

rental and shall be a credit, as provided in 6(c), against and upon the amount of the per-ton royalty provided for in 6(b).

(b) The sum of \$.03 per ton of 2,000 pounds of rock, crushed stone, sand, screenings, soil, clay and associated products (exclusive of waste materials, overburden and refuse of no commercial value) when shipped or transported from the premises shown on the attached plat marked Exhibit "A" hereto, following their extraction therefrom and any required processing thereof. Said royalty of \$.03 per ton shall be payable monthly on or before the twentieth (20th) day of the month next following the month of their shipment or transportation from said premises.

(c) For the purpose of crediting the minimum royalty or rental provided in 6(a) on the per-ton royalties provided by 6(b), each leasehold year shall stand alone and shall be considered separately, but during each leasehold year the right to credit the minimum royalty or rental on the per-ton royalty shall be cumulative and shall continue from month to month until the entire amount thereof has been so credited.

(d) The term "leasehold year" as used herein shall mean a period of twelve (12) consecutive calendar months beginning with the effective date hereof as designated in Paragraph 23.

7. In determining the tonnages upon which the royalties are to be computed, railroad weights, when shipments are by rail, and truck scale weights, when shipments are made by truck, shall govern.

8. The Lessee shall make the written reports referred to in Paragraph 9 hereof and pay all said rentals and royalties due the Lessors to Craige, Brawley, Attorneys, 604 Pepper Building, Winston-Salem, North Carolina 27101, or to such other person or persons designated, from time to time, by the Lessors, by not less than thirty (30) days advance notice to the Lessee, and the designated payee shall be empowered to accept such payments as Agent and Attorney-in-Fact for the Lessors and to give full acquittance therefor.

(Continued on next Page)