



Forest
Service

Washington
Office

1400 Independence Avenue, SW
Washington, DC 20250

Appraisal Report Summary

**Turkey Creek Parcel (Non-Federal)
Gila County, Arizona**

**Resolution Copper Legislated Land Exchange
(Southeast Arizona Land Exchange and Conservation Act, 16 U.S.C. §539p)**

Date of Appraisal Report
December 6, 2022

Date of Appraisal Review
January 6, 2023

Appraisal Report Prepared By
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Weissenborn Appraisal, LLC
326 South Convent Avenue
Tucson, AZ 85701



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Appraisal Summary

Appraisal Report Under Review

Appraiser(s)

Barry Weissenborn
Arizona Certified General Real Estate Appraiser #30724
Weissenborn Appraisal, LLC
326 South Convent Avenue
Tucson, AZ 85701

Date of Inspection

October 21, 2020. The property owner(s) were provided the opportunity to accompany the appraiser on the property inspection.

Date of Report

December 6, 2022

Owner

Resolution Copper Mining, LLC

Client

In the original appraisal contract, the client for the appraisal was broadly defined as the USDA Forest Service. It shall be noted that the Client of the appraisal report is the USDA Forest Service, Director of Lands and Minerals, Southwestern Region.

Intended Use

To provide a basis of market value for the legislated land exchange between the United States of America and Resolution Copper Mining, LLC pursuant to 16 U.S.C. §539p.

Intended User(s)

In the original appraisal contract, the intended users were broadly defined. It shall be noted that the intended users of the appraisal report are specifically identified as the USDA Forest Service, Director of Lands and Minerals, Southwestern Region, USDA Office of General Counsel, and Resolution Copper Mining, LLC.

Professional Standards

The appraisal standards required for this assignment were the *Uniform Appraisal Standards for Federal Land Acquisitions* and *Uniform Standards of Professional Appraisal Practice*.



Estate Appraised

The estate appraised includes the fee simple interest, subject to the specific reservations and encumbrances of record shown in a title commitment issued by First American Title Insurance Company dated November 24, 2020. The appraisal includes portions of the underlying mineral estate and appurtenant water rights, claims to and filings for water at the subject property.

Outstanding Rights

Schedule B – Exceptions

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

Comment: Items 1, 2 and 3 above include verbiage that is not specific to the subject property, but is intended as insurance, of sorts, for the company against unforeseen matters that are not made evident by a typical title search. The exception does not materially impact the marketability or value of the subject property.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

Comment: Item 4 is also a buffer from matters that may not be revealed during typical title research. The appraiser has not been provided materials that suggest there are any such issues.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water; whether or not the aforementioned matters excepted are shown by the public records.

Comment: Items (a) and (b) reference matters related to patent of the property; item (c) includes water rights associated with the property. With regard to the first two items: there are no unpatented mining claims impacting the subject property. Further, there is little in the way of economic mineral potential that would make item (a) a significant concern. And the subject was patented under a process common to many properties of this class throughout the region. A number of the comparable sales were patented in the same manner, so the valuation analysis inherently addresses any potential impact on value. With regard to item (c), the subject property includes no water rights, claims or title to water and none are included in the appraisal.



6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

Comment: This verbiage is not specific to the subject property, but is intended as insurance, of sorts, for the company against unforeseen matters that are not made evident by a typical title search. An independent search performed for the landowner for purposes of this exchange found no evidence that a basis for any such claims exists.

Schedule B – Exceptions

Part II

1. Taxes for the full year of 2021. (The first half is due October 1, 2021 and is delinquent November 1, 2021. The second half is due March 1, 2022 and is delinquent May 1, 2022.) (A lien not yet due and payable.)

Comment: Taxes for the property are paid to current.

2. DELETED INTENTIONALLY

3. Reservations or Exceptions in Patents, or in Acts authorizing the issuance thereof as Patent No. 627759 dated May 20, 1882.

Comment: This matter is covered under item 5 of Schedule B Exceptions, Part I. The manner in which the property was patented has no significant impact on its marketability or value.

4. DELETED INTENTIONALLY

5. The lack of a right of access to and from the land.

Comment: This exception is common to properties that are accessed via National Forest system roads. The Forest Service, in general, does not make a practice of denying access to private lands situated along their system recognized roads. The appraisal is based on the premise that the owner will have continued access to the property via National Forest system roads.

6. DELETED INTENTIONALLY

7. DELETED INTENTIONALLY

8. Water Rights, claims or title to water.

Comment: The appraisal includes no water rights, claims to or filings for waters. In summary, there are no matters listed in the title document that materially impact the marketability of value of the subject property.

Definition of Value

Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interest in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeable, and the price is not affected by undue influence. (36 CFR 254.2).



Extraordinary Assumptions

The appraisal is not based upon any Extraordinary Assumptions.

Hypothetical Conditions

The appraisal is not based upon any Hypothetical Conditions.

Jurisdictional Exception

The appraisal has been prepared in conformance with UASFLA, which requires that the opinion of value not be linked to a specific exposure time as required by USPAP SR 1-2(c) & UASFLA 1.2.4 & 4.2.1.2.

Legal Description

HOMESTEAD ENTRY SURVEY NO. 151, EMBRACING A PORTION OF THE
UNSURVEYED PUBLIC DOMAIN, GILA COUNTY, ARIZONA, MORE
PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT CORNER NO. 1 FROM WHICH U.S. LOCATION MONUMENT NO.
151 H. E. S. BEARS SOUTH FOUR DEGREES FORTY-FIVE MINUTES WEST
THREE AND SIXTY-FOUR-HUNDREDTHS CHAINS DISTANT;

THENCE NORTH SEVENTY DEGREES FIFTY MINUTES EAST FORTY-FIVE AND
THIRTY-NINE-HUNDREDTHS CHAINS TO CORNER NO. 2;

THENCE SOUTH SEVENTY-FIVE DEGREES TWENTY-SEVEN MINUTES EAST
TWENTY-FOUR AND FIFTY-THREE-HUNDREDTHS CHAINS TO CORNER NO. 3;

THENCE SOUTH THIRTY-SIX DEGREES FIFTY-FIVE MINUTES WEST THIRTYNINE
AND NINETY-SIX-HUNDREDTHS CHAINS TO CORNER NO. 4;

THENCE SOUTH SEVENTY-FOUR DEGREES FIFTY-FIVE MINUTES WEST
ELEVEN AND NINETY-EIGHT-HUNDREDTHS CHAINS TO CORNER NO. 5;
THENCE NORTH FORTY-NINE DEGREES FORTY-SIX MINUTES WEST FORTY
AND SEVENTY-SIX-HUNDREDTHS CHAINS TO CORNER NO. 1, THE PLACE OF
BEGINNING, ACCORDING TO THE OFFICIAL PLAT OF THE SURVEY OF THE
SAID LAND, RETURNED TO THE GENERAL LAND OFFICE BY THE SURVEYOR GENERAL.

Size: 146.95 acres.

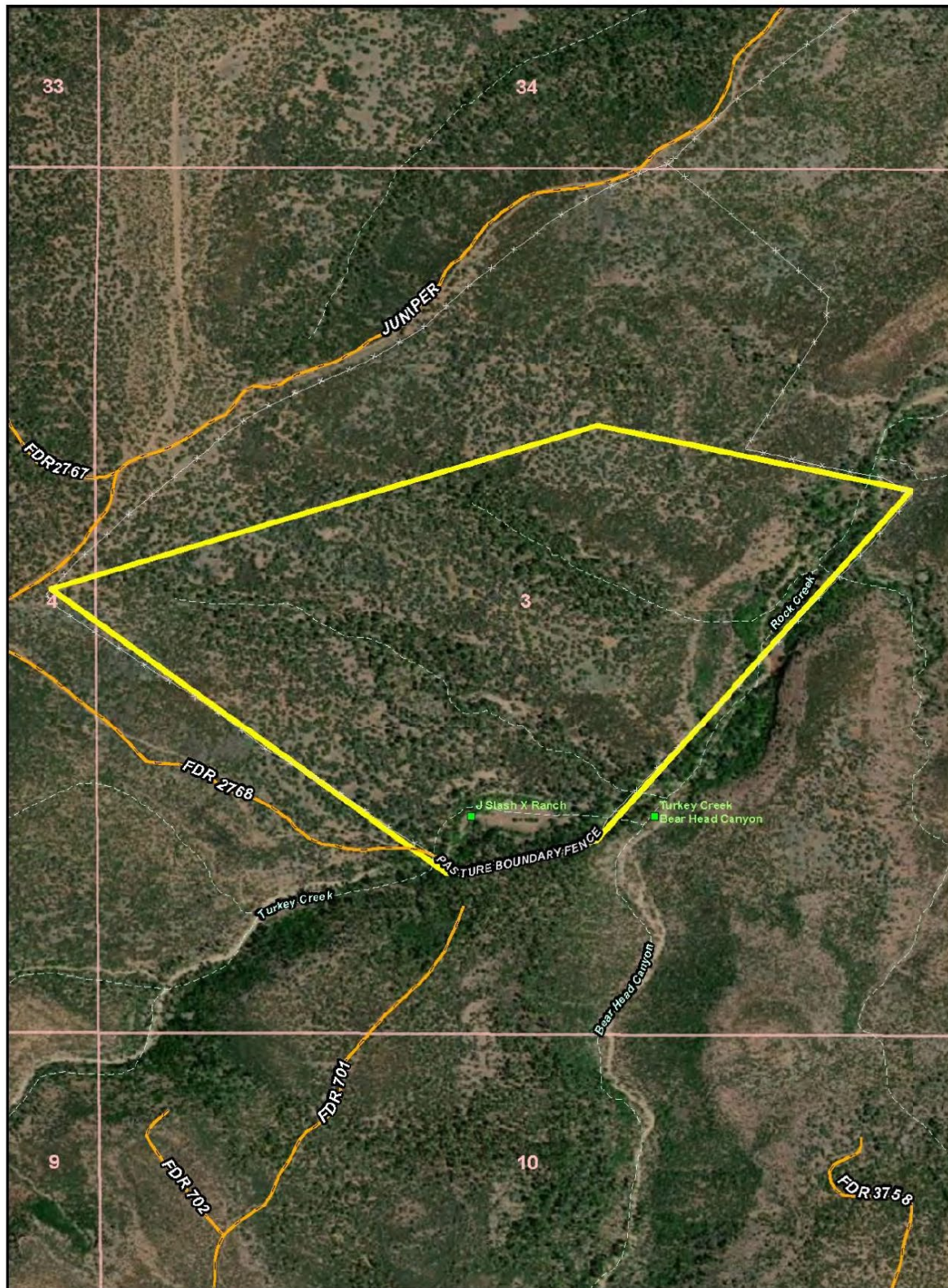
The following maps are for illustration purposes:



Topographic View of Subject Property



Aerial View of Subject Property



Property Description

Location: The subject property is located at Turkey Creek which is about 13 miles northeast of Punkin Center.

Size: The subject property is irregularly shaped and contains 146.95 acres.

Topography: The subject is located on the eastern slopes in the highlands of the Sierra Ancha Range. The parcel includes gently sloping areas within and along the stream, moderate to steep slopes along the northern canyon sides, and vertical cliffs in some areas of exposed bedrock along Rock Creek. There are several areas along the drainage where the terrain is prohibitively steep and challenging for development. However, most of the remainder land is in mild to moderately sloping terrain that presents few topographic barriers for low-density uses. Elevations range from 5,580' near the top of the ridge to 5,200' at the creek bottom.

Soil Types: The Turkey Creek parcel is within the Roundtop-Tortugas-Jacks soil association (ALRIS 1975). Soils of this association are described as well-drained and occur on limestone and sandstone mountains just south of the Mogollon Rim. Roundtop soils make up about 35 percent, Tortugas soils 35 percent, Jacks soils 15 percent, and minor areas of rock outcrop and associated soils 15 percent. These types of soils are characterized as having shallow and moderate depths to bedrock, slow permeability in the Roundtop and Jacks soils, and steep slopes in some areas of all soils (Hendricks 1985).

Water Amenity: Information provided to the appraiser by the Forest Service indicated that there are no water rights, claims to, or filings for water rights associated with the subject. A review of Arizona Department of Water Resources (ADWR) on-line records reveals three privately made filings for surface water in the immediate locale, one of which is located on the subject. Statement of Claim of Right No. 36-2756 was filed on June 25, 1979 and claims historic use of 6.35 acre-feet annually (AFA), with the source listed as J Slash X Spring. The claim is for six acre-feet for irrigation purposes and 0.35 acre-feet for stockwater and is based on historic use prior to January 1, 1880. The Department of Water Resources, at the request of Resolution Copper Mining, LLC formally withdrew that filing in October 2018.

ADWR also has records for two concurrent filings (June 25, 1979) by the same original applicant as at the subject, the George T. Cline Equity Trust, for waters upstream of the subject on Turkey Creek. Statement of Claim of Right No. 36-27480 is for 0.2 AFA at Genes Cabin, in the SE¼NE¼ of unsurveyed Section 17, T7N, R12E. Statement of Claim of Right No. 36-27527 is for 0.2 AFA at Hidden Spring, in the SE¼SE¼ of unsurveyed Section 4, T7N, R12E. Neither is directly applicable to the subject, and neither is included in the appraisal.

ADWR has no record of any wells at the subject property. The appraisal includes no water rights, claims to or filings for waters analysis. This does not preclude future development of a well or wells for use of the property as projected in this appraisal.

Flood Zone: The subject property is included in the area covered by FEMA - FIRM community panel number 04007C0975D, which has an effective date of 12/4/2007. It indicates that the subject and surrounding area are classified as *Zone D*. The Zone D designation applies to areas where no analysis of flood hazards has been conducted and where there are possible but



undetermined flood hazards. Areas adjacent to Turkey Creek and Rock Creek and, to a lesser extent the drainages on the slopes to the west, are subject to at least some level of flood hazard. The hazard is potentially magnified by the susceptibility of upslope lands to wildfire and subsequent rapid runoff, which can increase the magnitude of any flood events. The appraisal is based on the premise that a prudent landowner will not place improvements on areas subject to flood hazard without taking necessary precautions to mitigate the hazard.

Utilities: There are no utilities available to the subject and there is little chance that any will be made available.

Access: The subject has physical but not insurable access. The property lies northeast of Tonto Basin. The community of Punkin Center is located on State Highway 188, north of Roosevelt Lake. Highway 188 is the main route for travel to Roosevelt Lake and provides a north-south access between State Route 87, south of Payson; and US 60, west of Globe. From Punkin Center, access to the property is via about 13 miles of National Forest system roads, including NFSR's 71, 609 and 416. The bulk of the route is across reasonably good, but rough, primitive trail roads and is best traveled in a high-clearance vehicle. NFSR 71 is a good quality natural surface road that makes a low water crossing of Tonto Creek, just east of the community of Tonto Basin. It then heads northeasterly across desert lands at the base of the Sierra Ancha for roughly five and a half miles to the junction with NFSR 609. NFSR 609 is less developed than NFSR 71 but is still of reasonably good quality and easily passable for high-clearance vehicles—at least across the segment that accesses the subject. It continues a northeasterly course into the Sierra Ancha for another five or six miles to a junction with NFSR 416, which is a minimally developed, minimally maintained road best suited for travel in a high-clearance vehicle. NFSR 416 continues the northeasterly trek across the crest of the Sierra Ancha and drops to the subject parcel on the east side of the range. NFSR 416 passes very close to the western corner of the property and then continues its northeasterly course along a ridge between two local drainages. The subject includes southeast facing slopes between that road and Turkey Creek, the drainage to the east. An old homestead site at the southern corner of the property is accessed by another small trail road that drops southeasterly along the slope from Forest Road 416 to Turkey Creek. This last road definitely requires travel in a four-wheel-drive vehicle.

Timber: N/A

Minerals: The property is to be conveyed together with any and all associated appurtenant mineral rights, oil, gas, and geothermal resources. A Mineral Potential Report prepared specifically for the Resolution Copper Land Exchange and dated January 17, 2021 concludes the following for the subject property:

- Low potential for leasable oil, gas, coal and geothermal resources; and no indication of sodium, phosphate or any other solid leasable minerals.
- Low potential for locatable minerals.
- Moderate potential for salable minerals because they exist on the property. However, the remote location and the presence of similar resources in areas closer to markets makes any development unlikely.



Resolution Copper has not conducted any mineral exploration drilling on the subject and is not aware of any historical drilling that would indicate mineral potential or any mineral of value. As such, the appraisal did not give significant emphasis to the mineral component in the analysis.

Amenities: N/A

Improvements: None of contributory value.

Use, Rent and Sale History

- Resolution Copper Mining, LLC, acquired the property on April 8, 2020 in a transfer from Swift Current Land & Cattle, LLC. Swift Current is a subsidiary, or holding company, formed by Resolution Copper. That transfer was between related legal entities for no, or nominal, consideration.
- Swift Current Land & Cattle, LLC acquired the property from Fred M. and Karen Randall, husband and wife, George C. and Victoria Randall, husband and wife, and Robert G. and Sally Randall, husband and wife on December 15, 2005. The sale price was \$845,000 or \$5,750/ac., paid in cash. Swift Current was looking specifically for properties to be included in a land exchange and the transaction was brokered by a well-known regional real estate company. The transaction was openly negotiated between the two parties and the price was based on an appraisal.
- The property was acquired by Fred M. and Karen Randall, husband and wife, George C. and Victoria Randall, husband and wife on August 2, 2002 from Bill Jack Ewing, George Allen Ewing, Roxie Lynn Holt and June Cline Winter, as Trustees of the George T. Cline Pure Equity Trust in a transaction that included \$100,000 and land at Tonto Basin, with the total stated price in the sale/exchange stated at \$735,000.

The subject property is not currently listed for sale and has not been rented or leased in the past three years.

Zoning and Land Use Restrictions

It is stated in the report that the subject is zoned as General Rural which is a rural holding designation that provides for a broad range of agricultural, residential and supporting uses on a minimum lot size of three acres.

Highest and Best Use

It is reported that the uses that meet the tests of legally permissible, physically possible, and financially feasible resulting in the highest value is as an investment with the recognition of the potential for low density residential and/or recreational use.

Larger Parcel Determination

The report indicates the subject property is contiguous, in the same ownership, and has a single, unified highest and best use. The appraisal report concludes that the subject parcel is considered the larger parcel.

Selection of Approaches to Value

The appraisal included a **sales comparison approach** using sales of vacant tracts having the same or similar highest and best use as the subject. This is the method the most probable buyer would utilize to determine value.



The **income capitalization approach** was considered, but not applicable for this assignment because the property has no market-based rental or income history. Typical buyers of the subject property would not purchase the property based on an income stream.

The **cost approach** is based upon the principal of substitution that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct improvements of a similar utility without undue delay. The cost approach was not included in this appraisal and is not applicable for this assignment as the property is vacant land.

Sales Comparison Approach

The appraisal considered 13 comparable sales for analysis. Of these 13 comparable sales, The appraiser selected 4 primary sales to compare to the subject in a narrative format and included a summary adjustment grid that listed the comparable sales and showed their comparison to the subject property. The sales bracket the subject of the report in a number of elements to include access, size and physical characteristics.

The **unit of comparison** selected for the analysis is price per acre. The market area and timeframe analyzed for comparable sales was from December 2005 to June 2020 in the Gila and Yavapai County area.

The appraisal analysis continued with the analysis of the characteristics of each individual sale to the subject property in both narrative format and on the adjustment grid for each sale. Quantitative and/or qualitative adjustments were made for the various elements cited as affecting overall value.

Property Rights

The appraisal report analyzed differences in property rights conveyed that focused on the quality of access, underlying mineral estate, and all appurtenant water rights, claims to and filings for water. Since the underlying mineral component contributes little, if any value, no significant emphasis is placed on the mineral component. After the comparable sales were analyzed and compared to the subject for these characteristics, the appraisal concluded there were no unusual outstanding rights or possessory interests thus no adjustments for property rights would be applied. The appraisal indicated the adjustment for the disposition of the appurtenant water rights is better addressed in the adjustment for physical characteristics.

Financing Terms

Financing terms for all the sales were reported as being for cash or cash equivalent, with no adjustments applied.

Conditions of Sale

The appraisal report indicated, after an analysis and discussion of each comparable sale, that there were no conditions of sale that influenced value. Therefore, no adjustments were applied.

Expenditures After Purchase

The appraisal report indicated that there were no known anticipated expenditures that impacted the purchase price of any of the comparables. No adjustments were applied.



Market Conditions

The appraisal report provides an adequate analysis from a market perspective. Core data set as well as several sales outside the core data set were analyzed and a paired sales analysis was utilized. The analysis suggests that prices have recovered to the level that is similar to what occurred in 2005 so no adjustment was applied to Sale 1. Upward adjustments were applied to Sales 2, 3, and 4.

Property Adjustments

Location

The appraisal reports that the comparable sales were selected for their similarity to the subject in terms of locational characteristics and in that regard, they generally bracket the subject in terms of quality of access and proximity to other supporting infrastructure. The appraisal conducted an extensive matched pairs analysis and concluded that no quantified adjustments are applied. Since location is an important consideration in the pricing structure for properties of this class, upward qualitative adjustments were applied to Sales 3 and 4, with a downward adjustment to Sale 2.

Size

The subject contains 146.95 acres. The comparable sales (including the 2005 sale of the subject) range in size from 17.87 – 146.95 acres. It was acknowledged that three of the sales are smaller than the subject. Numerous paired sales from a supplemental dataset were utilized to isolate the influence of size on value. The appraisal states that although no specific quantified adjustments are applied as a result of the analysis, downward qualitative adjustments are applied to Sales 2, 3, and 4.

Physical Characteristics

The subject lies in southeasterly facing slopes between a ridgeline to the northwest, and creek bottom along the south and east boundaries, with Turkey Creek running along the south boundary. The appurtenant water rights, claims to and filings for water were analyzed. Since the owner has relinquished the claim to a right of use for 6.35 AFA of spring water at the property, and there are no additional surface water rights, claims to, or filing for water rights associated with the property, there are no appurtenant water rights on the subject, and the analysis is limited to the riparian features associated with Turkey Creek. The analysis largely compared topographic, riparian, and vegetation features to the subject. Qualitative downward adjustments were applied to Sales 3 & 4, with no adjustments applied to Sales 1 & 2.

Economic Characteristics

Economic potential reflects the range of potential economic activity within the core dataset. The report discusses that the previous adjustments identified addressed factors that may impact the economic potential of the properties. As such, no additional adjustments for this element were provided.

The unadjusted and adjusted sale prices are reflected below.



Direct Sales Comparison Sales Summary

Sale	Date	Acres	Unadjusted SP/Acre	Adjusted SP/Acre
1	2005	146.95	\$5,750	\$5,750
2	2016	79.31	\$15,000	\$18,000
3	2020	55.08	\$4,993	\$5,992
4	2020	17.87	\$5,036	\$6,043
Low	2005	17.87	\$4,993	\$5,750
High	2020	146.95	\$15,000	\$18,000

Reconciliation and Final Value Opinion

The appraisal stated that the land sales, after adjustments, show a range of indicated values from a low of \$5,750 per acre to a high of \$18,000 per acre with three of the four comparable sales supporting a value range of \$5,750-\$6,043 per acre with greater reliance placed on these sales. Since the more recent sales support values at the upper end of the range, greater weight was given to these sales in the final opinion of value.

The opinion of value conclusion is \$6,000 per acre for the subject's 146.95 acres, equivalent to \$882,000 rounded.

In selecting an opinion of value sole reliance was placed upon the Sales Comparison Approach because it was the only applicable approach.

Value Indications

Cost Approach	\$0
Sales Comparison Approach	\$882,000
Income Capitalization Approach	\$0
Conclusion	\$882,000

Transaction Scale Analysis

As a final step in the valuation of each larger parcel, in accordance with the SOW requirement, the appraisal analyzed the parcels comprising each side of the exchange as a whole in the context of the market and report if there is an additional increment of value or discount attributable to portfolio enhancement or the bulk nature of the transaction. Any value enhancement or diminution under this provision shall be recognized in the concluded values for each of the larger parcels as noted in the SOW.

As stated in the report, the subject property is one of eight Offered Non-Federal Land properties included in the Southeast Arizona Land Exchange and Conservation Act. Those eight properties are dispersed throughout Arizona, in widely varying geographic, ecological and economic settings. Together they represent a portfolio of independent properties, each subject to a different set of market forces. The appraisal suggests that there is no market data that the appraiser is aware of showing an increment in value or a discount attributable to the bulk nature of the legislated transaction.

