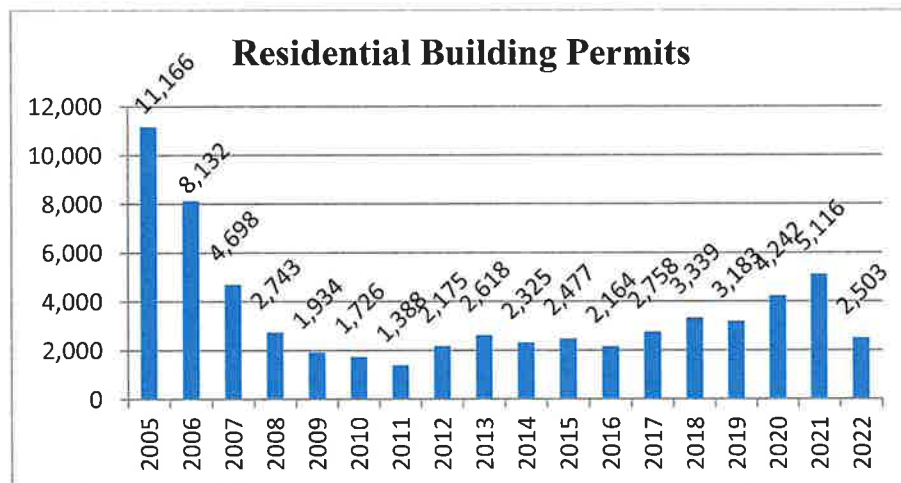
The following is the median sale price for single-family residences for the Tucson market from 2007 through the year end of 2022, according to MLS. The median sale price for single family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single family residences in the Tucson market gradually increased on a year over year basis, continuing through the year end of 2022.



The following is the number of sales of single-family residences in the Tucson Market from 2007 through the first quarter of 2022, according to MLS. The number of sales declined from 2006 through 2008. Beginning in 2009, the number of sales began a gradual upward trend, which continued through 2021. The year of 2022 experienced the first decline in the number of sales from previous years.



Starting in 2006, fewer single-family residential permits were issued due to the oversupply of lots and residential homes on the market at that time. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits remained mostly stable with some slight variations since 2013, and increased slightly in 2017 and again in 2018. The number of permits was mostly stable in 2019 but increased somewhat in 2020 and 2021. The 2022 data is through June 2022. There is currently strong demand for residential properties due to low inventory. However, as interest rates have risen, demand for residential properties may decline.



Residential market conditions have increasing for most home types. Prices for some types of homes, specifically in homes priced below \$300,000 had increased slowly starting in 2013, and prices have continued to increase. Increased demand due to low interest rates, the increase in available “remote” occupations, and a generally low amount of inventory for homes priced below \$300,000 continue to place upward pressure on home prices. This has increased in mid-2020 due to low interest rates and limited inventory. Prices have increased significantly, and at a rapid pace, since mid-2020 through the second quarter of 2022. However, interest rates recently increased which is likely to cool off some of the housing activity as potential market participants wait to see how the market reacts before listing or purchasing a home. There are some indications of slightly longer marketing period. The long-term result should be a more balanced level of supply and demand - more conducive to steady long-term development.

EXPOSURE/MARKETING TIME

Marketing time in this appraisal, is defined as: “An opinion of the amount of time it might take to sell a property interest at the concluded market value level or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.” ¹

The reasonable *exposure time* is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as: “The time a property remains on the market; An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” ²

The reasonable exposure and marketing time is estimated to be 6 to 12 months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property.

HIGHEST AND BEST USE

The Seventh edition of The Dictionary of Real Estate Appraisal (Appraisal Institute; 2022, p. 88), defines highest and best use as:

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.” An analysis of market data supports the conclusion of highest and best use.

An analysis of market data supports the conclusion of highest and best use.

Highest and Best Use as Vacant

Legal Considerations

Both parcels are zoned Rural Homestead (RH), according to the Pima County Zoning Code. The purpose of this zone is to “preserve the character and encourage the orderly growth of rural areas in the county. It is intended to encourage rural development in areas lacking facilities for urban development and to provide for commercial and industrial development only where appropriate and necessary to serve the needs of the rural area.” The principal uses allowed by this zoning designation are low density residential, limited commercial use, agriculture use, and governmental uses. Specific allowable uses include single family residences, manufactured or mobile homes and trailers, and some commercial agriculture uses.

1. The Dictionary of Real Estate Appraisal (Appraisal Institute, Seventh Edition, 2022), p. 116

2. Ibid, p. 67

The general development standards include a minimum site area of 180,000 square feet, with minimum front/rear yard setbacks of 50 feet and a minimum side yard setback of 25 feet. The maximum building height is 34 feet.

The designation of the site as RH zoning is consistent with current surrounding uses.

Both subject parcels are located in an area identified as Low Intensity Rural (LIR) according to the Pima County Comprehensive Plan. The purpose of this designation is to "designate areas for residential uses at densities consistent with rural and resource-based characteristics." The maximum residential gross density is 0.3 residences per acre (RAC). Allowable zonings under the LIR designation are RH, SR, SR-2, GR-1, and MR. In the LIR designation, a minimum of 30 percent of natural open space is required within areas zoned MR (Major Resort Zone).

The existing RH zoning is consistent with the Low Intensity Rural guidelines of the Pima County Comprehensive Plan.

Therefore, the property could be developed with any use allowed under the existing RH zoning.

Physical Considerations

Extraordinary Assumptions - This appraisal is based upon the following extraordinary assumptions: 1. There is no archaeological significance on the subject site; 2. There is no geological significance on the subject site; 3. There are no environmental risks or hazardous conditions found on the subject site; and 4. Legal access exists. Per USPAP, the use of these extraordinary assumptions might have affected the assignment results.

The site consists of two non-contiguous parcels of vacant land totaling 199.61 acres, according to information provided by the client. The north parcel contains 39.53 acres and is located on the east side of Canyon Edge Trail alignment, south of Trailblazer Way, Pima County, Arizona, adjacent to the Santa Rita Experimental Range (to the west). The south parcel contains 160.08 acres and is located north of Santa Rita Road, east of Helvetica Road alignment, Pima County, Arizona, adjacent to the Coronado National Forest (to the east). The south parcel is located 1.75 miles directly to the south of the north parcel. Physical access to the parcels is generally by roughly graded ranch roads. There is also a rough graded ranch road that physically connects the two subject parcels which runs across Rosemont Copper Company owned land in a north-south direction. There is no traffic count data available for any of the roads in the area of the subject parcels.

North Parcel

The north parcel contains 39.53 acres and is a rectangular shaped interior property with about 1,320 feet along the southern and northern property boundaries. The site also has a length of about 1,320 feet along the eastern and western property boundaries. Physical access to the north parcel is from Canyon Edge Trail which legally ends at the northwest corner of the north parcel. This roughly graded ranch road continues onto the subject parcel, mostly in a southeasterly direction.

The topography of the north parcel ranges from level (mostly on the west end and some on the east side) with a ridgeline near the middle of the site that runs in a southerly direction, mostly sloping downward in a southeasterly direction. There are no known protected peaks or ridges on the subject property, however, there are areas on the property which will require development to occur within the hillside development standards for any land area with an average cross slope of 15% or greater. The north parcel is covered in natural desert vegetation. The north parcel has mountain views. The parcel is covered in natural desert vegetation. Soil conditions appear to be typical of the area. The north parcel is located within the Buffer Overlay zone for the adjacent National Park/Forest land areas. About 88% of the north parcel is located in the Conservation Lands System Category designated as Biological Core Management Areas and about 10% of the parcel is designated as Important Riparian Areas. Properties bordering the north parcel include the Santa Rita Experimental Range to the west, single family residences on acreage to the east with a portion to the south, conservation land followed by a residential subdivision to the north, and vacant land owned by Rosemont Copper Company to the south.

Utilities available in the area of the parcel include electric (Trico Electric) and telephone (CenturyLink). There is no public water or sewer available in the vicinity of the subject and the parcel is not in a public water company obligated service area. Water would have to be provided by development of a shared well or individual wells. Waste removal would be by private septic systems. This is typical for properties in this vicinity due to the remoteness of the area. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is a larger wash identified as Sycamore Wash which traverses the middle of the site (effectively bisecting it), mostly in a north-south direction. This wash has a 100 foot Erosion Hazard Setback from the bank of the wash. About 24% of the parcel identified as being in the Erosion Hazard Setback area. The area surrounding this wash (totaling about 10%) is identified as a riparian habitat area, with a designation of Xeroriparian D.

South Parcel

The south parcel contains 160.08 acres and is a rectangular shaped interior property with about 2,640 feet along the southern and northern property boundaries. The site also has a length of about 2,640 feet along the eastern and western property boundaries. Physical access to the south parcel is over ranch roads which connect to Helvetia Road/Santa Rita Road which is located to the west and south of the parcel. Helvetia Road/Santa Rita Road is a county maintained two-lane roughly graded dirt road for a portion of the roadway. The roadway also crosses U.S. Bureau of Land Management (BLM) land and private land to access the subject property.

The topography of the south parcel is rolling to steep hill, mostly sloping upward in a southeasterly direction. There is a more level area on the northern portion of the parcel which rises to a very steep hilly peak area near the southeasterly portion of the site. There are no

known protected peaks or ridges on the subject property, however, there are areas on the property which will require development to occur within the hillside development standards for any land area with an average cross slope of 15% or greater. The south parcel has mountain views. The parcel is covered in natural desert vegetation. Soil conditions appear to be typical of the area. The south parcel is located within the Buffer Overlay zone for the adjacent National Park/Forest land areas. All of the south parcel is located in the Conservation Lands System Category designated as Biological Core Management Areas. Properties bordering the south parcel include Coronado National Forest park land to the east, vacant land owned by Rosemont Copper Company to the west and north, and vacant land owned by the U.S. BLM and Rosemont Copper Company to the south. The Santa Rita Experimental Range is located to the northwest and west of the south parcel.

Utilities available in the area of the parcel include electric (Trico Electric) and telephone (CenturyLink). There is no public water or sewer available in the vicinity of the subject and the parcel is not in a public water company obligated service area. Water would have to be provided by development of a shared well or individual wells. Waste removal would be by private septic systems. This is typical for properties in this vicinity due to the remoteness of the area. Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is a medium sized unnamed wash which traverses the northern portion of the site, mostly in an east-west direction. This wash has a 50 foot Erosion Hazard Setback from the bank of the wash. There are several small arms of this wash that branch off to the north and south of the main channel of the wash. There is a smaller unnamed wash which traverses the western portion of the site, mostly in a north-south direction. This wash has a 25 foot Erosion Hazard Setback from the bank of the wash. A total of about 10% of the parcel identified as being in the Erosion Hazard Setback areas. The areas surrounding these washes (totaling about 8%) are identified as a riparian habitat area, with a designation of Xeroriparian C.

Both parcels are in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject parcels.

The physical characteristics of the subject property would allow for development of a limited number of single family residential lots on the north parcel. The wash and ridgeline running down the middle of the north parcel would limit the potential homesites. Due to the steeply sloping and hilly terrain and the higher development costs required to provide access within the parcel and utilities to the south parcel, development of any homes on the south parcel would be less likely.

The land could also be utilized by the adjacent planned copper mine (Copper World Complex). There are no minerals that are located on the subject land for mining. A portion of

the land could be utilized for tailings, however, a large portion of the land (including all of the north parcel) would be utilized to meet open space requirements.

Financial Feasibility

The physical characteristics of the subject property would allow for development of a limited number of single family residential lots on the north parcel due to the wash and ridgeline running down the middle of the parcel which would limit where any potential homesites could be placed. Development of any homes on the south parcel would be less likely due to the steeply sloping and hilly terrain and the higher development costs required to provide access within the parcel and utilities to the south parcel. Given the large amount of vacant land in the general market area that has better access to utilities and is within areas of more active residential development, it is not probable that development would occur on the subject in the foreseeable future.

Given the lack of demand for residential development on the subject land, the land could be held for investment or could be developed as part of the Copper World Complex planned by Rosemont Copper Company. Rosemont Copper Company plans to develop a mining operation on private land and patented mining claims. Given the proximity of the subject land to the planned copper mine, the subject land could be incorporated in development of the mine, with tailings on a portion of the south parcel and open space on all of the north parcel. This would be the most financially feasible use of the subject land area.

Maximally Productive

Therefore, based on the location, site size, remoteness, difficult access and development issues, and surrounding development in the subject market area, the maximally productive highest and best use of the subject land is for development as part of Rosemont Copper Company plans to develop a copper mining operation adjacent to the subject land. The south parcel could be utilized for aboveground storage of mine tailings and open space and the north parcel could be utilized to meet open space requirements.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

SALES COMPARISON APPROACH

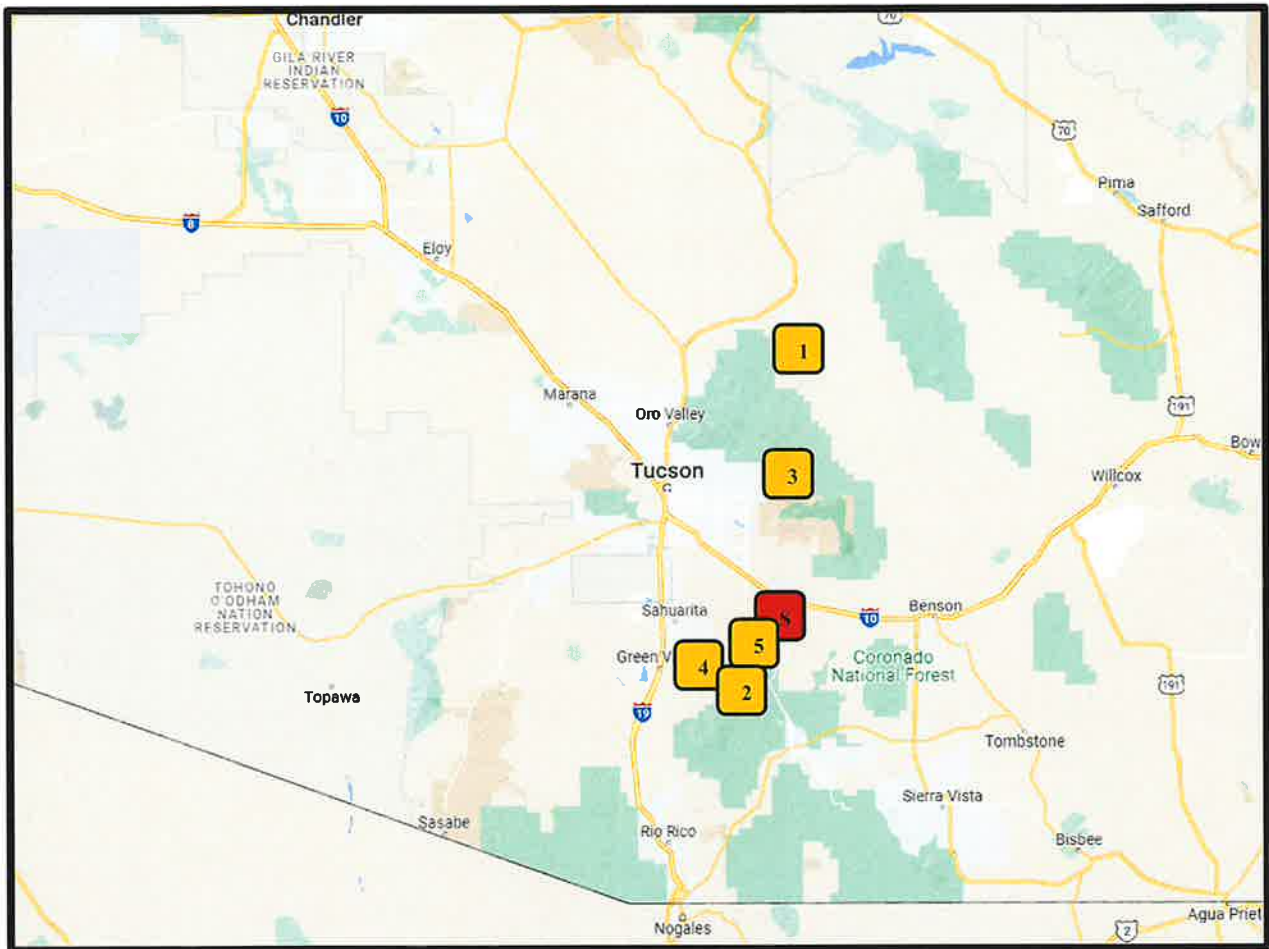
The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property.

This approach analyzes sales and listings of properties similar to the subject. This analysis uses those sales most relevant as indicators of value of the subject property, making adjustments for dissimilarities such as terms of sale, site size, location, zoning, and utility. Sales used in this approach must contain these elements; 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available, and not affected by special or unusual terms. The summary below illustrates the comparable sales used in this report.

Table of Comparable Land Sales

Sale No.	Sale Date	Property Location	Sale Price	Site Size (Acres)	Price/Acre	Zoning
1.	08/17	East side of Mount Lemmon Road, north and south sides of Rosendo Road	\$1,583,000	460.00	\$3,441	GR
2.	05/20	East of Santa Rita Road, north of Hanna Springs Trail	\$823,050	116.15	\$7,086	RH
3.	05/21	North of Redington Road, east of El Camino Rinconado	\$975,000	141.63	\$6,884	SR
4.	08/21	East and West side of Camino De La Canoa, and the north side of Camino De Rondo	\$852,250	136.36	\$6,250	RH
5.	10/21	South of Ocotillo Rim Place, west of Houghton Road alignment	\$2,031,000	487.33	\$4,168	RH
Subject Property				199.61		RH

COMPARABLE LAND SALES LOCATION MAP



Subject: East side of Canyon Edge Trail alignment, south of Trailblazer Way (north parcel) and north of Santa Rita Road, east of Helvetica Road alignment (south parcel)

Sale 1: East side of Mount Lemmon Road, north and south sides of Rosendo Road, Oracle

Sale 2: East of Santa Rita Road, north of Hanna Springs Trail

Sale 3: North of Redington Road, east of El Camino Rinconado

Sale 4: East and West side of Camino De La Canoa, and the north side of Camino De Rondo

Sale 5: North of Ocotillo Rim Place, west of Houghton Road alignment

COMPARABLE LAND SALES

LAND COMPARABLE NUMBER ONE (SALE)

ID: PIL 0223 GR 7983

LOCATION: East side of Mount Lemmon Road, north and south sides of Rosendo Road, Oracle

LEGAL DESCRIPTION: A portion of the South half, and a portion of the Southwest quarter of the Southwest quarter of Section 22; and the North half of the North half of Section 27, Township 10 South, Range 16 East, G&SRB&M, Pinal County, Arizona

STATE TAX PARCEL: 307-12-030D, -030E, -048D, -048E, -048C, -049B, -050C and -052C

RECORD DATA: Fee number 2017-065124

DATE OF SALE: September 8, 2017

SELLER: Darimont Ranch, LLC and Oracle Project 1, LLC

BUYER: Mule Tank Properties 2, LLC

CONFIRMED BY: Zach Nichols, buyer's broker (520-955-7229)
TAB; March 4, 2021

LAND DESCRIPTION: This site is an irregular shaped interior property with a small amount of frontage on Mount Lemmon Road along a portion of the western property boundary and frontage on the north and south sides of Rosendo Road which transverses a portion of the property. The site has a maximum length of 3,985 feet along the western property boundary and a maximum width of about 4,622 feet along the southern property boundary. A portion of the western property line of the site borders the Coronado National Forest. Both Mount Lemmon Road and Rosendo Road are graded dirt roadways with no curbs, sidewalks or streetlights in the vicinity of this property. The topography is mostly rolling topography with some level areas. There are good mountain views. There is an airstrip on the site for small planes. Public utilities available to the property include electric and telephone. Water is provided by a large well with a 20,000 gallon storage tank and filter system with a

certified water system. There are also springs on the property. According to FEMA Flood Insurance Rate Map 04021C2525E, dated December 4, 2007, the land is identified as being located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain.

LAND SIZE:	460.00 acres
ZONING:	GR (Pinal County)
REPORTED SALE PRICE:	\$2,583,000 (including improvements) \$1,583,000 (without improvements – land only)
PRICE PER ACRE:	\$5,617 (including improvements) \$3,441 (without improvements – land only)
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pinal County Assessor indicate that a portion of the property sold for a reported price of \$509,000 on May 29, 2015. No other transactions have occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Cattle grazing on a majority of the site and future potential development and commercial uses on the remaining portion of the site (see comments).
COMMENTS:	After the sale, the buyer rezoned 32 acres of the site to C-3 to allow for commercial uses and use that portion of the property for a wedding venue and bed and breakfast. The remaining 428 acres is used for cattle grazing and can be developed in the future. There were some ranches and building improvements (including a ranch headquarters residence containing 3,683 square feet) on the site. There were a total of 6 houses on the property, plus other building improvements that had been used as a bed and breakfast in the past. According to the buyer's broker, these improvements totaled 24,000 square feet and contributed approximately \$1,000,000, with \$1,583,000 for the land value only.

LAND COMPARABLE NUMBER TWO (SALE)

ID: RH 0566 8263

LOCATION: East of Santa Rita Road, north of Hanna Springs Trail

LEGAL DESCRIPTION: The East half of the Northwest quarter of the Southeast quarter of Section 22; a portion of the West half of Section 23; and the Northeast quarter of the Southeast quarter of Section 23, all in Township 18 South, Range 15 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCEL: 305-57-022H; portion of 305-58-034B [now 305-58-034D and -034E]; and 305-58-038A

RECORD DATA: Fee numbers 20201350779 and 20201350780

DATE OF SALE: May 14, 2020

SELLER: Denice R. Shepard, Personal Representative of Don C. Pressnall (deceased)

BUYER: Sonoran Property Investors LLC

CONFIRMED BY: Derrick Sinclair, buyer's representative (520-360-1951) TAB; February 1, 2023

LAND DESCRIPTION: The property consists of three non-contiguous parcels of vacant land totaling 116.15 acres. The west parcel is located a half mile directly to the west of the center parcel and the east parcel is located a quarter mile from the center parcel. Physical access to the parcels is generally by roughly graded ranch roads. There is no traffic count data available for any of the roads in the area of the parcels. All of the parcels are covered in natural desert vegetation and have varying degrees of mountain views.

The west parcel contains 20.00 acres and is a rectangular shaped interior property with 660 feet along the southern and northern parcel boundaries. The site has a length of 1,320 feet along the eastern and western parcel boundaries. The topography of the west parcel is mostly level, mostly sloping in a southeasterly direction.

The center parcel contains 56.15 acres and is an irregular shaped interior property with 1,320 feet along

the southern parcel boundary. The site has a length of about 2,450 feet along the eastern parcel boundary. The topography of the center parcel ranges from level to rolling/hilly terrain, with several ridgelines near the top, middle and bottom of the parcel that mostly run in a southeasterly direction.

The east parcel contains 40.00 acres and is located adjacent to the Coronado National Forest (to the east). The east parcel is a rectangular shaped interior property with 1,320 feet along all four of the parcel boundaries. The topography of the east parcel ranges from level to mostly rolling/hilly terrain with ridgelines along the northern and southern portions of the parcel that run in a southeasterly direction.

Utilities available in the area of the parcels include electric (Trico Electric) and telephone (CenturyLink). There is no public water or sewer available in the vicinity of the parcels and the parcels are not in a public water company obligated service area. Water would have to be provided by development of a shared well or individual wells. Waste removal would be by private septic systems.

According to FEMA Flood Insurance Rate Map 04019C4000L, dated June 16, 2011, all three parcels are located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. There is an unnamed wash which traverses the western portion of the west parcel mostly in a southeasterly direction. This wash has a 50 foot Erosion Hazard Setback from the bank of the wash and the area surrounding this wash is identified as a riparian habitat area, with a designation of Xeroriparian C. There is a larger wash identified as Gunnery Range Wash which traverses the northern portion of the center parcel, mostly in an east-west direction. This wash has a 75 foot Erosion Hazard Setback from the bank of the wash and the area surrounding this wash is identified as an Important Riparian Habitat Area, with a designation of Xeroriparian B. Branching off of the Gunnery Range Wash is a smaller unnamed wash which traverses the southeastern portion of the center parcel mostly in a southeasterly direction. This wash has a 25 foot Erosion Hazard Setback from the bank of the wash and the area

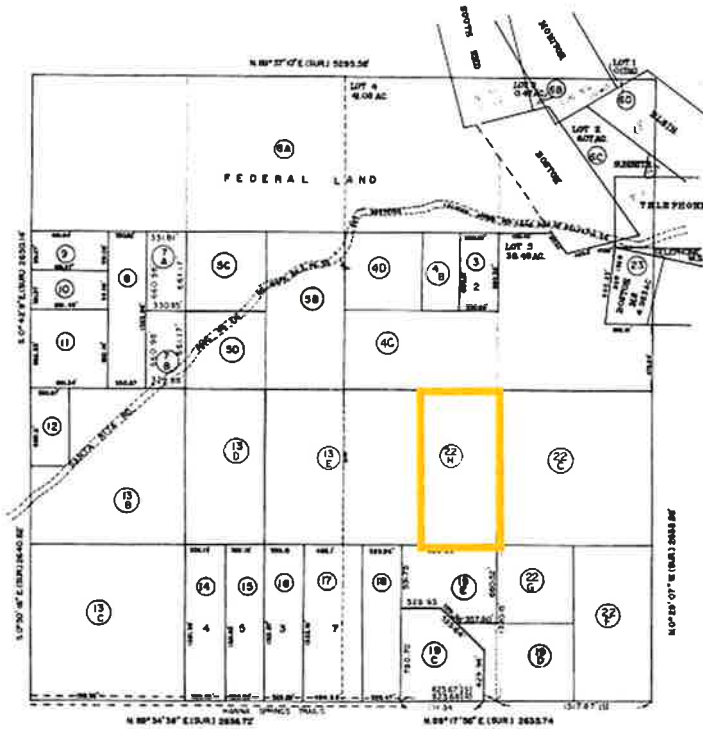
around this wash is identified as an Important Riparian Habitat Area, with a designation of Xeroriparian B. There is a smaller unnamed wash which traverses the southern portion of the east parcel mostly in a southeasterly direction. This wash has a 25 foot Erosion Hazard Setback from the bank of the wash and the area surrounding this wash is identified as an Important Riparian Habitat Area, with a designation of Xeroriparian B.

LAND SIZE:	116.15 acres
ZONING:	RH (Pima County)
REPORTED SALE PRICE:	\$823,050 (\$571,610 plus \$251,440)
PRICE PER ACRE:	\$7,086
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Purchased for investment, with the buyer knowing that the Hudbay Copper Company was assembling land in the area.
COMMENTS:	<p>The property was previously appraised prior to this sale. The sale price was negotiated and was eventually agreed on at a total sale price that was slightly above the appraised value.</p> <p>After this transaction, this land area and several other smaller parcels that had been purchased by Sonoran Property Investors LLC in the area were taken over when Rosemont Copper Company took over the ownership of the Sonoran Property Investors LLC. This was a transfer of the LLC and no recorded sale price or terms of sale of the LLC were disclosed.</p>

ASSESSOR'S RECORD MAP

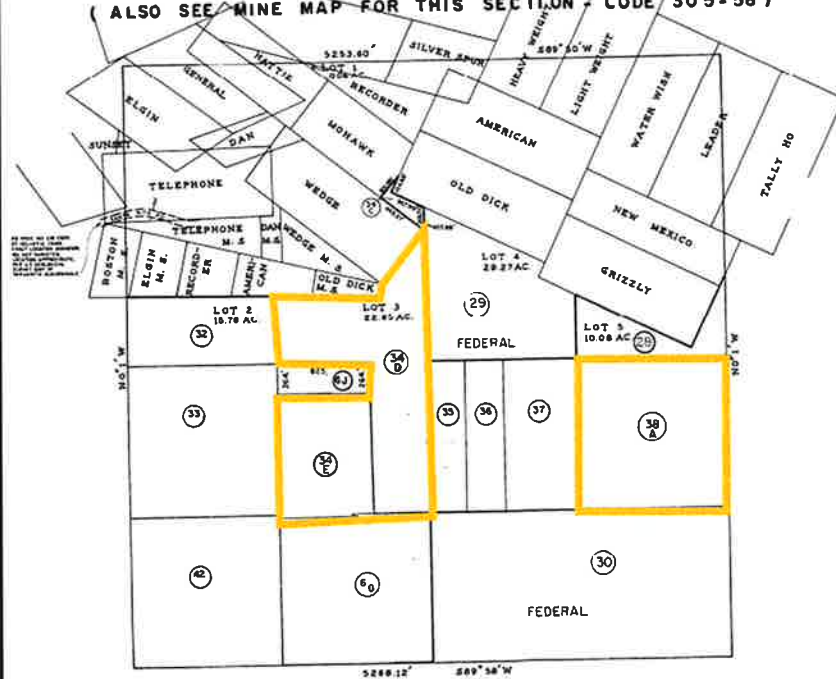
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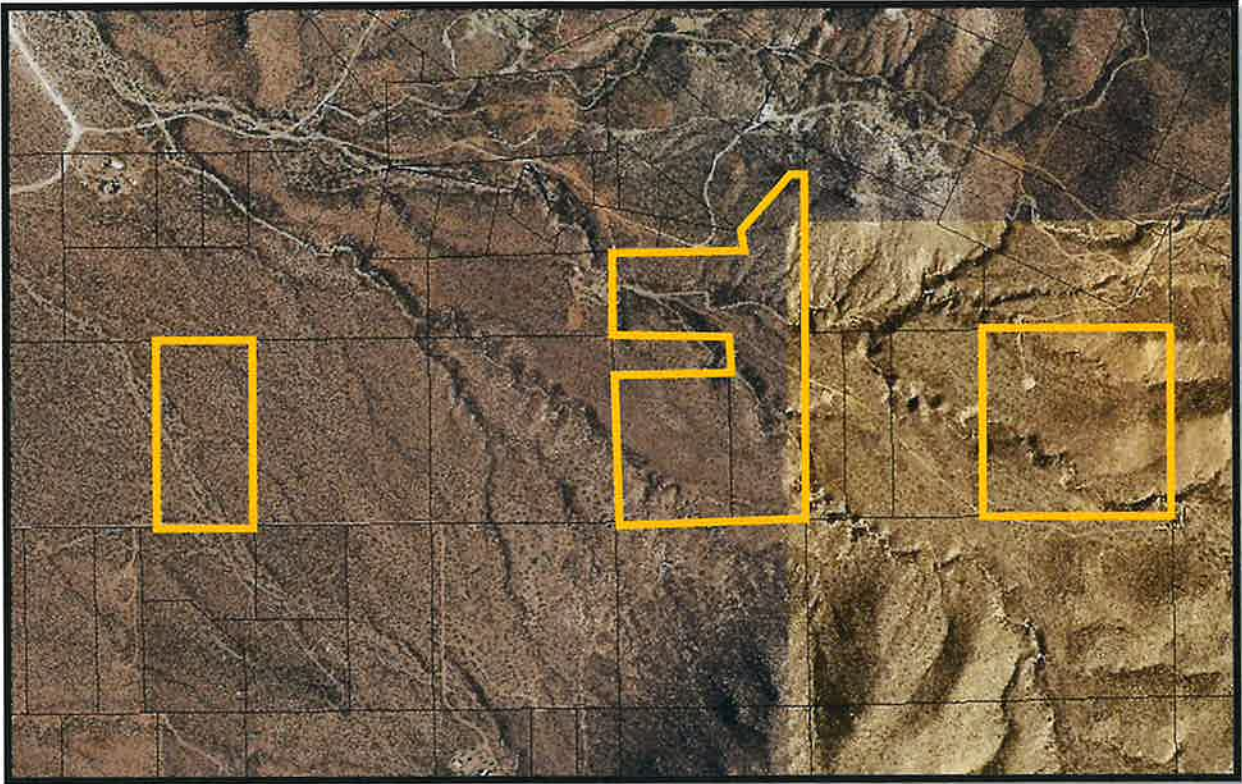
SECTION 22, TOWNSHIP 18 SOUTH, RANGE 15 EAST



305-58
1/2

SECTION 23 TOWNSHIP 18 SOUTH, RANGE 15 EAST (ALSO SEE MINE MAP FOR THIS SECTION CODE 305-58)





LAND COMPARABLE NUMBER THREE (SALE)

ID: SR 0791 8195

LOCATION: North of Redington Road, east of El Camino Rinconado

LEGAL DESCRIPTION: Lots 1-42 and Common Areas A and B, Estates at El Sereno, Pima County, Arizona

STATE TAX PARCEL: 205-39-0380 through -0810

RECORD DATA: Fee number 20211480478

DATE OF SALE: May 28, 2021

SELLER: Title Security Agency, LLC

BUYER: Pima County Flood Control District

CONFIRMED BY: Jeff Teplitsky, Pima County (520-724-6306)
TAB; June, 2022

LAND DESCRIPTION: The site is an irregular shaped property consisting of 42 platted lots with two common areas. The property contains a total land area of 141.363 acres, according to the subdivision plat. The subdivision has access from Camino Cascabel, which provides access from Redington Road to the south to the southwest corner of the subdivision. Camino Cascabel is a private/public street near Redington Road and then becomes a private ingress/egress/utility easement roadway. Camino Cascabel is paved south of the site but has a width of only 20 feet, narrowing to 15 feet. This pavement will need to be widened in this area in order to meet subdivision street requirements. The last approximately 1,600 linear feet of Camino Cascabel up to the property line is a dirt roadway. This roadway will need to be paved to provide paved access to the subdivision. The subdivision plat includes a subdivision street that has not yet been developed but would need to be constructed to provide access to each of the lots. The individual lots range in size from approximately one acre to approximately 100,000 square feet or 2.30 acres. The topography is generally sloping in a southerly direction. The topography of the subdivision varies, with some areas more level. There are more elevated areas with more sloping topography. Because of this,

some lots are lower in elevation. The easternmost lots are lower in elevation, with an elevated area to the west of this area. Views vary depending on location and elevation, with some lots being lower and having some mountain views, with other lots more elevated and having both mountain views and valley views as well.

Electric and telephone are available near the property line, with various utility easements. Public water is located to the south at Redington Road. It is proposed that a water line be brought approximately 4,200 feet from Redington Road to the property adjacent to the Camino Cascabel Road. Due to the elevation of the lots above the land to the south, a pump station would have to be constructed to the south, with this pump station adjacent to Camino Cascabel. This pump station would be need to be maintained by the homeowner's association in the future. Public sewer is not available to the area, and the lots would be developed with private septic systems.

According to FEMA Flood Insurance Rate Map 04019C1740ML, dated September 28, 2012, the land is located in Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. The Old Grandad Wash crosses the western portion of the property. There is an unnamed wash along the eastern property line and another unnamed wash in the central-east portion of the subdivision. These washes all cross multiple lots. Development of 18 of the lots requires regional flood control district review and approval, per the subdivision plat. Some local floodplain and erosion hazard setback area is located within the common area.

NUMBER OF LOTS:	42 lots
LAND AREA:	141.363 acres (42 lots and 2 common areas)
ZONING:	SR - Pima County (see comments)
REPORTED SALE PRICE:	\$975,000
PRICE PER LOT:	\$23,214
PRICE PER ACRE:	\$6,884

MARKETING TIME:	About 1 year
TERMS OF SALE:	Trade with Pima County obtaining this property and the seller obtaining a property owned by Pima County having a similar value.
PRIOR SALE:	This property sold at a below market price. The property had been in escrow at \$1,300,000 until that deal fell through. It went into another escrow in early 2020 at \$1,075,000 but then subsequently fell out of escrow again. The seller decided after this escrow fell through to sell off the property at a quick sale price in order to complete a quick sale of the parcel. The property sold below market at a price of \$600,000 on July 15, 2020.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions involving a trade after appraisals completed on the two properties involved in the trade.
INTENDED USE:	Open Space
COMMENTS:	<p>According to the subdivision plat, the subdivision is subject to the Hillside Development Overlay Zone. The property is a platted residential subdivision. This has been developed with the conservation subdivision development option that allows for development at the density allowed under the existing zoning, with the lots clustered into smaller lots than would typically be allowed under the zoning and the remaining land conserved as open space areas. Based upon high off site and on-site development costs, it was not economically feasible to develop this property as a subdivision. The only potential development of this property would be to abandon the subdivision plat and develop under the existing SR zoning. Due to the sloping topography, the property would probably not be developed with more than 15 large homesites.</p> <p>This transaction involved a trade where this property was appraised at \$975,000 by Pima County and a parcel of land owned by Pima County was appraised at \$950,000. Based upon similar values, a trade for the 2 properties was completed.</p>

LOCATION: East and West side of Camino De La Canoa, and the north side of Camino De Rondo

LEGAL DESCRIPTION: Lots 1, 4, and 5, Continental Farm-G, Pima County, Arizona

STATE TAX PARCEL: 304-18-9550; -9560; -9570

RECORD DATA: 20212160519

DATE OF SALE: August 4, 2021

SELLER: DD GV 136 LLC (50%) & APBP GV 136 LLC (50%)

BUYER: Pima County Flood Control District

CONFIRMED BY: Jeff Teplitsky, Pima County (520-724-6306)
TFH; August, 2021

LAND DESCRIPTION: The site is a mostly rectangular shaped interior property with a total length of 3,637.87 feet along the southern property line, a width of about 1,300 feet along the western property line, and a maximum width of 1,967.61 feet along the eastern property line, according to Pima County Assessor's map and GIS information (see Exhibits). It contains a total area of 136.36 acres, per Pima County Assessor's records. It is located on the east and west sides of Camino De La Canoa and the north side of Camino De Rondo. Camino De La Canoa bisects the property in a north-south direction and then turns to the east along the southern property line, becoming Camino De Rondo. Both Camino De La Canoa and Camino De Rondo are rough graded dirt roads at the subject property. Camino De La Canoa is a two-lane, asphalt paved street to the north of the subject with the pavement ending north of Silver Sky Place, approximately 800 feet to the north of the subject property's northern property line. Any subdivision that would be developed on the property would require the developer to pave Camino De La Canoa from the end of the existing pavement to the subject property.

The topography of the property ranges from level, rolling to steeply sloping, with the highest point at the southeast corner. The mostly level areas are at the westerly portion of the site. Any residential lots developed on the property would require extra development costs due to this topography. The property slopes down from this ridgetop to the northwest. Soil conditions appear to be typical of the area. Properties bordering the subject property include vacant land to the south and east, Union Pacific Railroad tracks followed by a pecan farm to the west, and low density single family residences followed by vacant land with a planned subdivision to the north.

Utilities available in the area include electric (Tucson Electric Power Company) and telephone (CenturyLink) and are located about 500 feet to the north of the subject's northern property line. The property is not currently served by the Pima County Wastewater Department. The property is located within the obligated service district for Farmers Water Company. The nearest water lines to the subject consist of a 6 inch diameter water line location along Camino De La Canoa, approximately 500 feet from the subject's northern property line. There are no public sewer system services in the vicinity of the subject property. The property would be developed with private septic systems.

According to FEMA Flood Insurance Rate Map 04019C3965L, dated June 16, 2011, the subject property is identified as being located in Special Flood Hazard Area Zone X which are areas determined to be outside the 0.2 percent annual chance floodplain (see Exhibits). There is an unnamed wash that transverses the subject land in the northern portion of the site that mostly goes in an east-westerly direction that has a 50 foot erosion hazard setback. This portion of the subject that this wash transverses is also located in a Flood Control Resource Area. There are also two smaller washes with 25 foot erosion hazard setbacks; one is located in the southwest portion of the site and the other is to the north of the larger wash and runs in a parallel direction. The area of the larger wash is located in a riparian area identified as Xeroriparian C which matches the area designated as a Flood Control

Resource Area. The property is in a seismic zone which is considered to have a low probability of seismic activity.

A biological survey by Pima County indicates the property falls under two categories of the Pima County Conservation Land System (CLS) for environmentally-sensitive lands. The majority of the subject property (84%, or 114.44 acres) is within a Biological Core Management Area which are areas designated for their potential to support high value habitat for 5 or more priority vulnerable species. A portion of the site (16%, or 21.69 acres) is within a Multiple Use Land Management Area which are areas designated for their potential to support high value habitat for three to four priority vulnerable species.

LAND SIZE:	136.36 acres
ZONING:	RH (Pima County)
REPORTED SALE PRICE:	\$852,250
PRICE PER ACRE:	\$6,250
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	This sale is reported to have occurred under normal market conditions.
INTENDED USE:	Open Space
COMMENTS:	The majority of this property was part of a biological core management area, which is a category under conservation land systems.

LAND COMPARABLE NUMBER FIVE (SALE)

ID: RH 0563 8258

LOCATION: South of Ocotillo Rim Place, west of Houghton Road alignment

LEGAL DESCRIPTION: Portion of the Section 2, Township 17 South, Range 15 East G&SRB&M, Pima County, Arizona; and Lots 1, 2, 5, 8, and a portion of Lot 7, Section 35, Township 17 South, Range 15 East, G&SRB&M, Pima County, Arizona

STATE TAX PARCELS: 305-38-0160, 305-530-01C, and 305-38-001B

RECORD DATA: Fee number 2021-2950871 and 2021-2950872

DATE OF SALE: October 22, 2021

SELLER: Tusk Holdings and ANAM (Sellers are related companies)

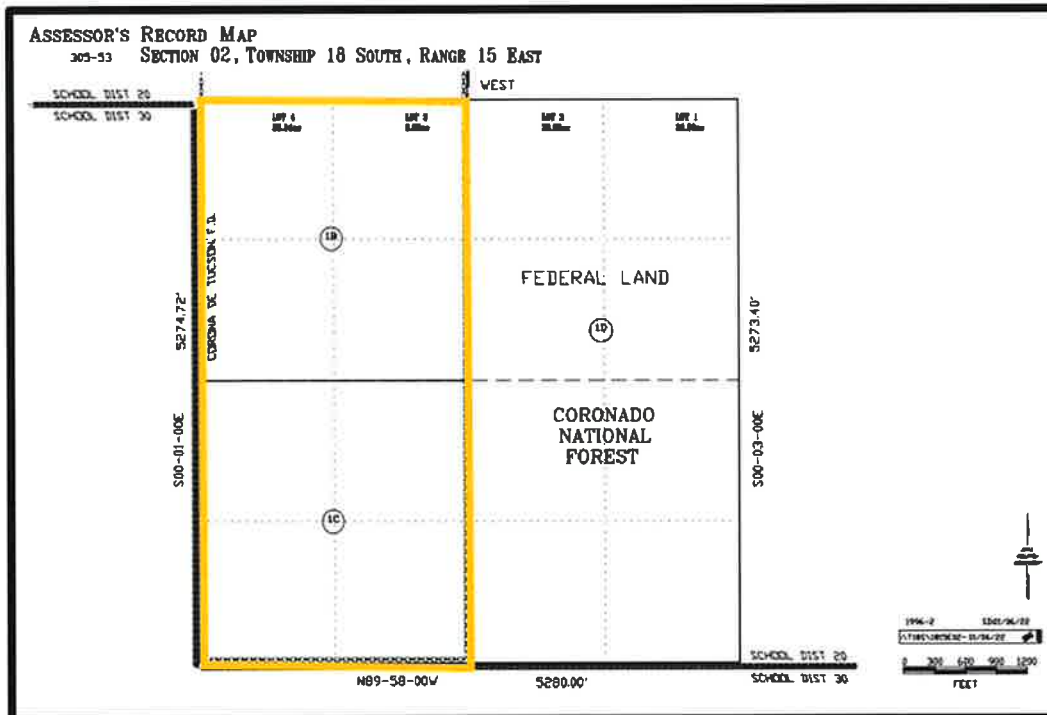
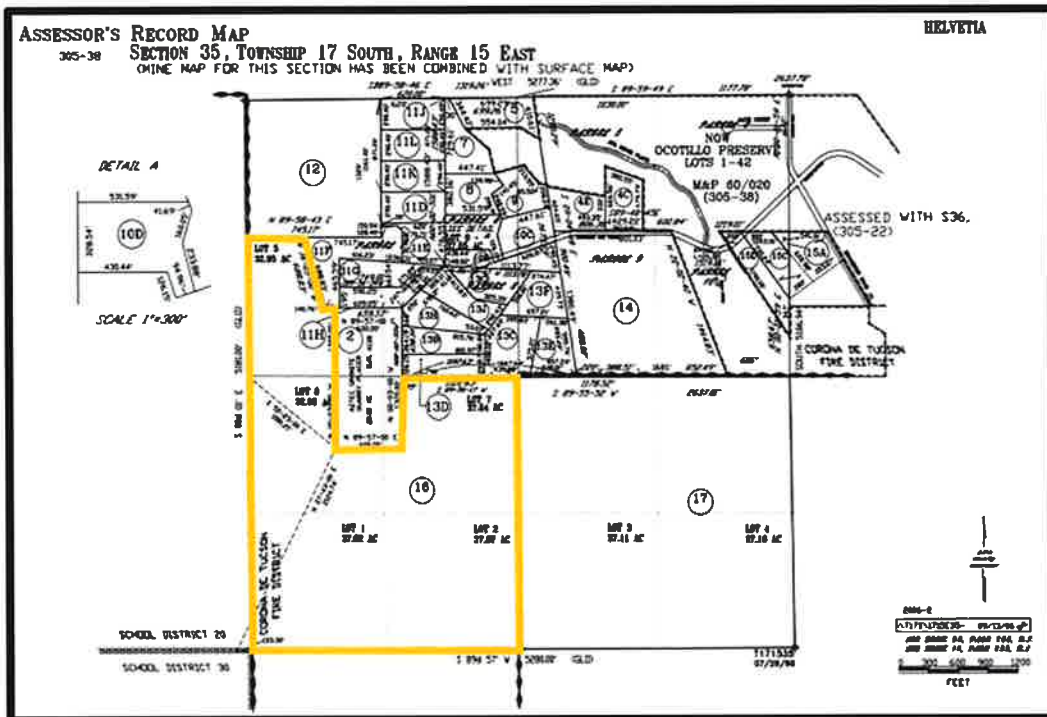
BUYER: Rosemont Copper Company

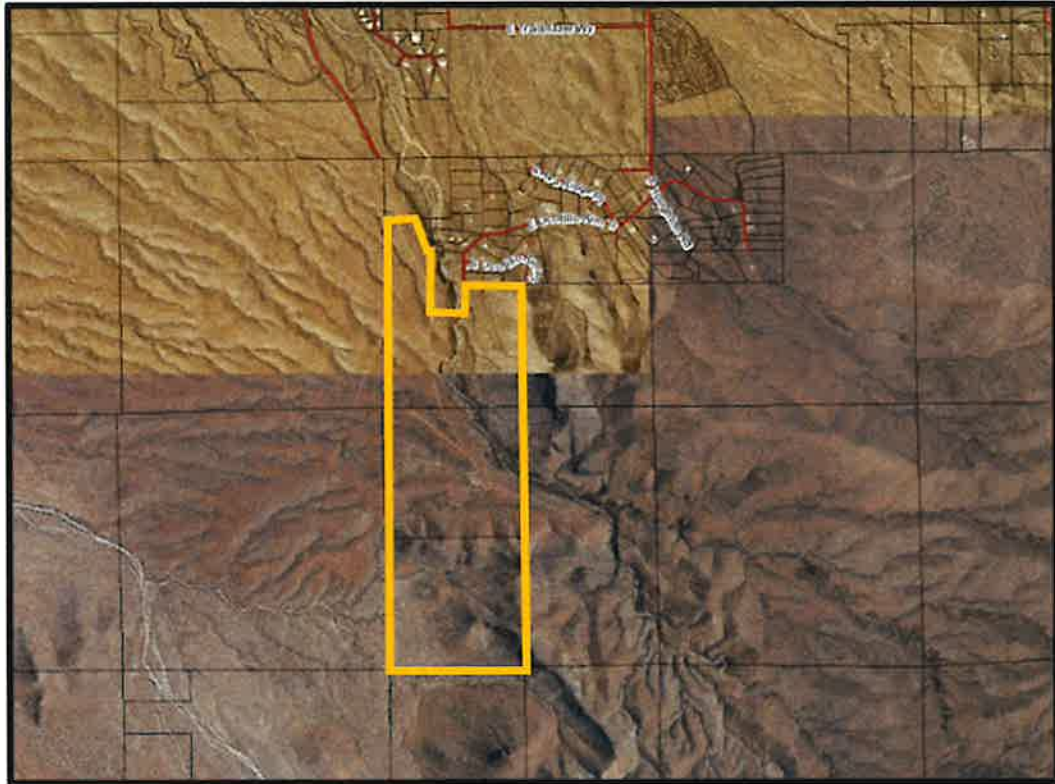
CONFIRMED BY: Robin Barnes, buyer's representative (520-589-1143), DFO; December, 2022

LAND DESCRIPTION: This site is an irregular shaped property with a length of approximately 7,850 feet on the eastern property line, about 9,330 feet on the western property boundary, approximately 5,100 feet on the northern property boundary and about 2,690 feet on the southern property boundary. Access to the property is by a dirt-packed access roadway from Ocotillo Rim Place to the north. Ocotillo Rim Place is a two-lane, dirt-graded roadway. The property is sloping in southwesterly and westerly direction, with the eastern and southern portions of the becoming very steeply sloping as these portions of the property are located further up into the foothills of the Santa Rita Mountains. The northern portion of the site has more rolling topography with more level areas that would be less costly for development. The property has one domestic well on the property for water and a septic system in place for waste removal. There is electric and telephone public utilities to the property. According to FEMA Flood Insurance Rate Map 04019C3500L, dated June 16, 2011, the land is identified as being located in

Zone X (unshaded) which are areas determined to be outside the 0.2 percent annual chance floodplain. The Sycamore Wash with erosion hazard setback area of 100 feet traverses a portion of the property along with several smaller unnamed washes with erosion hazard setback areas of 25 feet and 50 feet. The areas around the washes are located within important riparian areas designated as Xeroriparian D as well as Hydromesoriparian or Mesoriparian H.

LAND SIZE:	487.33 acres
ZONING:	RH, Pima County
REPORTED SALE PRICE:	\$2,031,000
PRICE PER ACRE:	\$4,168
MARKETING TIME:	N/A
TERMS OF SALE:	This was an all cash to the seller transaction.
PRIOR SALE:	Records of the Pima County Assessor indicate that no market transaction has occurred within three years of the date of valuation.
CONDITIONS OF SALE:	The buyer indicated that they paid an above market price for the property as they are assembling land for a potential mining site in the area of this property.
INTENDED USE:	Investment land while plans for a proposed copper mine are under review. The land will be used for mine tailings and buffer space if the proposed mine is approved. The buyer will continue to operate the existing cattle ranch with livestock grazing as an interim use.
COMMENTS:	There is an existing cattle ranch located on the property which includes a small single-family residence and related ranching improvements located on the central portion of the site. The buyer indicated that the existing improvements did have some contributory value to the purchase price as an interim use.





COMPARABLE SALES ADJUSTMENT GRID

	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Sale Date		08/2017	05/2020	05/2021	08/2021	10/2021
Site Size (Acres)	199.61	460.00	116.15	141.63	136.36	487.33
Zoning	RH	GR	RH	SR	RH	RH
Site Utility/Access	Fair	Similar	Similar	Similar	Similar	Similar
Sale Price		\$1,583,000	\$823,050	\$975,000	\$852,250	\$2,031,000
Price per Acre		\$3,441	\$7,086	\$6,884	\$6,250	\$4,168

Summary of Adjustments

Unadjusted Price / Acre		\$3,441	\$7,086	\$6,884	\$6,250	\$4,168
Property Rights		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price		\$3,441	\$7,086	\$6,884	\$6,250	\$4,168
Financing		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Adjusted Price		\$3,441	\$7,086	\$6,884	\$6,250	\$4,168
Conditions of Sale		<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>-5%</u>
Adjusted Price		\$3,441	\$7,086	\$6,884	\$6,250	\$3,960
Date/Market Conditions		<u>25%</u>	<u>7%</u>	<u>10%</u>	<u>8%</u>	<u>7%</u>
Adjusted Price		\$4,302	\$7,582	\$7,573	\$6,750	\$4,237
Physical Adjustments (%)						
Location/Views		25	0	-15	0	0
Zoning		-10	0	0	0	0
Site Size		15	-10	-5	-5	15
Density		0	0	0	0	0
Utilities		-10	0	0	-10	0
Site Utility/Access		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Adjustment		20%	-10%	-20%	-15%	15%
Indicated Value / Acre		\$5,162	\$6,824	\$6,058	\$5,738	\$4,873

This analysis compares five sales of similar residential zoned vacant land parcels to the subject property on a price per acre basis. This is the sale price divided by the acreage of the site. Sales prices range from \$3,441 to \$7,086 per acre before adjustment. The adjustment grid on the previous page reflects the adjustments. An upward adjustment indicates that the comparable is inferior to the subject; a downward adjustment indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sale One requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for location/views as this property is located in an area with inferior demand further from active development compared to the subject property. This sale warrants a downward adjustment for zoning to reflect the comparable's superior zoning which allows greater density of development per acre compared to the subject's zoning. There is an upward adjustment for site size as the property is larger than the subject property. Larger properties tend to sell for less than smaller properties on price per acre basis, all else being equal. There is a downward adjustment for utilities as this property has superior availability of utilities which would result in lower development costs compared to the subject property. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Comparable Sale Two requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for site size as the property is smaller than the subject property. Smaller properties tend to sell for more than larger properties on price per acre basis, all else being equal. Overall, this sale price per acre indicates a downward adjustment in comparison to the subject property.

Comparable Sale Three requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for location/views as this property is located in an area with greater demand and more active development compared to the subject property. There is a downward adjustment for site size as the property is smaller than the subject property. Smaller properties tend to sell for more than larger properties on price per acre basis, all else being equal. Overall, this sale price per acre indicates a downward adjustment in comparison to the subject property.

Comparable Sale Four requires an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include a downward adjustment for site size as the property is smaller than the subject property. Smaller properties tend to sell for more than larger properties on price per acre basis, all else being equal. There is a downward adjustment for utilities as this property has superior availability of utilities which would result in lower development costs compared to the subject property. Overall, this sale price per acre indicates a downward adjustment in comparison to the subject property.

Comparable Sale Five requires a downward adjustment for conditions of sale as this property had site improvements consisting of a ranch house on a portion of the site which contributed value and increased the sale price of this property, compared to the subject property which is vacant land. There is an upward adjustment for date and market conditions as market conditions for this type of property improved between the date of this sale and the date of value.

Physical adjustments include an upward adjustment for site size as the property is larger than the subject property. Larger properties tend to sell for less than smaller properties on price per acre basis, all else being equal. Overall, this sale price per acre indicates an upward adjustment in comparison to the subject property.

Sales Comparison Approach Summary

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Adjusted Sale Price / Acre	\$5,162	\$6,824	\$6,058	\$5,738	\$4,873

These five comparable sales indicate a price range of \$4,873 to \$6,824 per acre after adjustment. Most weight is given to Comparable Sales Two and Five which are in the immediate area of the subject and required few physical adjustments when compared to the subject. Secondary weight is given to Sales Three and Four which also required few physical adjustments. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of January 25, 2023, is \$6,000 per acre, times 199.61 acres, equaling \$1,197,660, rounded to \$1,198,000.

Therefore, as of the effective date of the appraisal, January 25, 2023, the subject property's market value on a per acre basis equals \$6,000 per acre.

MARKET VALUE CONCLUSION

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, "as vacant", as of the effective date of the appraisal, January 25, 2023, is \$1,198,000.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
"AS VACANT", AS OF JANUARY 25, 2023:

ONE MILLION ONE HUNDRED NINETY-EIGHT THOUSAND DOLLARS
(\$1,198,000)

ASSUMPTIONS AND LIMITING CONDITIONS - PART V

1. **Type of Report.** This is an appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
3. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraiser responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
4. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
5. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraiser. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraiser assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

6. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
7. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
8. **Adjustments.** The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
9. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
10. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
11. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
12. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.
13. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraiser. Therefore, it is assumed

that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsurface which would render the subject more or less valuable by knowledge thereof.

14. **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
15. **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
16. **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
17. **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
18. **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.

19. ***Americans with Disabilities Act of 1990.*** The ADA became effective on January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
20. ***Disclosure.*** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
21. ***Endangered and Threatened Species.*** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
22. ***Acceptance of Report.*** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

CERTIFICATION - PART VI

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is January 25, 2023.
12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has not appraised the subject property within three years prior to this assignment.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.

A handwritten signature in blue ink, appearing to read 'T. Baker', with a long horizontal flourish extending to the right.

Thomas A. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 30139
Designated Supervisory Appraiser
Registration Number DS0007

EXHIBITS - PART VII

Exhibit A	Conditional Title Reports
Exhibit B	ALTA Surveys of Subject Parcels
Exhibit C	Subject Plat Maps
Exhibit D	Parcel Proximity Aerial and Aerial Photographs of Subject Parcels
Exhibit E	Subject Location in Relation to Rosemont Copper Mine
Exhibit F	Zoning Maps
Exhibit G	Flood Plain Map
Exhibit H	Subject Photographs
Exhibit I	Client Engagement Letter
Exhibit J	Company and Appraiser's Qualifications (Including State Certificate)

EXHIBIT A – CONDITIONAL TITLE REPORTS

(see following pages)



Fidelity National Title Insurance Company

Title No.: **AZ-FCOP-IMP-N/A-1-22-51013878**

CONDITION OF TITLE REPORT

Fidelity National Title Insurance Company, a Florida Corporation,
herein called the Company,

SUBJECT TO THE TERMS, LIMITATIONS AND CONDITIONS OF THE APPLICATION FOR THIS CONDITION OF TITLE REPORT, WHICH APPLICATION, OR COPY THEREOF, IS ATTACHED HERETO AND MADE A PART HEREOF

REPORTS

To the party named in Schedule A, that as disclosed by the Title Instruments, the ownership of and the defects liens and encumbrances against the Interest in the Land are as shown in Schedule B.

Any claim or other notice to the Company shall be in writing and shall be addressed to the Company at the issuing office or to:

*Fidelity National Title Insurance Company Claims Center
PO Box 45023
Jacksonville, Florida, 32232-5023
Attn: Claims Administration*

THIS REPORT IS NOT VALID AND THE COMPANY SHALL HAVE NO LIABILITY HEREUNDER UNLESS THE APPLICATION REFERRED TO ABOVE, OR COPY THEREOF, IS ATTACHED HERETO.

Countersigned by:

Natalie Bombardieri

Authorized Signature



By:

Michael J. Nolan
Michael J. Nolan
President

ATTEST:

Marjorie Nemura
Marjorie Nemura
Secretary

CONDITION OF TITLE REPORT

SCHEDULE A

Fee: **\$0.00**

Date of Report: **March 8, 2022 at 7:30 am**

1. Name of Party:

Prepared For: Rosemont Copper Company

2. The Interest referred to in the Application is:

A FEE

3. The Land referred to in the Application is described as follows:

See Exhibit A attached hereto and made a part hereof.

Issuing agent for Fidelity National Title Insurance Company

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF **PIMA**, STATE OF **ARIZONA**, AND IS DESCRIBED AS FOLLOWS:

The Northwest quarter of the Northwest quarter of Section 35, Township 17 South, Range 15 East, Gila and Salt River Base and Meridian, Pima County, Arizona.

CONDITION OF TITLE REPORT

SCHEDULE B

Fidelity National Title Insurance Company reports that Title Instruments, on the date hereof, disclose:

1. **Ownership of the Interest is in the name vested in:**

 State of Arizona
2. **The following defects, liens and encumbrances (which are not necessarily shown in their order of priority) against the Interest:**

SCHEDULE B
(Continued)

13. Intentionally deleted.
14. Indefinite Right of Way No. 71-1716 dated 2-15-1958 to Trico Electric Cooperative, Inc. for an electric distribution and transmission line, as amended.
15. Intentionally deleted.
16. Indefinite Right of Way No. 71-4948 dated 2-23-1971 to The Mountain States Telephone & Telegraph Company for a communication line; name changed to QWEST Corporation, a Colorado corporation on 12-15-2000.
17. Intentionally deleted.
18. Grazing Lease No. 05-669 dated 4-21-2013 to Willow Springs Cattle Co., Inc., as amended; assigned to Rosemont Copper Company on 12-22-2021; to expire 4-20-2023.
19. Right of Way No. 18-112779 dated 4-3-2018 to Cox Communications Arizona, L L C for underground 48-count fiber optic communication line within a conduit; to expire 4-2-2028.
20. Right of Way No. 18-113083 dated 6-26-2018 to Southwest Gas Corporation for an underground 4" natural gas distribution line; to expire 6-25-2028.
21. Application for Purchase No. 53-122457 dated 7-30-2021 by the Rosemont Copper Company for tailings storage facility.

Note: This report is for informational purposes only and is not to be considered a commitment to issue any form of title insurance. It is for the use only of the party who ordered it and liability, if any, is limited to the amount of the fee paid. Receipt and use of this report shall be evidence of the acceptance of the terms hereof.

Tax Note:

Year:	2021
<u>Tax Parcel No:</u>	<u>305-38-0120</u>
Total Tax:	\$0.00
First Installment Amount:	\$no taxes due
Second Installment Amount:	\$no taxes due

3. The following matters are disclosed by name only and the Company, without additional information, is unable to determine whether any or all of these matters are defects, liens or encumbrances against the Interest:

None.

Note: This Condition of Title Report does not address General Index matters (such as proceedings, liens, or decrees), which do not specifically describe said Land.

SCHEDULE B
(Continued)

1. Taxes which may be assessed or levied subsequent to the effective date herein, and subsequent years.
2. Water rights, claims or title to water, whether or not disclosed by the public records.
3. Intentionally deleted.
4. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: natural gas distribution line
Recording No: Docket 3641, Page 136, and
Recording No: Docket 3755, Page 183

Indefinite Right of Way No. 71-4659 dated 10-14-1969 to Tucson Gas and Electric Company for a natural gas distribution line; assigned to Southwest Gas corporation on 3-20-1979.

5. Intentionally deleted.
6. A resolution in favor of Pima County

For: formation of Corona De Tucson Fire District
Recording Date: September 15, 1975
Recording No: Docket 5102, Page 717

7. Matters shown on record of survey:

Recording No.: Book 8 of Surveys, Page 56

8. Intentionally deleted.
9. Matters contained in that certain document

Entitled: Memorandum
Public Works-Development Services
Dated: February 17, 2004
Recording Date: March 05, 2004
Recording No: Docket 12252, Page 3801

Reference is hereby made to said document for full particulars.

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: underground 12" water distribution pipeline
Recording No: Docket 12797, Page 4301

Perpetual Right of Way No. 16-108858 dated 12-9-2005 to the city of Tucson for an underground 12" water distribution pipeline.

11. A resolution in favor of Pima County

For: amending the Pima County Comprehensive Plan Land Use Map
Recording Date: February 18, 2011
Recording No: 2011-0490644

12. Lack of access to and from the land to a public road or highway.



Fidelity National Title Insurance Company

Title No.: **AZ-FCOP-IMP-N/A-1-22-51013877**

CONDITION OF TITLE REPORT

Fidelity National Title Insurance Company, a Florida Corporation,
herein called the Company,

SUBJECT TO THE TERMS, LIMITATIONS AND CONDITIONS OF THE APPLICATION FOR THIS CONDITION OF TITLE REPORT, WHICH APPLICATION, OR COPY THEREOF, IS ATTACHED HERETO AND MADE A PART HEREOF

REPORTS

To the party named in Schedule A, that as disclosed by the Title Instruments, the ownership of and the defects liens and encumbrances against the Interest in the Land are as shown in Schedule B.

Any claim or other notice to the Company shall be in writing and shall be addressed to the Company at the issuing office or to:

*Fidelity National Title Insurance Company Claims Center
PO Box 45023
Jacksonville, Florida, 32232-5023
Attn: Claims Administration*

THIS REPORT IS NOT VALID AND THE COMPANY SHALL HAVE NO LIABILITY HEREUNDER UNLESS THE APPLICATION REFERRED TO ABOVE, OR COPY THEREOF, IS ATTACHED HERETO.

Countersigned by:

Natalie Bombardieri

Authorized Signature



By:

Michael J. Nolan
Michael J. Nolan
President

ATTEST:

Marjorie Nemzura
Marjorie Nemzura
Secretary

CONDITION OF TITLE REPORT

SCHEDULE A

Fee: **\$0.00**

Date of Report: **March 8, 2022 at 7:45 a.m.**

1. Name of Party:
Rosemont Copper Company
2. The Interest referred to in the Application is:
A FEE
3. The Land referred to in the Application is described as follows:
See Exhibit A attached hereto and made a part hereof.

Issuing agent for **Fidelity National Title Insurance Company**

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF PIMA, STATE OF ARIZONA,
AND IS DESCRIBED AS FOLLOWS:

**Northwest quarter of Section 11, Township 18 South, Range 15 East, Gila and Salt River Base and Meridian, Pima
County, Arizona.**

APN: 305-53-0160

CONDITION OF TITLE REPORT

SCHEDULE B

Fidelity National Title Insurance Company reports that Title Instruments, on the date hereof, disclose:

1. Ownership of the Interest is in the vested in:

State of Arizona

2. The following defects, liens and encumbrances (which are not necessarily shown in their order of priority) against the Interest:

1. Taxes which may be assessed or levied subsequent to the effective date herein, and subsequent years.

2. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: natural gas distribution line
Recording No: Docket 3641, Page 136, and
Recording No: Docket 3755, Page 183

Indefinite Right of Way No. 71-4659 dated 10-14-1969 to Tucson Gas and Electric Company for a natural gas distribution line; assigned to Southwest Gas Corporation on 3-20-1979.

3. Intentionally deleted.

4. Intentionally deleted.

5. Indefinite Right of Way No. 71-4809 dated 6-19-1970 to Trico Electric Cooperative Inc. for an electrical distribution line.

6. Indefinite Right of Way No. 71-4948 dated 2-23-1971 to The Mountain States Telephone and Telegraph Company for a communication line, assigned to QWEST Corporation on 12-15-2000.

7. Intentionally deleted.

8. A resolution in favor of Pima County

For: amending the Pima County Comprehensive Plan Land Use Map
Recording Date: February 18, 2011
Recording No: 2011-0490644

9. Grazing Lease No. 05-669 dated 4-21-2013 to Willow Springs Cattle Co., Inc., dated 4-20-2023; amended 11-26-2013; assigned to Rosemont Copper Company on 12-22-2021; to expire 4-20-2023.

10. Application for Purchase No. 53-122457 dated 7-30-2021 by the Rosemont Copper Company for tailings storage facility.

11. Lack of access to and from the land to a public road or highway.

Tax Note:

Year: 2021
Tax Parcel No: 305-53-0160
(See Tax Sheets attached.)

SCHEDULE B
(Continued)

3. The following matters are disclosed by name only and the Company, without additional information, is unable to determine whether any or all of these matters are defects, liens or encumbrances against the Interest:

None.

Note: This Condition of Title Report does not address General Index matters (such as proceedings, liens, or decrees), which do not specifically describe said Land.

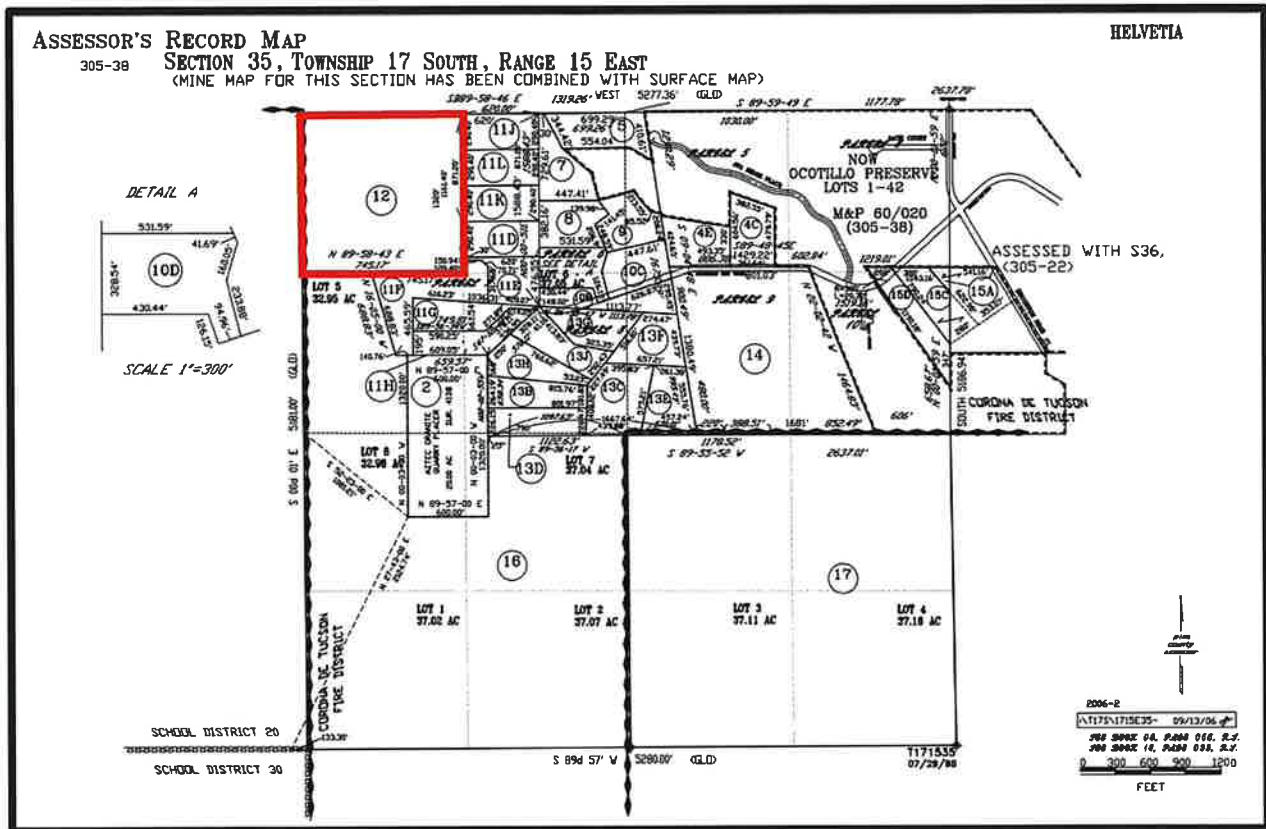
EXHIBIT B - ALTA SURVEYS OF SUBJECT PARCELS

(see following pages)

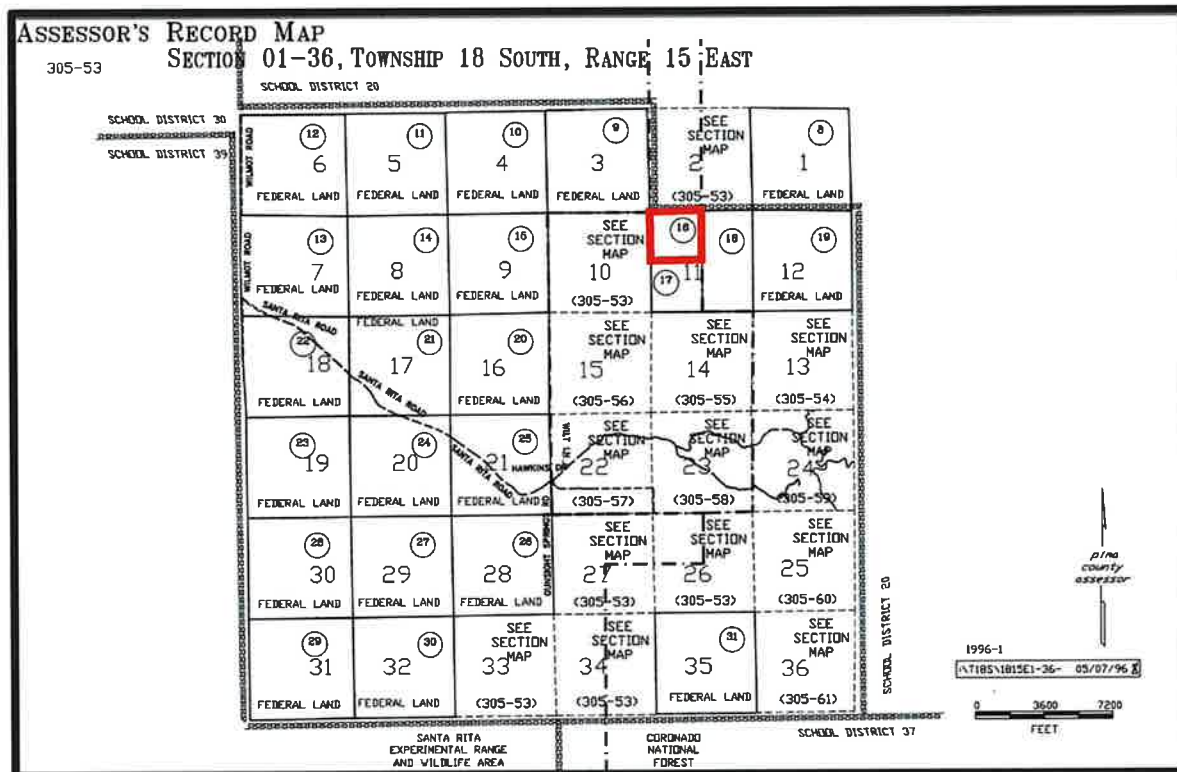
S.11

EXHIBIT C - SUBJECT PLAT MAP

North Parcel 305-38-0120



South Parcel 305-53-0160



**EXHIBIT D - AERIAL SHOWING SUBJECT PARCELS PROXIMITY TO
EACH OTHER**

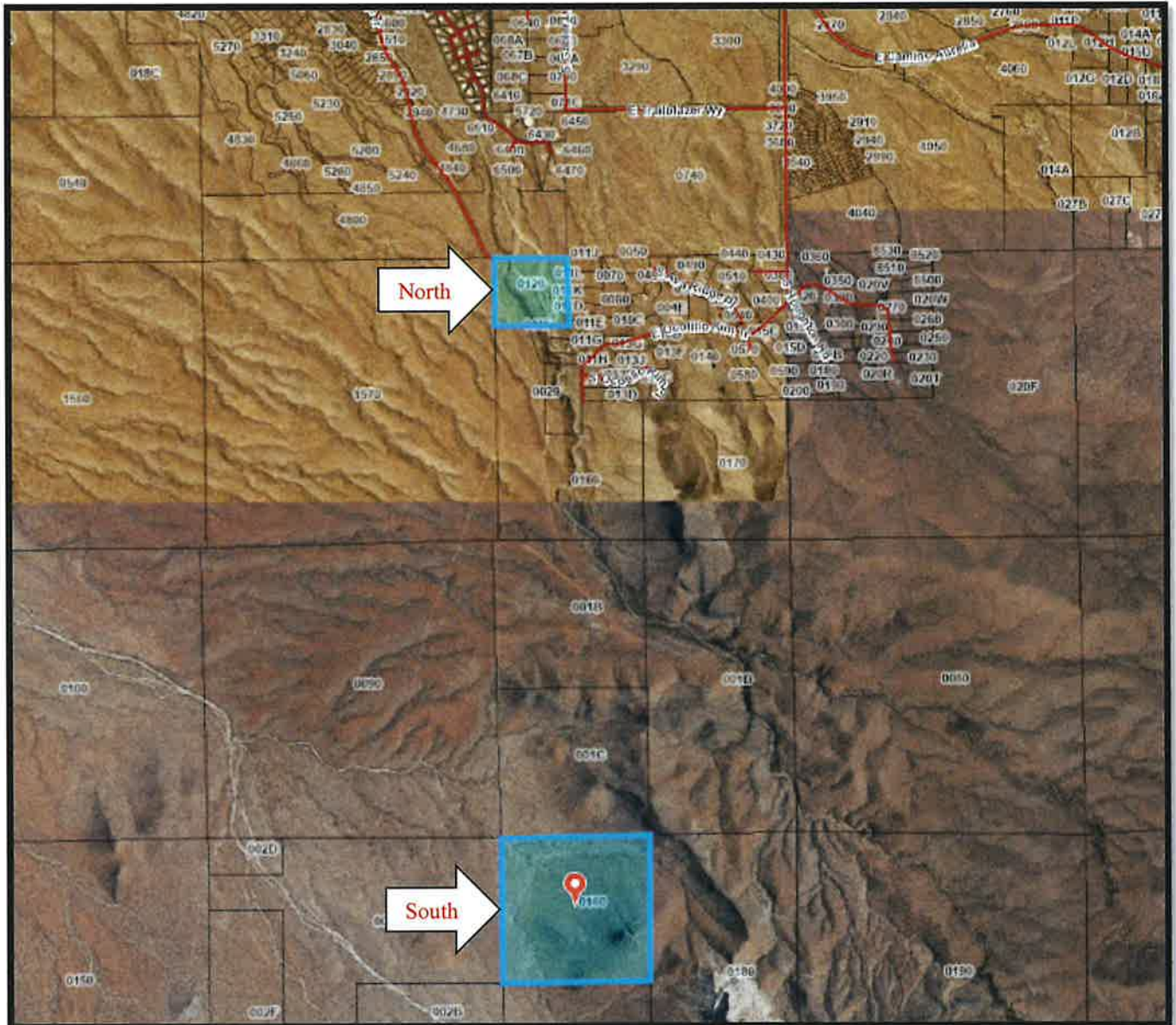


EXHIBIT D - AERIAL PHOTOGRAPH

North Parcel 305-38-0120



EXHIBIT D - AERIAL PHOTOGRAPH

South Parcel 305-53-0160



EXHIBIT E - SUBJECT LOCATION IN RELATION TO ROSEMONT COPPER MINE

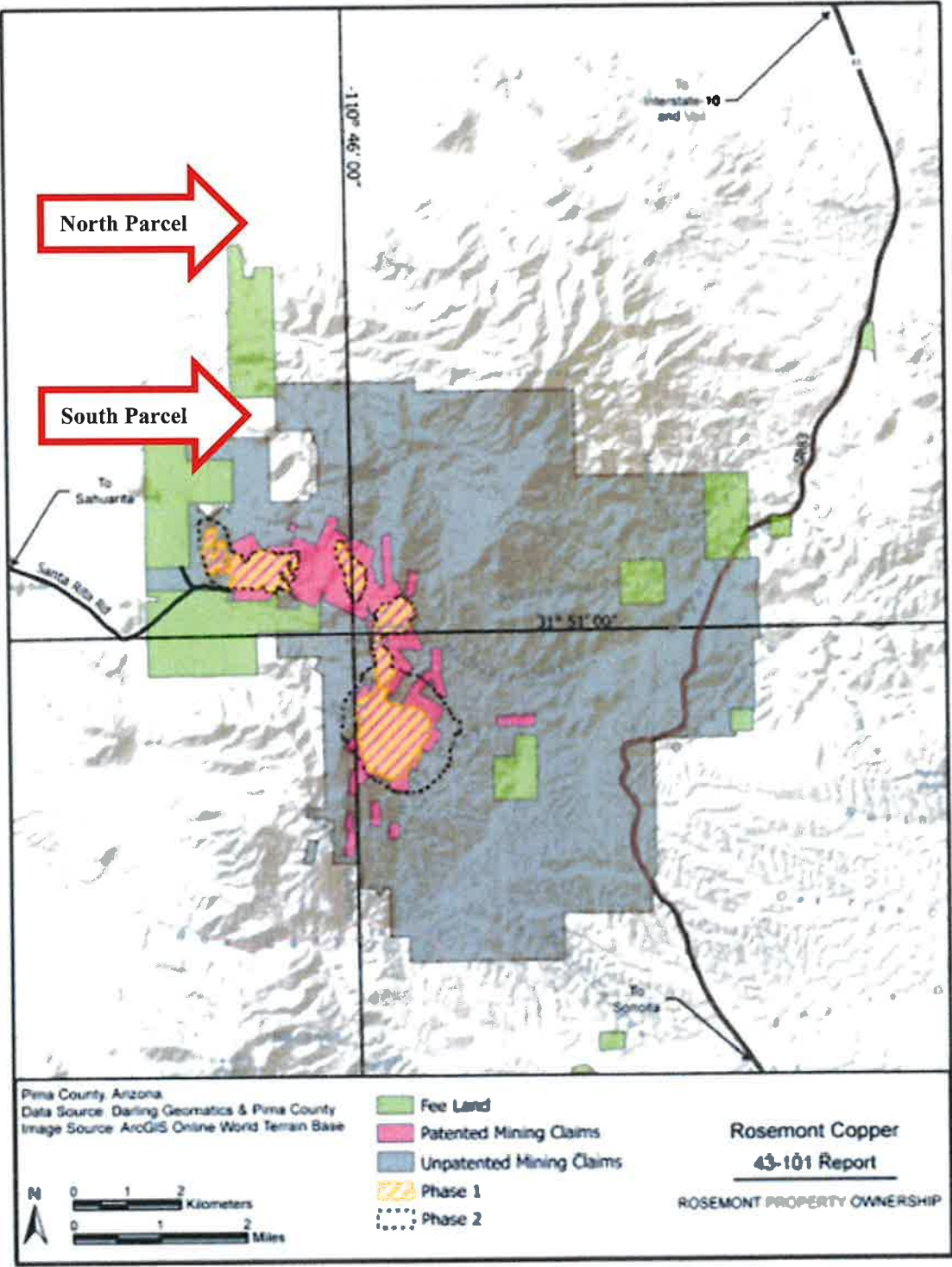


EXHIBIT F - ZONING MAP
(Pima County)

North Parcel 305-38-0120

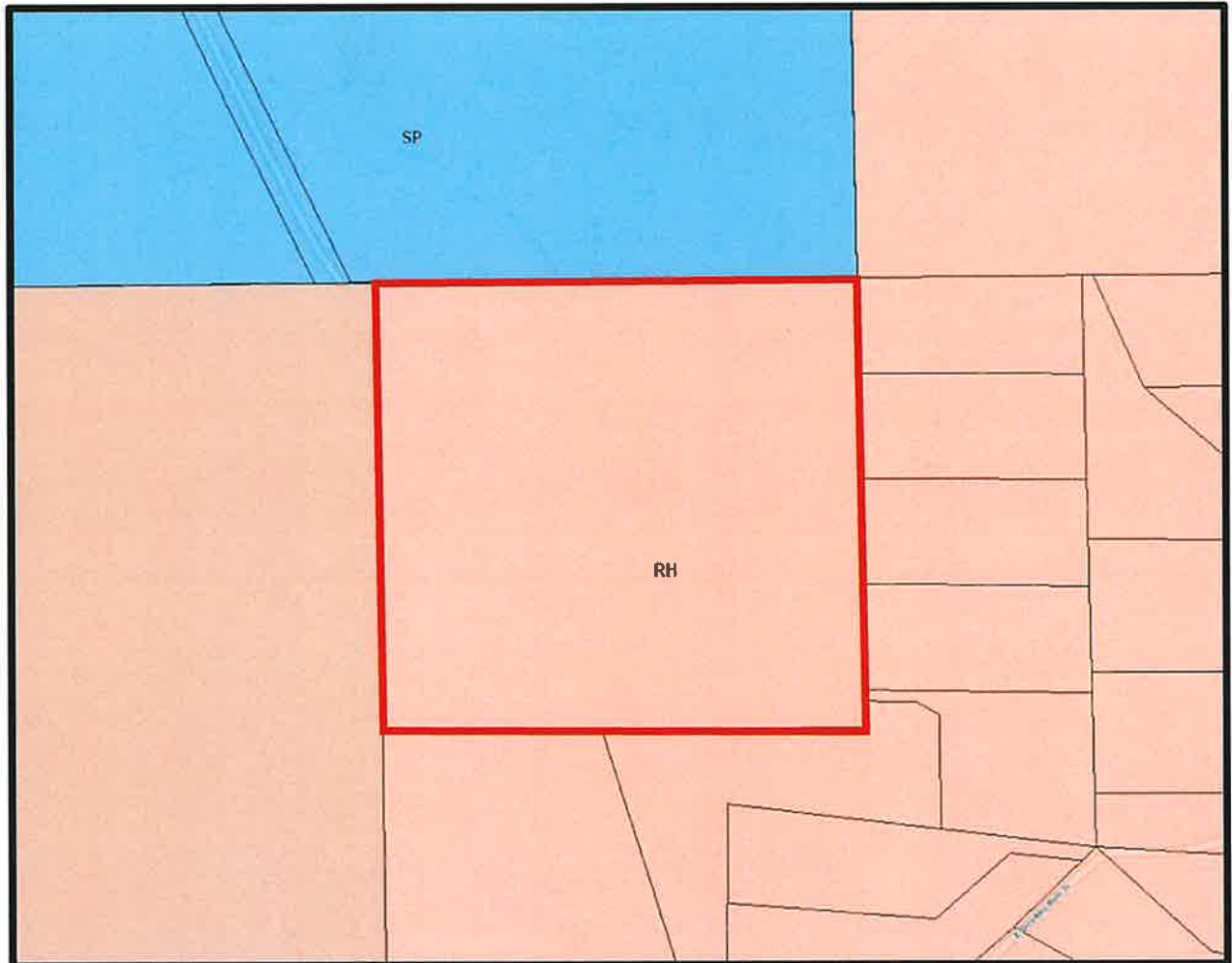


EXHIBIT F - ZONING MAP
(Pima County)

South Parcel 305-53-0160



EXHIBIT G - FEMA FLOOD PLAIN

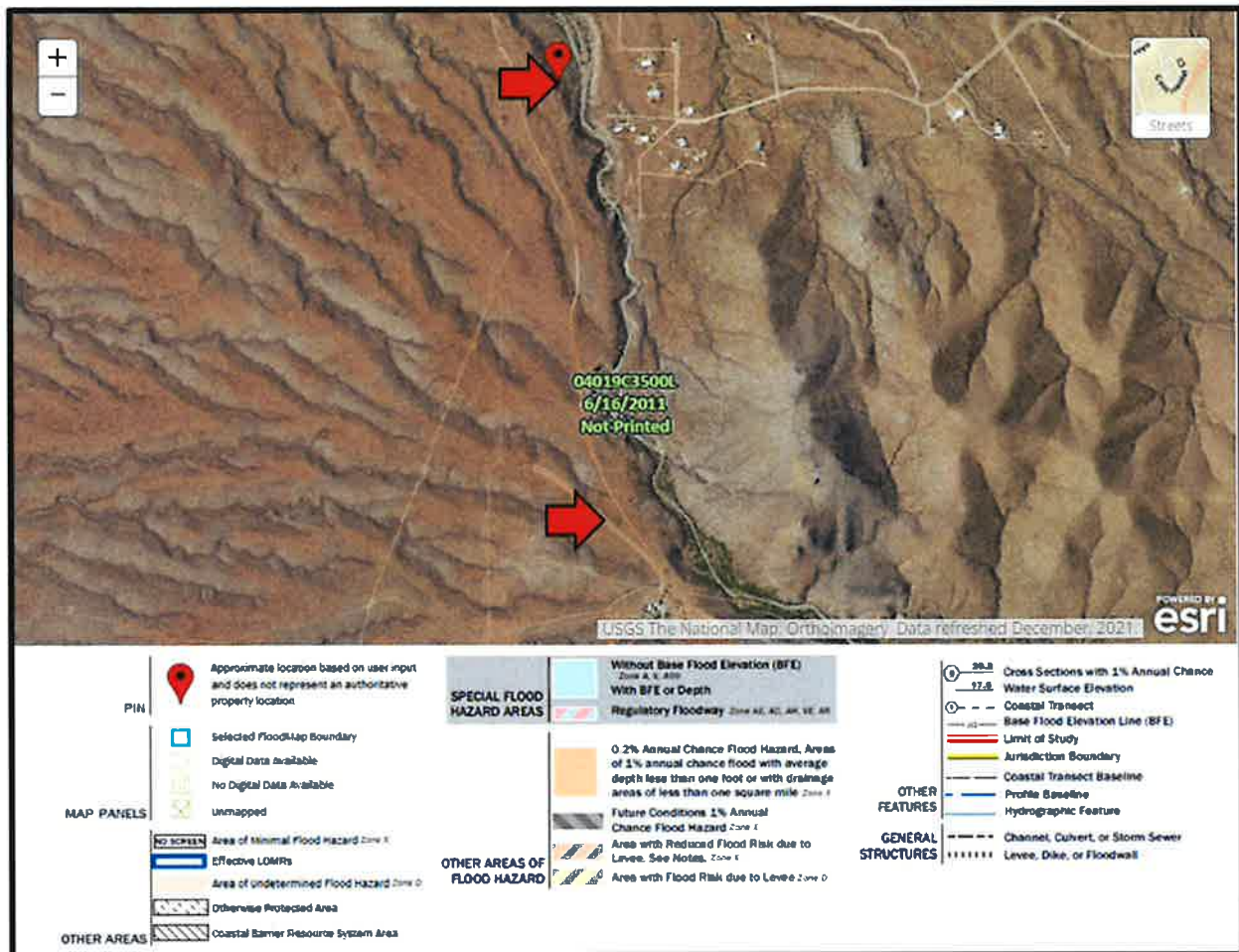


EXHIBIT H - SUBJECT PHOTOGRAPHS

PHOTO 1 – SOUTH PARCEL VIEW NORTH ALONG ROAD ON WEST BOUNDARY



PHOTO 2 – SOUTH PARCEL VIEW SOUTHEAST FROM WEST BOUNDARY



PHOTO 3 – SOUTH PARCEL VIEW NORTH FROM SOUTH AREA BOUNDARY



PHOTO 4 – SOUTH PARCEL VIEW WEST FROM STATE BOUNDARY AREA



PHOTO 5 – SOUTH PARCEL VIEW SOUTH ALONG WEST BOUNDARY



PHOTO 6 – SOUTH PARCEL VIEW SOUTH ACROSS PARCEL FROM NORTHWEST CORNER AREA



PHOTO 7 – SOUTH PARCEL VIEW SOUTH ACROSS PARCEL FROM NORTH
BOUNDARY



PHOTO 8 – SOUTH PARCEL VIEW SOUTH ALONG WEST BOUNDARY FROM NORTH
BOUNDARY



PHOTO 9 – NORTH PARCEL VIEW NORTH ACROSS PARCEL



PHOTO 10 – NORTH PARCEL VIEW SOUTH ALONG ACCESS ROADWAY



PHOTO 11 – NORTH PARCEL VIEW SOUTHEAST FROM NORTHWEST CORNER AREA

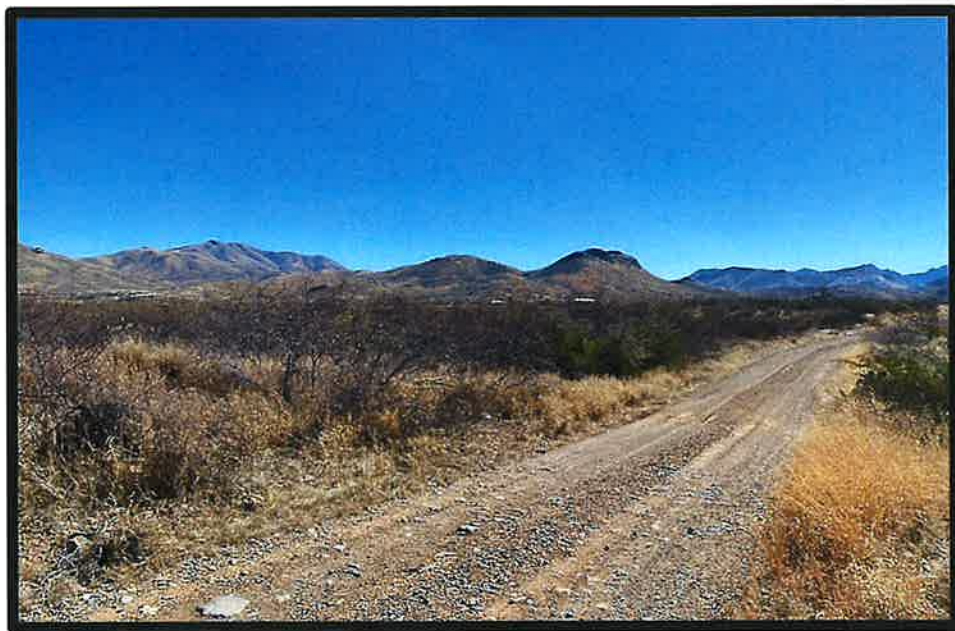


PHOTO 12 – NORTH PARCEL VIEW NORTH ALONG WEST PROPERTY BOUNDARY



PHOTO 13 – NORTH PARCEL VIEW SOUTHEAST FROM SOUTHWEST CORNER AREA



PHOTO 14 – NORTH PARCEL VIEW SOUTHEAST FROM EAST BOUNDARY



PHOTO 15 – NORTH PARCEL VIEW SOUTHWEST FROM EAST BOUNDARY



EXHIBIT I - CLIENT ENGAGEMENT LETTER

(see following pages)

Douglas A. Ducey
Governor



Lisa A. Atkins
Commissioner

Arizona State Land Department

1110 West Washington Street, Phoenix, AZ 85007
(602) 542-4631

December 7, 2022

Thomas Baker, MAI
Baker Peterson Baker & Associates, Inc.
4547 E. Ft. Lowell Road, Suite 401
Tucson, AZ 85712

Re: **Engagement Letter**
Application No. 53-122457-00-100 (Rosemont Copper Company)

Dear Mr. Baker:

This letter will serve as your authority to appraise the below referenced real property. **Please use the above application number on all correspondence regarding this assignment.**

APPRAISAL ENGAGEMENT LETTER SPECIFIC REQUIREMENTS OF THE APPRAISAL ASSIGNMENT

SUBJECT PROPERTY

The subject consists of two, non-contiguous parcels totaling 199.61 acres (per ALTA Surveys) of State Trust Land: 39.53 acres are situated in the NW ¼, NW ¼ of Section 35, Township 17 South, Range 15 E; and 160.08 acres are situated in the NW ¼ of Section 11, Township 18 South, Range 15 East. The property is about 11.5 miles southeast of Sahuarita, Pima County, AZ. Exhibits are attached which illustrate the subject property location. The applicant intends to develop the land as a tailings storage facility in support of the their mining operation located about 1.5 miles south and southeast of the property to be appraised. The appraised value will be the minimum bid price at a future public auction.

INTENDED USER

The Arizona State Land Department and Board of Appeals

INTENDED USE

The intended use is to assist the State Land Department in its disposition and/or leasing decisions. The appraisal will assist in the establishment of the minimum bid price for a State Trust land auction.

APPRAISAL FORMAT

Appraisal Report

INTEREST TO BE APPRAISED

Fee Simple

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide an opinion of the fee simple interest in the "as is" market value of the subject property. This assignment requires an all cash market value as defined in the ASLD appraisal policy. The value opinion should be in accordance with the appraisal policies and procedures of the ASLD (please reference ASLD Appraisal Guidelines, Revised February 2020 version) as well as the most recent edition of USPAP.

APPRAISAL FEE

\$4,500 This fee is a gross fee, inclusive of all expenses. This fee does not include time spent defending the appraisal in front of the Board of Appeals (if applicable).

A penalty of \$100 per day may be assessed for every business day the appraisal is delivered beyond the agreed upon due date. Notably, if delays occur during the appraisal due to circumstances beyond the control of the appraiser, it is required that the appraiser contact the undersigned immediately to obtain an amended delivery date.

DUE DATE

February 6, 2023

NUMBER OF REPORT COPIES

Initially, a PDF version of a *draft* appraisal should be provided for review. **This draft copy should have the word "draft" placed in a conspicuous place on each page of the report** (not needed for the Addenda pages). **Also, the draft appraisal should not include signatures (in the Letter of Transmittal nor Certification).** Once the appraisal has been approved by the Appraisal Section, you will be asked to provide a PDF (unlocked) version of the final appraisal with "draft" watermarks removed and signatures provided. **Hard copies are no longer required.**

**PLEASE ADDRESS
REPORTS TO**

R. Scott Sherwood
Appraisal Section Manager
Arizona State Land Department
1616 West Adams Street
Phoenix, Arizona 85007

SPECIAL REQUIREMENTS

Within the Letter of Transmittal, include the per acre value along with the subject's lump sum value indication.

Special Note: Initially, the appraiser will be expected to complete a *draft* appraisal to be reviewed by an ASLD staff appraiser. The review process may reveal the need for changes to the *draft* appraisal. Once the changes (if any) are considered by the appraiser and the *revised draft* is

accepted by the Appraisal Section, the appraiser's invoice will be submitted for payment. The appraisal will then remain in *draft* form **for up to six months**; the appraiser being obligated to consider additional changes to the *draft* appraisal during this time by Administrators within the Sales & Leasing Section, the Land Commissioner, and/or Applicants. These change requests would first be vetted by the Appraisal Section for reasonableness and then communicated to the appraiser. The appraiser will be required to consider, but not obligated to make the requested changes. Once the *final* appraisal is requested (the request being prior to the end of the six-month period), the appraiser would be expected to produce the *final* appraisal within five (5) business days. Finally, it is also possible that a *final* appraisal would not be requested during the six-month draft period, which would then mark the end of the appraiser's obligation for this assignment. If a new date of value is requested either during or after the six-month draft period, the appraiser may be asked to complete an updated or new *draft* appraisal for an additional fee (to be negotiated).

GENERAL REQUIREMENTS

A copy of this letter and any other written instructions from the Arizona State Land Department must be included in the appraisal. Your appraisal cover letter must reference your compliance with the Arizona State Land Department Appraisal Guidelines (Revised February 2020) as well as the most recent edition of USPAP.

The Contractor should value the subject as if it were vacant with no improvements. Notably, however, while not valued, if improvements do exist, they should be generally identified within the appraisal.

The Contractor accepting this assignment and holding the appropriate State license and certification must inspect the subject property and sign the appropriate certification of value. You and other appraisers signing the certification of value are required to include your State license/certification number(s) under your signature(s) in the appraisal report. You and other appraisers signing the certification are also required to include a copy of your State certificate and your qualifications in the Addenda. ***This assignment cannot be subcontracted to an outside individual or firm without our prior written consent.***

Should the scope of your work be more limited, the exceptions should be identified in the appraisal transmittal letter.

**REQUIRED HYPOTHETICAL
CONDITIONS AND
EXTRAORDINARY
ASSUMPTIONS**

An Executive Summary is required to be included in the preface of the report.

Do not discuss your valuation conclusions with anyone other than the Appraisal Section staff at the Arizona State Land Department.

The appraisal should include the following ***hypothetical condition***:

1. None

The appraisal should also include the following ***extraordinary assumptions***:

1. There is no archaeological significance on the subject site. (Note to the appraiser: if the appraiser is aware that archeological significance exists, this then becomes a hypothetical condition).
2. There is no geological significance on the subject site. (Note to the appraiser: if the appraiser is aware that geological significance exists, this then becomes a hypothetical condition).
3. There are no environmental risks or hazardous conditions found on the subject site. (Note to the appraiser: if the appraiser is aware of environmental risks and hazardous conditions, this then becomes a hypothetical condition).
4. Legal access exists. (Note to the appraiser: if the appraiser is aware that no legal access exists, this then becomes a hypothetical condition).
5. And others the appraiser deems appropriate.

Please note that to remain in compliance with USPAP the appraiser must include the following statement along with the list of hypothetical conditions and extraordinary assumptions: "***the use of these hypothetical conditions and extraordinary assumptions might have affected the assignment results.***"

ACCURACY OF WORK

The Contractor shall be responsible for the accuracy of the work and shall promptly make all necessary revisions or corrections resulting from errors and omissions on the part of the Contractor without additional compensation. Acceptance of the work by the State will not relieve the Contractor of the responsibility for subsequent correction of any such errors and the clarification of any ambiguities.

**REVIEW OF
CONTRACTOR'S WORK**

Work shall be completed in a responsible and professional manner in accordance with the requirements incorporated in the appraisal assignment. Determination of the acceptability of work will be made by the State. Should the Contractor fail to successfully perform any of the required tasks, provide an insufficient level of information, commit errors of any nature, and/or omit necessary documentation concerning the work performed, the Contractor agrees to correct deficiencies and errors, as well as furnish the required documentation at no additional costs to the State within five working days of the requested changes. Unless other arrangements have been made with the undersigned, a penalty of \$100 per day will be assessed for revisions that are completed beyond this time frame.

LIQUIDATED DAMAGES

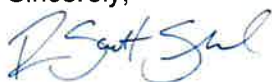
The State may terminate this contract in whole or part if the appraisal is not delivered within five (5) business days after the appraisal due date, assuming no other arrangements have been made between ASLD and the Contractor in writing. In that event, the Contractor will: 1) not receive payment of the appraisal fee and 2) be liable for such liquidated damages accruing until the State may reasonably obtain the performance of the assignment from a replacement contractor. The State's right to liquidated damages for delay shall be in addition to any other remedies available to the State arising from Contractor's breach.

**OTHER TERMS, CONDITIONS,
SPECIFICATIONS,
AMENDMENTS, ETC.**

The Contractor may be asked to make revisions as requested by the State resulting from changes in construction and/or right of way plans. Revisions may also include the addition or deletion of parcels. If substantial changes are made to the original assignment, the Contractor may be able to charge an additional fee that is mutually agreed upon by the Contractor, State, and Applicant (if applicable). The Contractor may be asked to defend his/her appraisal before the Board of Appeals. If this should occur, the Contractor will be compensated on an hourly basis for travel time, waiting time, and time spent testifying before the Board based on a mutually agreed upon hourly rate established prior to the Board meeting.

Should you have any questions, you may contact me by phone at 602-364-2684 or by email at ssherwood@azland.gov.

Sincerely,



R. Scott Sherwood
Appraisal Section Manager

**EXHIBIT J - COMPANY AND APPRAISER'S QUALIFICATIONS
(INCLUDING STATE CERTIFICATE)**

(see following pages)

COMPANY QUALIFICATIONS

BAKER, PETERSON, BAKER & ASSOCIATES, INC. serves a wide variety of clients in Arizona, providing real estate appraisal and consultation services relating both to commercial and to residential properties. We also provide a wide variety of appraisal services relating to right of way acquisitions for multiple government agencies across Arizona. These clients include governmental agencies, utility companies, right of way companies, attorneys, CPA's, banks, credit unions, developers, real estate brokers, corporate and legal professionals, and numerous individuals. More than forty years of such services are represented by those presently associated with the firm, which was founded in 1974.

THOMAS A. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 30139). He is a graduate of the University of Arizona, with a Master's Degree in Business Administration (MBA) with a specialty in Real Estate Finance. He holds the MAI and SRA Designations of the Appraisal Institute. He qualifies as an expert witness in United States District Court, the Superior Courts of Pima County, Maricopa County, Pinal County and Santa Cruz County, and United States Bankruptcy Court. He is Past President of the Tucson Chapter of the Society of Real Estate Appraisers and is Past President of the Southern Arizona Chapter of the Appraisal Institute.

SARA R. BAKER, MAI, SRA, is a principal of the Company, and specializes in valuation and consultation services related to commercial, income-producing, and residential properties. She is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 31679). She holds the MAI and SRA Designations of the Appraisal Institute. She qualifies as an expert witness in the Superior Court of Pima County. She is a Past President of the Appraisal Institute, Southern Arizona Chapter. Sara graduated from Washington University in St. Louis with a Bachelor's Degree in Comparative Literature and earned a Master's Degree at the University of California at Los Angeles.

DAN F. ORLOWSKI is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 32195). He graduated from San Diego State University with a Bachelor's Degree in Business Administration and earned a Master's Degree from the University of Phoenix in Accountancy.

TIM HALE is a staff appraiser specializing in valuation and consultation services related to commercial and income-producing properties. He is a Certified General Real Estate Appraiser in the State of Arizona (Certificate 1023143). He graduated from Arizona State University with a Bachelor's Degree in Justice Studies.

VALENTIN MINCHEV is an appraiser trainee in commercial valuation. He graduated from the Berlin School of Economics and Law, Berlin, Germany with a Bachelor's Degree in International Business Management.

ROBERT PARKER and **JOSHUA BAKER** are production coordinators and support technicians.

QUALIFICATIONS OF THOMAS A. BAKER, MAI, SRA

EDUCATION

Masters Degree in Business Administration
University of Arizona, 1979

American Institute of Real Estate Appraisers (courses and/or examinations)

- Real Estate Appraisal Principals (1A; now 1A1/1A2) - Tucson, 1979
- Capitalization Theory & Techniques (1B; now 1BA/1BB) - Tucson, 1980
- Case Studies in Real Estate Valuation (2-1) - San Diego, CA, 1985
- Report Writing and Valuation Analysis (2-2) - Boulder, CO, 1987
- Standards of Professional Practice (SPP) - Tucson, 1991
- Standards of Professional Practice - Parts A & B (SPP), Tucson, 1994
- Standards of Professional Practice - Part C (SPP), Tucson, 1999
- Standards of Professional Practice, Tucson, 2004

Society of Real Estate Appraisers (courses and/or examinations)

- Residential Valuation (101) - Examination, Tucson, 1979
- Residential Report (R-2) - Examination, Tucson, 1980

Seminars and Conferences¹

- "Appraiser As Expert Witness", AI, 1996
- "Litigation Skills for the Appraiser: An Overview", AI, 1997
- "Acquisitions and Appraisal of State Lands", AI, 1998
- "Criteria for Site Selection", AI, 1998
- "Partial Interest Valuation - Undivided", AI, 2000
- "Eminent Domain", CLE, 2001
- "Appraising Manufactured Housing", AI, 2004
- "Full Disclosure & How Stigmas Affect Value", 2006
- "Case Studies in Commercial Highest and Best Use", AI, 2007
- "Uniform Appraisal Standards for Federal Land Acquisitions", 2009
- "National USPAP Update Course, 2012 Version", 2012, 2014, 2016
- "Fundamentals of Separating Real, Personal Property, and Intangible Business Assets" 2012
- "Complex Litigation Appraisal Case Studies", 2013
- "Uniform Standards of Professional Appraisal Practice (USPAP)", 2016
- "Residential & Commercial Valuation of Solar", 2016
- "Housing and Land: Market Perspectives", 2016
- "Uniform Appraisal Standards for Federal Land Acquisitions", 2017
- "Business Practices and Ethics", 2020
- "Appraiser as Expert Witness Class", 2020
- "2022-2023 National USPAP Update", Dec. 2021
- "Inconsistency: It's Hiding in Plain Sight of Your (Commercial) Appraisal", AI, 2022

Also, attended numerous appraisal seminars from 1979 to present.

1. *AI refers to the Appraisal Institute.*

PROFESSIONAL DESIGNATIONS

MAI Awarded by the Appraisal Institute (formerly the American Institute of Real Estate Appraisers)

SRA Awarded by the Appraisal Institute (formerly the Society of Real Estate Appraisers)

LICENSURE

Certified General Real Estate Appraiser, State of Arizona
Certificate #30139
Designated Supervisory Appraiser
Registration Number DS0007

EXPERIENCE

Appraisal Institute, Southern Arizona Chapter
(President, Southern Arizona Chapter, 2005)

Appraisal Institute, Tucson Chapter
(President, Tucson Chapter, 1986-88)

Expert Witness, Qualified in Superior Court of Pima County, Superior Court of Pinal County, Superior Court of Cochise County, Superior Court of Maricopa County, Superior Court of Santa Cruz County, Federal District Court, and Tucson Federal Bankruptcy Court.

Approved Appraiser for Resolution Trust Corporation (RTC), Federal Home Loan Bank Board, and Federal Deposit Insurance Corporation

Instructor, Real Estate Appraisal, Hogan School of Real Estate

Experience in appraisal of all types of real estate since 1978, including residential, residential income, commercial, industrial, acreage, and special-purpose properties.

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30139

THOMAS A. BAKER

has complied with the provisions of

This document is evidence that:

Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

THOMAS A. BAKER

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**