

(5) That the Lessee shall pay to the Lessors as rent or royalty for the leased premises, as well as the rock, stone, minerals, etc., removed therefrom, a royalty of three cents (3¢) per ton of two thousand (2000) pounds on all commercial crushed stone products produced and sold from the demised premises, exclusive of stripping, and dead or waste rock and materials, dust and screenings. The royalty payments due hereunder, except the minimum royalty provided for in paragraph (7), shall become due and payable on the 10th day of each calendar month for stone produced and sold during the preceding month, and any annual adjustment of royalties which may accrue hereunder shall be paid at the end of each leasehold year. In determining the exact tonnage upon which the royalties are to be computed, railroad weights, when shipment is by rail, and truck scale weights, if the shipment is by truck, shall govern and be binding on the parties. There shall be no obligation upon the Lessee to remove and sell any fixed quantity of rock, stone, and stone products, etc., in any leasehold year, but, instead, it may exercise the rights herein granted, at such times, and from time to time, during the life of this lease, at its exclusive discretion.

3

Said royalty of three cents (3¢) per ton was determined on the basis that the rock, stone, minerals, etc., removed and to be removed from the leased premises, are to be processed and sold as stone products. If, however, any valuable commercial minerals are discovered by the Lessee on said premises, and if the Lessee removes, processes and sells the same as minerals, and not as a stone product, and if such mineral has a higher commercial value than a stone product, and the Lessee's cost of extracting, processing and selling the same does not exceed the cost of extracting, processing and selling it as a stone product, then the parties hereto agree to negotiate a different royalty rate for such mineral, which rate will be fair and reasonable under the particular facts and circumstances, to both the Lessors and the Lessee.