

STATE OF
COLORADO

Ebert - DNR, Jared <jared.ebert@state.co.us>

Henderson Land and Water Rights Valuations

1 message

Hamarat, Miguel <mhamarat@fmi.com>

Mon, Sep 30, 2024 at 2:32 PM

To: "Jared Ebert (jared.ebert@state.co.us)" <jared.ebert@state.co.us>

Cc: James Sanderson <jsanderson@wsmtlaw.com>, "Deely, Sheila" <sdeely@fmi.com>

Good Afternoon Jared,

Please see attached submittal letter and the 2024 land appraisals and water rights valuations included in Henderson's financial warranty. Since the combined file size is a bit large, can you please confirm that you have received this submittal?

Regards,

Miguel

6 attachments

20240930-Land Appraisals and Water Rights Valuations Submittal.pdf
300K

2024 Alkali Creek Ranch Appraisal Report.pdf
4061K

2024 Henderson Non Industrialized Appraisal Report.pdf
7968K

2024 Incidental Water Rights Valuation Report.pdf
4488K

2024 Silver Springs Appraisal Report.pdf
3633K

2024 Skylark Ranch Water Rights Valuation.pdf
5630K

**COLORADO OPERATIONS**

Henderson Mine
1746 County Road 202
Empire, CO 80438
Phone (303) 569-3221

September 30, 2024

Sent Via Email

Mr. Jared Ebert
State of Colorado
Division of Reclamation, Mining and Safety
1313 Sherman St., Rm. 215
Denver, CO 80203

Re: Updated Appraisals and Valuations for Financial Warranty Deeds of Trust - Climax Molybdenum Company, Henderson Operations, Permit No. M-1977-342

Dear Mr. Ebert:

The Mined Land Reclamation Board (Board) approved land and water rights assets owned by Freeport-McMoRan and its subsidiaries to be utilized as a part of the Climax Molybdenum Company, Henderson Operations financial warranty in a Board order dated November 27, 2023. The Board order requires that Henderson provide a re-appraisal of the land and water rights assets approved for inclusion in the financial warranty by October 1, 2024 and every 5 years thereafter, with annual market analyses conducted in the interim years.

In compliance with this requirement, Henderson has enclosed appraisals and market analyses for the properties included in the financial warranty. The land appraisals were completed by Arnie Butler and Associates and the water rights valuations were conducted by Spronk Water Engineers, Inc., both of whom completed the previous appraisals and valuations. The table below summarizes the previous value, current value and amount approved for financial warranty for each of these properties.

Property	Previous Value	Current Value	Amount in FW
Silver Springs Ranch	\$2,410,000	\$3,040,000	\$1,807,500
Alkali Creek Ranch	\$9,160,000	\$9,150,000	\$6,870,000
Henderson Non-Industrialized Land	\$12,970,000	\$15,605,000	\$9,727,500
Skylark Water Rights	\$11,626,000	\$13,725,000	\$8,719,875
Incidental Water Rights	\$9,996,800	\$11,968,000	\$7,497,600
Total	\$46,163,300	\$53,488,000	\$34,622,475

The current value of this set of properties is approximately \$7 million (16%) higher than the previous value.

Please feel free to contact me at (720) 942-3255 if you have any questions on this submittal.

Sincerely,

A handwritten signature in blue ink that reads "Miguel Hamarat". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Miguel Hamarat
Environmental Manager
Climax Molybdenum Company
Henderson Operations

Enclosures:

- Silver Springs Ranch Appraisal
- Alkali Creek Ranch Appraisal
- Henderson Mill Non Industrialized Land Appraisal
- Incidental Water Rights Valuation
- Skylark Water Rights Valuation

cc (via email):

- Sheila Deely (Freeport)
- Jim Sanderson (WSMT Law)

APPRAISAL REPORT
OF THE SILVER SPRINGS RANCH
LOCATED AT
3734 HIGHWAY 135
GUNNISON COUNTY, COLORADO

APPRAISED FOR
Climax Molybdenum Company
333 N Central Avenue
Phoenix, AZ 85004

DATE OF VALUATION
May 15, 2024

DATE OF APPRAISAL REPORT
June 18, 2024

APPRAISED BY
ARNIE BUTLER & ASSOCIATES
Kori S. Satterfield
Certified General Appraiser
Grand Junction, Colorado 81501

TIN: 26-2052252

ARNIE BUTLER & ASSOCIATES
REAL ESTATE APPRAISERS & CONSULTANTS
300 Main Street, Suite 301
Grand Junction, Colorado 81501
- Kori S. Satterfield -
- Certified General Appraiser - Colorado and Utah -
- Kori@arniebutler.com -
- 970-241-2716 -

June 18, 2024

Climax Molybdenum Company
333 N Central Avenue
Phoenix, AZ 85004

Dear Climax Molybdenum Company:

In response to your request, I have analyzed the Silver Springs Ranch that is located north of Gunnison, at the northeast quadrant of the Highway 135 and County Road 730 intersection, at 3734 Highway 135, in Gunnison County, Colorado. The purpose of this analysis is to provide a present market value of the subject property. This analysis has an effective date of value of May 15, 2024, the date of the property inspection. The appraisal is attached to this letter.

All data used, logic employed, and conclusions are subject to the enclosed Certification, Assumptions and Limiting Conditions. This appraisal is being completed in conformance to the prevailing guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP).

Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the present market value of the subject, as of May 15, 2024 is:

THREE MILLION FORTY THOUSAND DOLLARS
\$3,040,000.00

If you have any questions with respect to the value conclusions or logic employed, please contact us at your convenience.

Sincerely,
Arnie Butler & Associates

Kori S. Satterfield
Certified General Appraiser
Colorado License No.
G200000025

ARNIE BUTLER & ASSOCIATES
GRAND JUNCTION, COLORADO

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The following pictures were taken by Kori Satterfield in 2020. Kori Satterfield re-inspected the property in May 2024 and found there were no changes.



VIEW FROM SOUTHWEST CORNER LOOKING NORTHEAST



VIEW FROM SOUTHWEST CORNER LOOKING EAST



VIEW FROM SOUTHWEST CORNER LOOKING NORTH



VIEW FROM NORTHWEST CORNER LOOKING SOUTH



VIEW FROM NORTHWEST CORNER LOOKING SOUTHEAST



VIEW FROM NORTHWEST CORNER LOOKING EAST

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS
SILVER SPRINGS RANCH

Location: The subject is comprised of one contiguous parcel located in the northeast quadrant of Highway 135 and County Road 730 intersection. The property has an address of 3734 Highway 135, Gunnison County, Colorado.

Parcel Number: 3701-000-00-208 - 182.03 Ac
3699-000-00-018 - 71.46 Ac

Ownership: Silver Springs Ranch Inc C/O Jeff Worthen

Legal Description: The property is generally described as follows. The full legal description is located in later portions of this report.

3701-000-00-208
Portions of Section 12: E1/2SE1/4
Portions of Section 13 NE1/4SE1/4, E1/2NE1/4
Less portions along the Highway and County Road 730 and described in recorded deed, Reception No. 590014.
Township 50 North, Range 1 West, N.M.P.M

3699-000-00-018
Section 7: Lot 4 (SW1/4SW1/4)
Section 18: Lot 1 (NW1/4NW1/4)
Township 50 South, Range 1 East, N.M.P.M.

County of Gunnison, State of Colorado

Purpose of Appraisal: To provide an opinion of Market Value

Interests Appraised: Surface rights.

Client, Use, and Users of the Appraisal: Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

Property Analysis

Size: 253.49 acres

Shape: Irregular - The property extends north to south approximately 1.25 miles and from west to east one-half mile. It is comprised of two adjacent rectangular parcels.

Access: Highway 135 provides access along the southern boundary. The majority of the western boundary abuts County Road 730.

Utilities: Electricity, telephone are extended; well water, septic and propane are typical of the neighborhood

Topography: Generally flat.

Improvements: Vacant

Public Lands: None

Highest and Best Use: The Highest and Best Use is development of the property into smaller house sites, with agricultural and recreational uses until development occurs.

VALUE CONCLUSIONS: \$3,040,000

Date of Value: May 15, 2024

Date of Report: June 18, 2024

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- 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.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. In compliance with the Ethics Rule of USPAP, I hereby certify that this appraiser has no current or prospective interest in the subject property, or parties involved.
- I have performed services as an appraiser regarding the subject property within the 3-year period immediately preceding acceptance of this assignment. I completed a market analysis on the subject property for the same clients on August 15, 2023.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Rebekah Bowen provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, Kori S. Satterfield has completed the continuing education for the State of Colorado, the Appraisal Institute, ASFMRA and IRWA

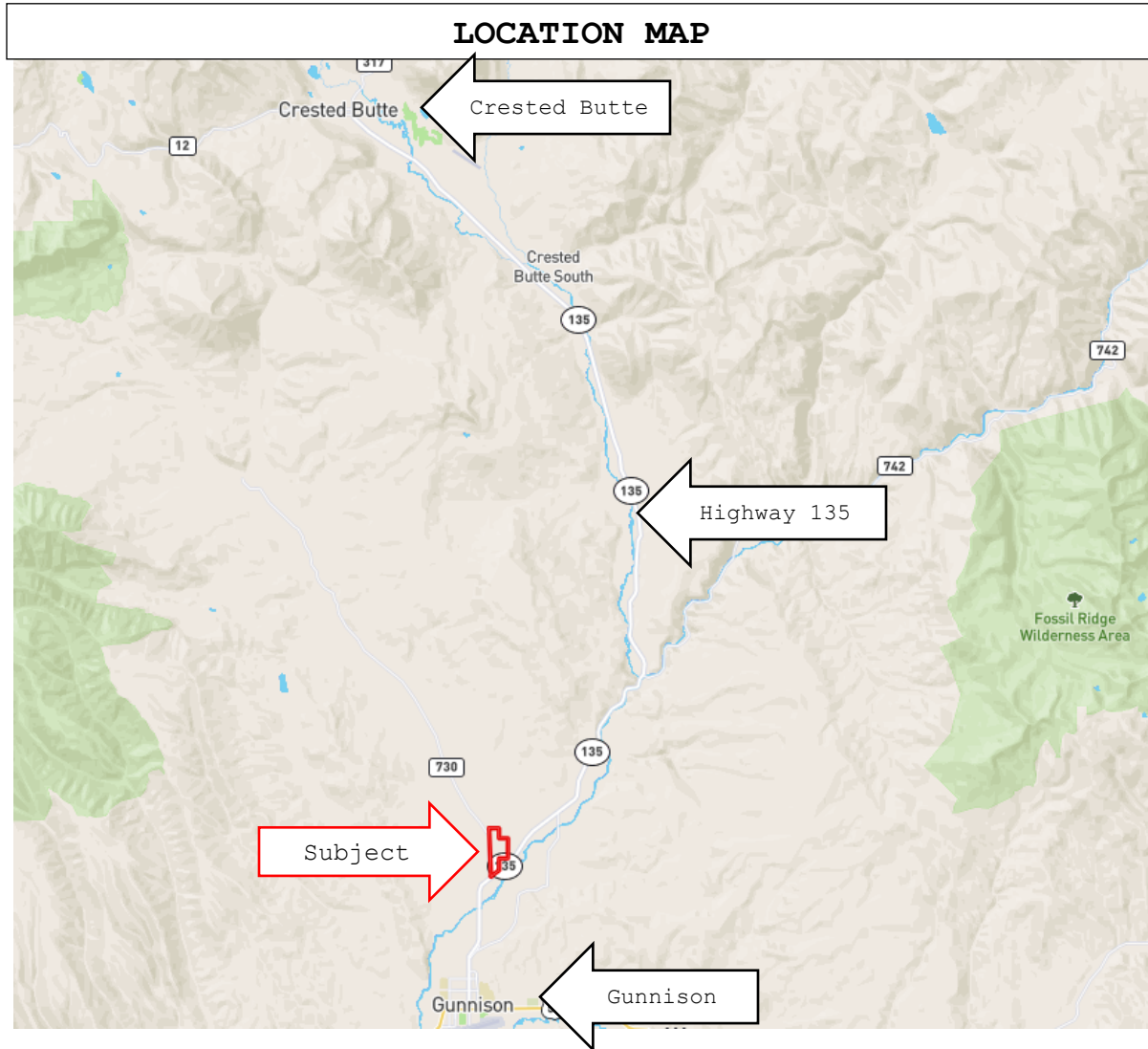
Sincerely,



Kori S. Satterfield
Certified General Appraiser
Colorado License No. CG200000025

IDENTIFICATION OF THE PROPERTY

The subject property is comprised of one contiguous ranch parcel one mile north of Gunnison, Gunnison County, Colorado.



LEGAL DESCRIPTION

The subject is legally described, as copied from the Title work, as follows:

Township 14 South, Range 86 West, 6th P.M.

Section 28: NW1/4SW1/4, SW1/4NW1/4

Section 29: NE1/4SE1/4, SE1/4NE1/4

**County of Gunnison,
State of Colorado.**

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide an opinion of Market Value of the subject properties. As it relates to this analysis, Market Value is defined as:

The following definition of Market Value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)" (Source: The above definition of Market Value was taken from The Dictionary of Real Estate Appraisal 7th Edition, page 118).

DATE OF VALUE

The date of this appraisal is May 15, 2024, the date of the property inspection. The inspection did not occur with the ranch manager or any employee of Climax Molybdenum Company. The date of this report is June 18, 2024.

CLIENT, INTENDED USE AND USER OF THE APPRAISAL

Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

OWNERSHIP AND HISTORY OF THE PROPERTY

The property is under the ownership of Silver Springs Ranch Inc C/O Jeff Worthen. Previously, it was under the ownership of Mt. Emmons Mining Company. The two companies have the same owners and principal agents and only the name was changed. The property had been under the ownership of Mt. Emmons Mining Company for more than 10 years.

PROPERTY RIGHTS APPRAISED

This appraisal assumes that the subject ownership includes all rights that may be lawfully owned and titled. The bundle of rights appraised within this analysis is the surface rights. Surface rights include the irrigated land and grazing land within the subject ownership. They do not include any subsurface rights or mineral rights.

TAX AND ASSESSMENT INFORMATION

The subject is filed under two tax schedule numbers by the Gunnison County Assessor's Office. The 2023 taxes were based on the 2022 mill levy. "Actual" value of the land and improvements, their assessed values, and the current tax liability are illustrated below:

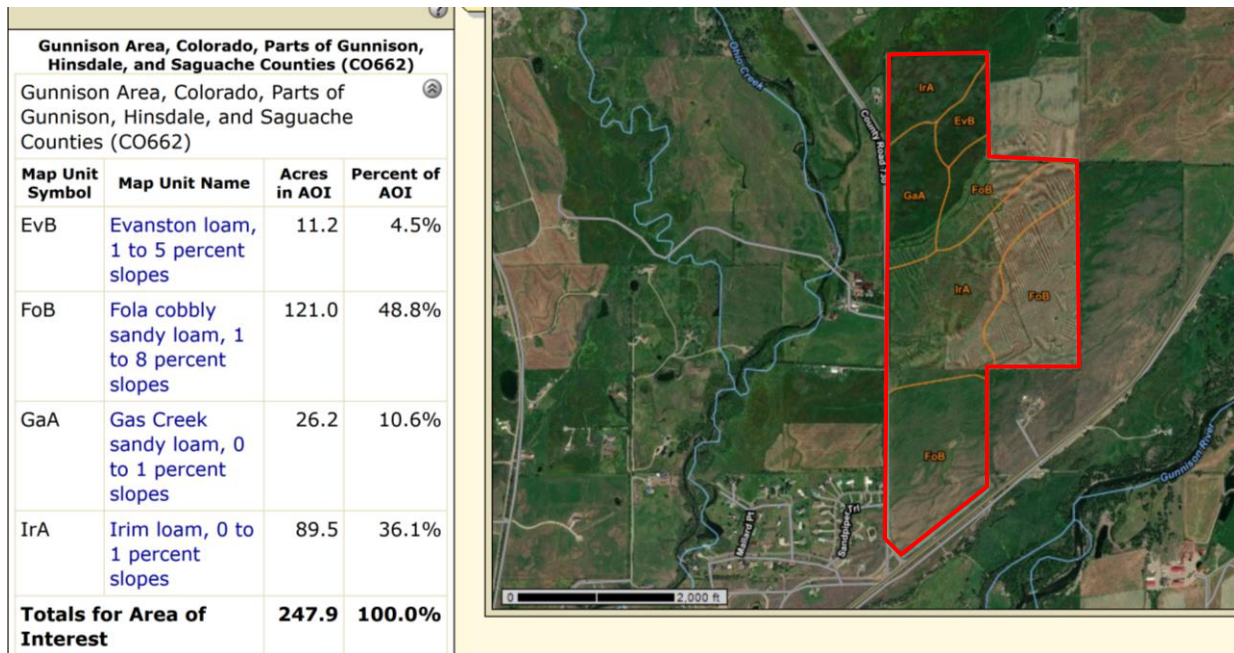
Parcel No.	Actual Improvement Value	Actual Land Value	Assessed Improvement Value	Assessed Land Value	Mill Levy	Total Taxes
3699-000-00-018	\$0	\$28,930	\$0	\$7,640	51.352	\$ 392
3701-000-00-208	\$5,780	\$73,700	\$390	\$19,460	51.352	\$1,078
						\$1,470

Based upon the assessed values and the mill levy, the total tax liability for the subject property is \$1,470. The county assesses agricultural land based upon its production value rather than its Highest and Best Use.

There are no past-due property taxes on the subject property.

SOIL CONDITIONS - HAZARDOUS WASTE

The presence of substances such as asbestos, urea-formaldehyde foam insulation, petroleum, contaminants, or other potentially hazardous materials may affect the value of the property. The appraisers are not qualified to detect such substances. There are no known current or previous hazardous waste and conditions on or within the subject property.



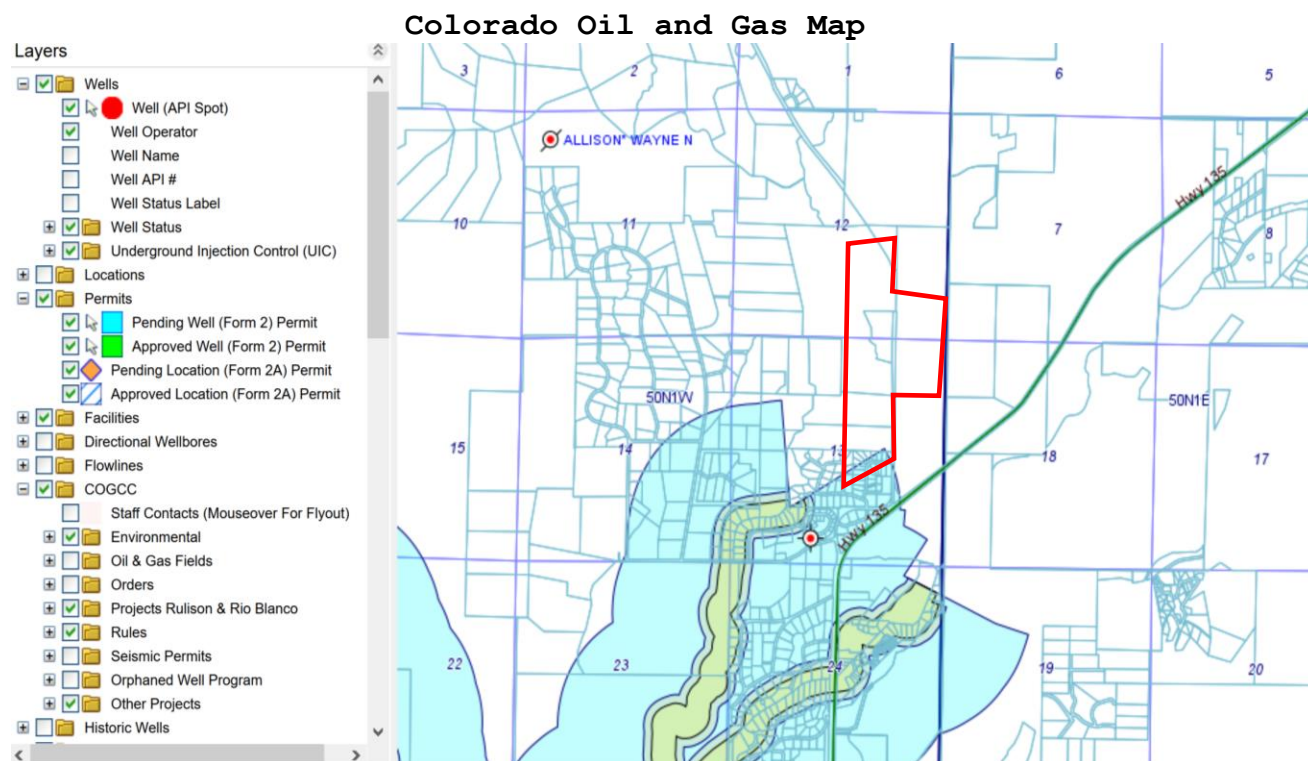
FLOOD HAZARD

According to the FEMA Flood Plain Maps, the subject parcel is located within Gunnison County FIRM Map No. 08051C1256D and 08051C1258D. Both maps are effective as of May 16, 2013. The subject is located entirely within Zone X - Area of minimal flood hazard. There are flood zones both west and east of the subject. However, there does not appear to be any potential for the property to be flooded.

MINERAL RIGHTS

A review of the title commitment for the property shows that some of the minerals are severed, having been reserved to the United States at the time the property was patented. The mineral analysis on the property has been completed. Analysis of the comparable sales indicates that severed and intact mineral rights are both typical for properties within the subject neighborhood. No attempt is made to value the mineral rights separately from the land. Land within the neighborhood is not purchased for mineral development. Thus, it is not analyzed as part of the market features, nor provides any additional contributory value within the analysis of the subject, and only the surface interest is appraised.

Minerals not owned were retained by the United States. A minerals assessment report was not completed.



The Colorado Oil and Gas Map is produced by the Colorado Oil and Gas Commission. There have been no wells historically or currently on the subject property. Based upon the map, there are very few wells within the subject neighborhood.

CURRENT EASEMENTS AND RESTRICTIONS

Easements and restrictions include mineral rights, creek and ditch easements, power lines, and road easements. These easements are typical of properties throughout the neighborhood. They do not affect the functional utility or development of the subject ownership.

SCOPE OF WORK

The Cost, Sales Comparison, and Income Approaches were considered in the appraisal of the subject property. This appraisal consists of valuing the land, based on its Highest and Best Use.

The Income Approach was not incorporated into a value indication because it is not typically used for a vacant land analysis.

The Cost Approach is typically utilized to determine the contributory value of newer improvements. There is one livestock shed on the subject property, however it is more than 50 years old and provides no contributory value.

Thus, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales and listings of properties similar to the subject.

The market data used in the analysis of the subject includes the examination and analysis of the local economy and conditions of the real estate market within the subject neighborhood. The Highest and Best Use analysis of the subject property has various components, including a local market analysis, review of supply and demand, and examination of sale prices of comparable properties.

The information that was acquired for use in the market data and the Highest and Best Use analysis was obtained from Gunnison County records, the property manager, other appraisers, real estate brokers, and available public data. This appraisal is specifically subject to the Certification, Assumptions and Limiting Conditions provided within this report. If there are any other unusual assumptions or conditions, they will be noted throughout the report.

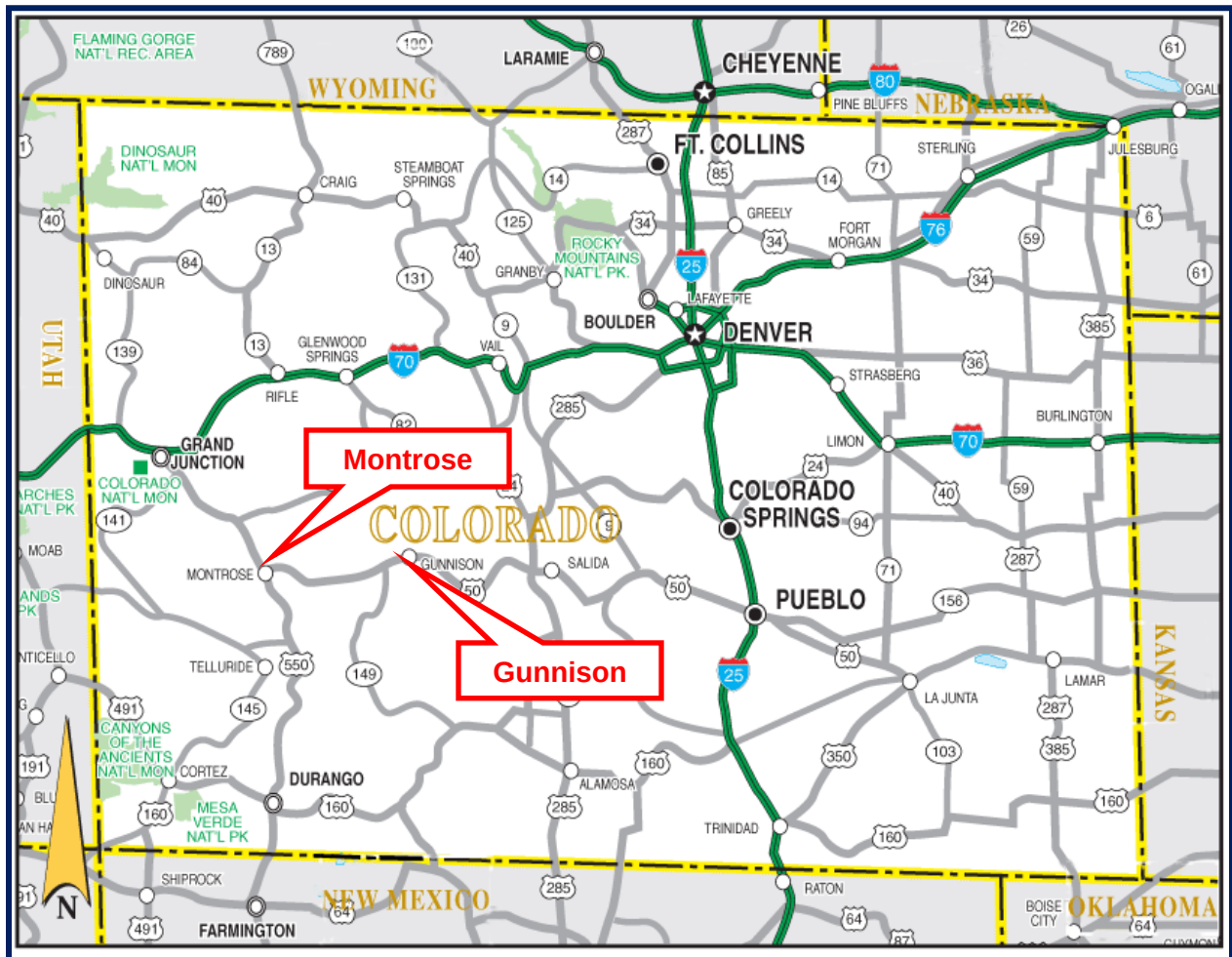
Sales throughout Gunnison County and the subject neighborhood were researched. Most of the comparable sales used within this analysis are located in the same neighborhood, Ohio Creek Valley, as the subject property. The local MLS was researched, along with research of County records, and discussions with local real estate agents.

According to the property manager, no circumstances have occurred to adversely affect the valuation of the property, such as a loss of public access to the property, a condemnation of some or all of the property by a governing body, or a decrease in value - relying on the periodic updates from an independent

appraiser. Additionally, updates respecting the valuation of the subject property were timely provided to the Division and all the deeds of trust remain in full force and effect with a first lien in favor of the State.

The date of value is May 15, 2024, the date of the inspection. There were no Climax Molybdenum Company representatives at the property at the time of inspection.

AREA DATA – Gunnison County

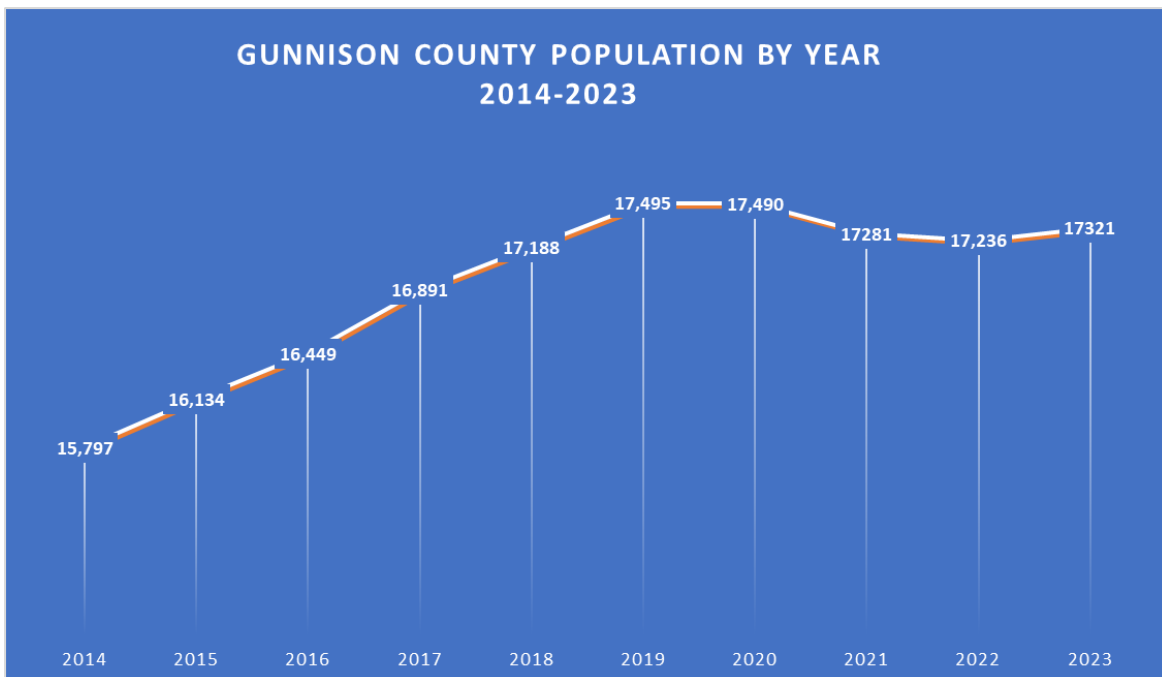


jail are located in the new courthouse complex. The Blackstock Government Center, two blocks west of the courthouse complex, houses the Clerk and Recorder, the Assessor, the Treasurer, the Planning Department, the Geographic Information Services, and Wildlife Conservation. The governing body for the County is the County Board of Commissioners, composed of three elected officials.

The City of Gunnison is a home-ruled charter city and is organized as a council-manager form of government. Five elected council members appoint a city manager. Gunnison is a Planning and Management Region Ten, District Ten, Regional Planning Commission member.

Population

The following graph shows the population data for Gunnison County from 2014 - to 2023: 2023 County population 17,321.



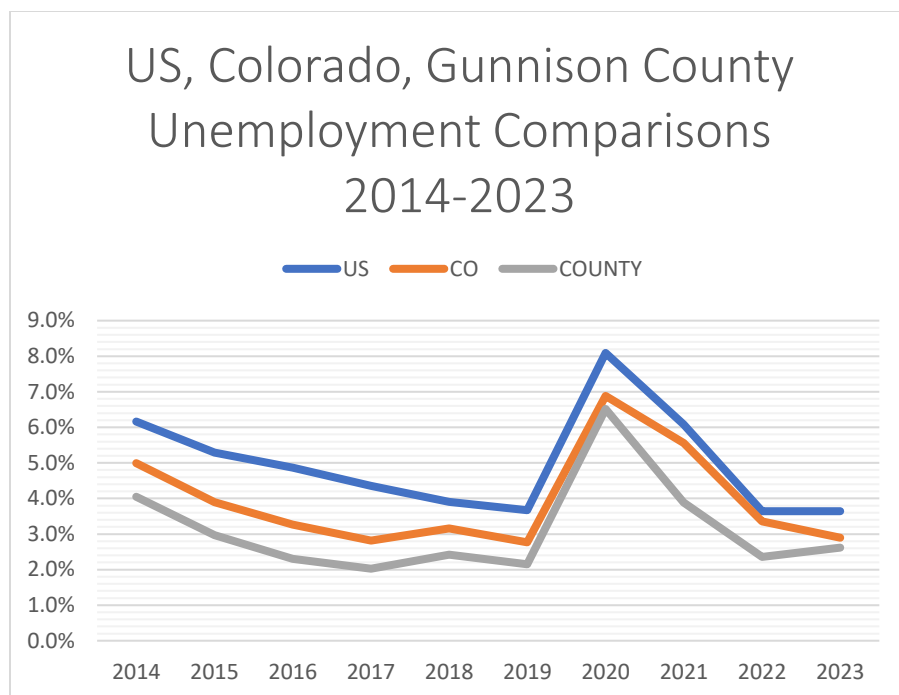
Source: Colorado DOLA (<https://demography.dola.colorado.gov/population/population-totals-municipalities>)

As of: Dec-23

The population for Gunnison County has been on a steady incline since 2014; there was a slight dip in 2021 and 2022, but in 2023, the population saw an increase.

Economy/Employment

The unemployment figures decreased from a 10 year high during the 2020 pandemic. See graph below:



The top five industries are local government (11.6%), Accommodation and Food Services (11.4%), Construction (9.9%), Retail Trade (9.7%), Recreation (7.7%).

The tourism/recreation sector is the largest employer and brings in nearly 36 million dollars annually. Summer tourists hike, camp, mountain bike, and stay for some of the many festivals in Crested Butte and Mt. Crested Butte at the County's north end. During the various big game seasons in the fall, more than 25,000 hunters visit the area. It is estimated over a million tourists each year visit Blue Mesa Reservoir, which is six miles west of Gunnison. Ice fishing, snowmobiling, ice-skating, and cross-country skiing are popular winter sports. Still, most winter visitors are attracted to the downhill skiing available at Crested Butte Mountain Resort, 45 minutes north of Gunnison at Mt. Crested Butte, or an hour's drive to the east to the Monarch Ski Area.

An estimated 85 percent of the area around Gunnison is federally owned and available for recreation. Visitors come to Black Canyon National Park, Curecanti National Recreation Area, the Gunnison National Forest, and other state and federal public lands for boating, four-wheel-drive tours, camping, hiking, mountain-climbing, photography, painting, rafting, hunting, snowmobiling, and skiing. More than two million fishermen use the 1,300 miles of streams and rivers each year.

Government services workers are employed by federal, state, and local agencies such as the National Park Service, Gunnison National Forest, Natural Resources Conservation Service, Bureau of Land Management, Colorado Parks and Wildlife, Gunnison County, and the City of Gunnison.

Education employs professionals and support staff at six public schools and a university. The Gunnison Watershed School District RE-1J operates six schools: Gunnison Elementary School, Lake School in Lake City (pre-school and kindergarten), Gunnison Middle School, Gunnison High School, Crested Butte Community School (K-12), and Marble Charter School. The student/teacher ratio is excellent on all levels. Gunnison County has one of the highest percentages of well-educated people in the nation. The total enrollment for the district was 2080 for the 2023-2024 school year.

Western State College transitioned into Western State Colorado University (WSCU) in 2012. WSCU is a fully accredited four-year state-supported institution with various courses and degrees, including accredited advanced degrees. Enrollment for 2023-2024 includes 2,600 undergraduate students and 400 graduate students. Enrollment has remained stable over the past several years.

Ranching has thrived in this area for more than 100 years. Irrigated valleys provide both pasture and fields from which native grass hay is harvested. The surrounding mountains offer summer grazing on public lands. Estimates suggest that over 50,000 head of cattle and sheep use more than along with 200,000 acres in agriculture. Ranches produce three million pounds of beef each year, worth \$13 million. The overall economic impact on the economy of Gunnison County is \$46 million (GunnisonValleyRanching.org, 2022).

Mining contributed to the founding of Gunnison, Crested Butte, and Lake City in the 1880s. Although many of the mining camps were vacated as precious metal prospecting gave way to the mining of coal, Gunnison and Crested Butte survived. Gunnison County is the top coal producer for the State of Colorado. Most of the coal production is located in the extreme western sector of Gunnison County in the North Fork Valley near Paonia. The mining of silver, gold, and molybdenum currently makes a minor contribution to the economy of this County. However, present permits are being processed for new mining activities near Crested Butte. The coal mining industry is currently in flux, with local and national environmental issues restricting the development of new mines and the expansion of existing operations. This has had a negative impact on the economic well-

being of western Gunnison County and the County's overall tax revenues.

Transportation

Transportation is by highway or air. U.S. Highway 50, a major all-weather national highway, connects with Interstate 70 at Grand Junction 140 miles to the northwest and with Interstate 25 180 miles to the east near Colorado Springs. Highway 50 interchanges several principal highways to Phoenix, Salt Lake City, Albuquerque, Denver, Dallas, and other major metropolitan areas. State Highway 135 is an all-weather state highway providing road access north to Crested Butte and Mt. Crested Butte. All paved highways in Gunnison County are open year-round. Greyhound Bus service provides passenger and parcel service to the area. A shuttle bus operates between the Gunnison airport and the Crested Butte area. A number of national shipping companies provide freight service.

The Gunnison County Airport is located five minutes from downtown Gunnison within the city limits. Several national and international air carriers have non-stop service to Gunnison from major cities throughout the United States. The ski season, when most of the flights take place, is from Thanksgiving to Easter. The existing airport runway is 10,000 feet in length and handles regularly scheduled 757 jet aircraft. It is also improved with an Instrument Land system. Enplanements have declined slightly each year since 1995.

Utilities

The City of Gunnison provides electricity to all properties within the city limits, while the Gunnison County Electric Association serves the outlying area. ATMOS Energy provides natural gas in the County. Propane gas is available from Ferrellgas, Amerigas, and J.C. Propane. The City of Gunnison's Sewer & Water Department is responsible for supplying fresh water to City of Gunnison customers, wastewater collection, and the city irrigation ditch. The city water and sewer system consist of approximately 34 miles of water lines, 30 miles of sewer lines, three water storage tanks that hold over two million gallons of water, nine water wells, and 25 miles of irrigation ditch. The water is chlorinated to meet all State Department of Health requirements, although no treatment plant is required. The city sewer system serves Ninety-six percent of the City of Gunnison. Outlying areas in the County use individual septic systems.

Law Enforcement and Health Care

The Colorado State Patrol, the County Sheriff's office, Gunnison Police Department, the Crested Butte Marshall's office, and the Mount Crested Butte Police Department employ 60 certified full-time peace officers in Gunnison County. The City of Gunnison provides dispatch services for all police and emergency service agencies in the County, with ten dispatchers and 24-hour service. The crime rate is low. The City of Gunnison, Gunnison County, and Crested Butte fire protection districts provide fire protection.

Both Gunnison and Crested Butte operate ambulance services. The Gunnison County Hospital is a modern 24-bed facility taking care of emergency and routine medical care. There are 13 medical doctors full-time in Gunnison County, five dentists and several other medical professionals rotate through monthly. The county nursing home is a 59-bed facility.

Amenities

High school and collegiate athletic programs include basketball, baseball, football, swimming, track, wrestling, and golf. The Gunnison Community Center is a state-of-the-art multi-use recreational facility with conference rooms, a climbing wall, a gymnastics room, two full-size basketball courts, a kids' padded playroom, a game room, a leisure swimming pool, and a 25-yard six-lane pool with diving board, rope swing, two 23-foot slides, water basketball courts, kids slide and sprays, and therapy jets. Other recreational facilities include parks, a golf course, tennis courts, covered ice-skating rinks, baseball fields, and swimming pools. Supervised recreational sports include baseball, soccer, football, basketball, gymnastics, dance, hockey, golf, ultimate frisbee, swimming, and other various other activities.

Cultural and social amenities are available in Gunnison and Crested Butte. Concerts, lectures, arts, music, and theater programs offer the community cultural opportunities of national caliber. There are Performing Arts Centers in Gunnison and Crested Butte, and soon to be completed in Mt. Crested Butte.

Real Estate

Despite the pandemic of 2020 the most homes were sold with the longest number of days on the market. 2022 had the lowest number of sales with the lowest number of days on the market. The data shows the housing price has had a steady increase over the last five years. Overall, over the past 5 years, the average Days on the Market is lower, the average sales price is higher, and the

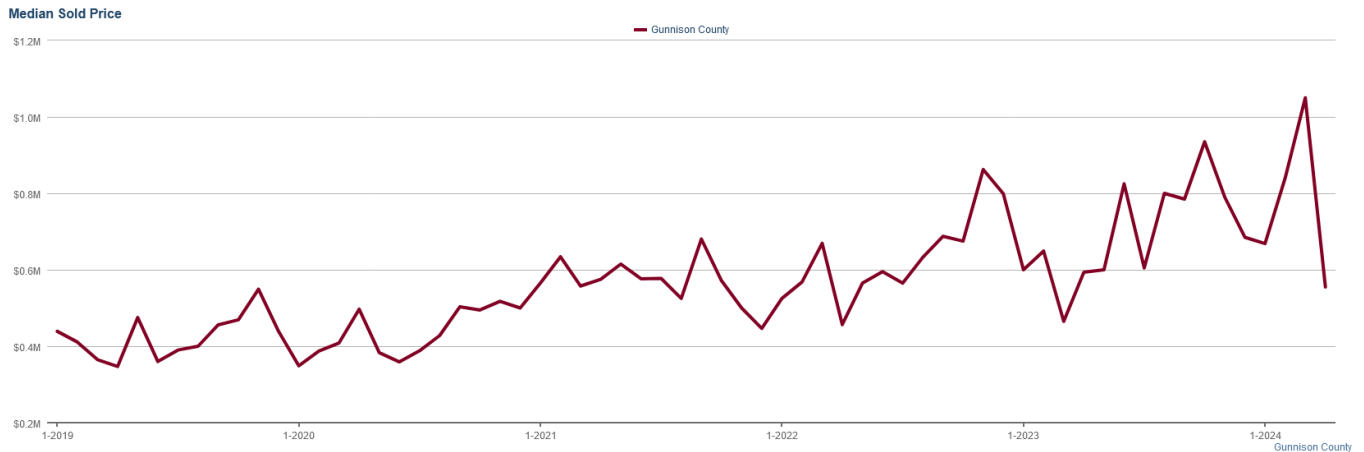
average Days on the Market is lower than the previous 5 years. See the 5-year data chart below, and median sold price graph.

5 Year Data Chart

Year	2020	2021	2022	2023	May 2024
Single family Res.	108	80	53	68	28
Avg. Sale Price	\$957,903	\$1,106,152	\$1,187,466	\$1,441,970	\$1,664,130
DOM	201	175	155	196	167

Source: MLS sold statistics for all of Gunnison County

Median Sold Price Graph



Vacant Land

According to area brokers, the demand for vacant land and ranch parcels picked up considerably in 2023. While prices have not experienced a significant increase, volume has. The average price is also anticipated to creep upward while the average days on the market are expected to continue to decline.

The following chart indicates MLS sales from 1 to more than 900 acres over the past ten years:

Sale Year	1-5	5-10	11-35	36-100	101-300	301-500	501-700	701-900	900+
2013	36	4	9	2	4	0	0	1	0
2014	28	11	12	3	2	0	0	0	0
2015	47	10	15	20	2	0	0	0	1
2016	44	3	15	28	6	1	1	0	0
2017	66	12	10	16	2	0	0	0	1
2018	86	11	15	31	3	2	1	0	0
2019	66	6	15	21	5	1	1	0	1
2020	58	19	9	8	18	0	0	0	1
2021	29	4	4	10	0	0	0	0	1
2022	81	9	9	14	2	1	2	1	0
2023	51	4	11	11	0	2	0	0	0
Listings	73	9	24	16	3	0	1	1	2

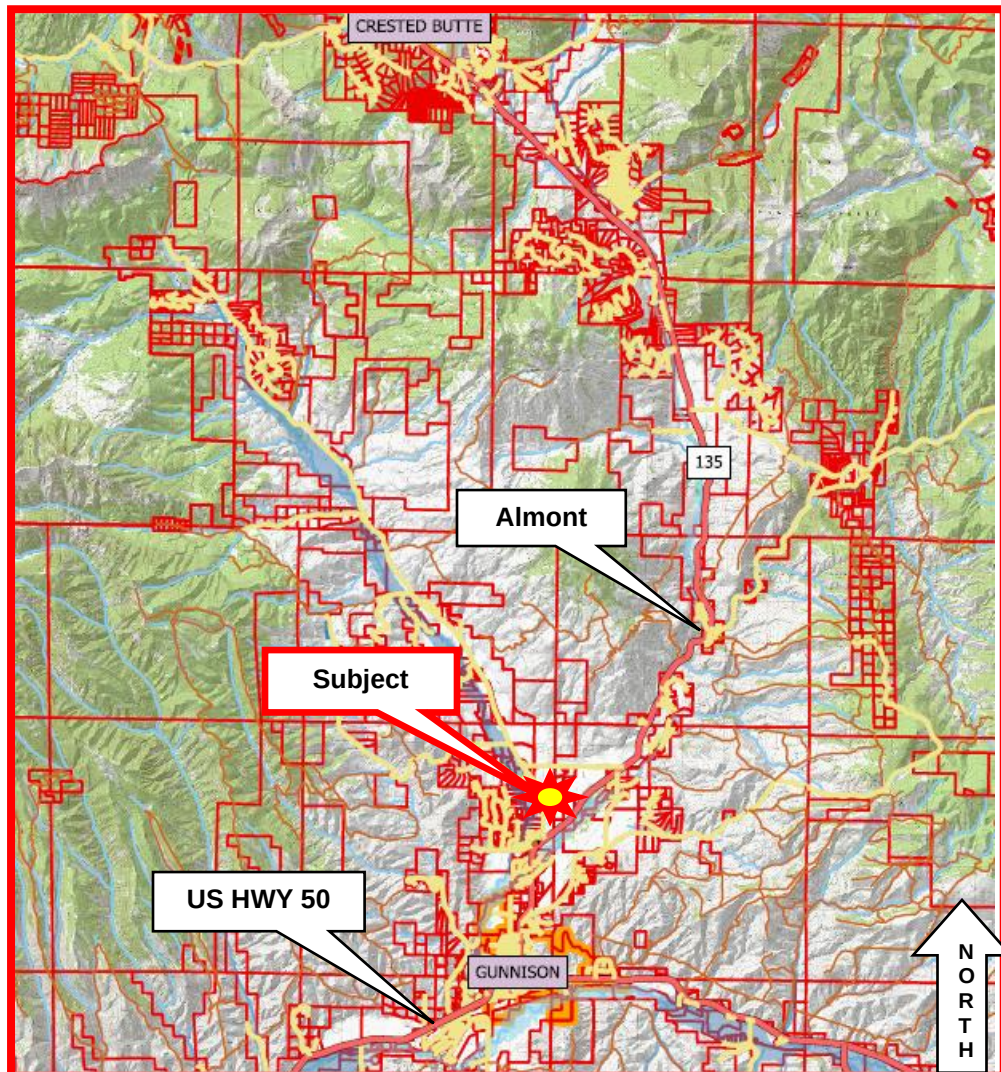
**Note: This chart only includes transactions that were included in the MLS. Several larger ranch sales have occurred between neighbors or by brokers that are not part of this particular MLS and were not included in the MLS. These are illustrated in the sales in later portions of this report.*

Based upon the chart, parcels from 1 to 5 acres show the largest supply and the most sales in 2022 and 2023. This segment also has the largest number of parcels on the market. Both 11-25 acre and 36-100 acre parcels had 11 sales in 2023.

Conclusion

In conclusion, Gunnison County has illustrated an improving market since 2018. This includes increasing average sales prices, and the number of sales, along with shorter days on the market. The biggest hinderance over the past five years within Gunnison County is the lack of supply, and not the lack of demand. While interest rates continue to increase, it has slowed the market, but there continues to be demand for a variety of parcels, though not the rate experienced between 2019 through 2022.

NEIGHBORHOOD DATA



The subject property is located approximately 4 miles north of Gunnison in an agricultural/rural residential neighborhood. This neighborhood is located on both sides of Highway 135 from Gunnison to the south and north to Crested Butte South. The area is characterized by large hay meadows traversed by Ohio Creek, the East River and the Gunnison River. The perimeter of the area is comprised of sagebrush flats that transcend up and into the mountains and national forest.

The market area for the subject neighborhood includes all of the area along the Gunnison River, Tomichi Creek, Ohio Creek, the East River south of Crested Butte, Quartz Creek and tributaries to these drainages. All of these agricultural and residential neighborhoods are located around the City of Gunnison. The outlying areas require locational considerations, with prices

higher near Crested Butte and lower to the east, south and west of Gunnison.

Colorado State Highway 135 extends through the area in a north/south direction and is the major access arterial extending north from U. S. Highway 50. U. S. Highway 50 travels east and west through the center of Gunnison, where it is called Tomichi Avenue.

Extending from the highways, most roads consist of graded gravel or dirt county roadways. Access to and through the neighborhood is good.

This area has received substantial steady demand for residential development for many decades. Rural residential developments are scattered throughout the neighborhood. Many agricultural farms and ranches maintain the agricultural nature of the area. Because much of the area is controlled by old time ranching families, the area has not been overdeveloped as in other areas of Gunnison County and western Colorado.

As residential development continues, the character of the neighborhood will change from a mostly agricultural area to a rural residential area with agricultural uses.

A few large ranches control a significant amount of the developable land and river frontage. Without these long-established ranches, some more than a century old, the neighborhood would be developed similarly to the areas south of Crested Butte and northwest and east of Gunnison.

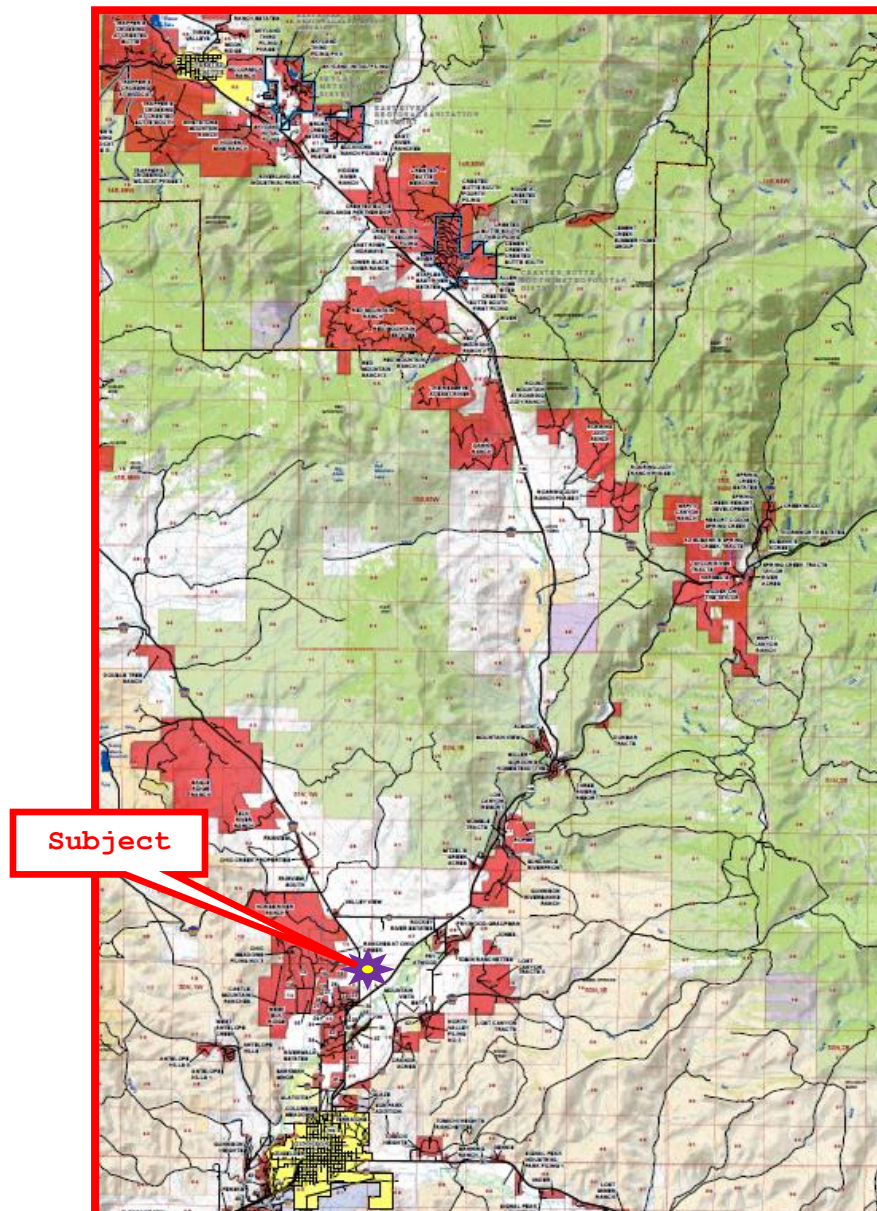
Utilities in the area include well water, septic systems, electricity, telephone, and internet services. With the increased development pressures, sewer and natural gas have been extended to the south end of the subject neighborhood.

The neighborhood is in direct line with the growth trends of Gunnison. The areas to the south, east, and west of Gunnison are either mountainous or dry land, which is not as appealing for residential development. Thus, this type of development is anticipated to continue to the north and into the subject neighborhood.

The subject is south of Almont, a residential and resort area at the confluence of the East and Taylor Rivers, which begin the Gunnison River. Also north of the subject is Crested Butte South, a residential community. Residential developments extend along both sides of Highway 135 from Gunnison to Crested Butte.

The following map highlights the formal subdivisions in red but does not show the housing on non-subdivision tracts that range in size from 5 to 160 acres. A significant portion of the area between Gunnison and the subject property is highlighted in green, which is the National Forest, and the BLM in yellow. The large white areas surrounding the subject are mostly owned by long time area ranchers.

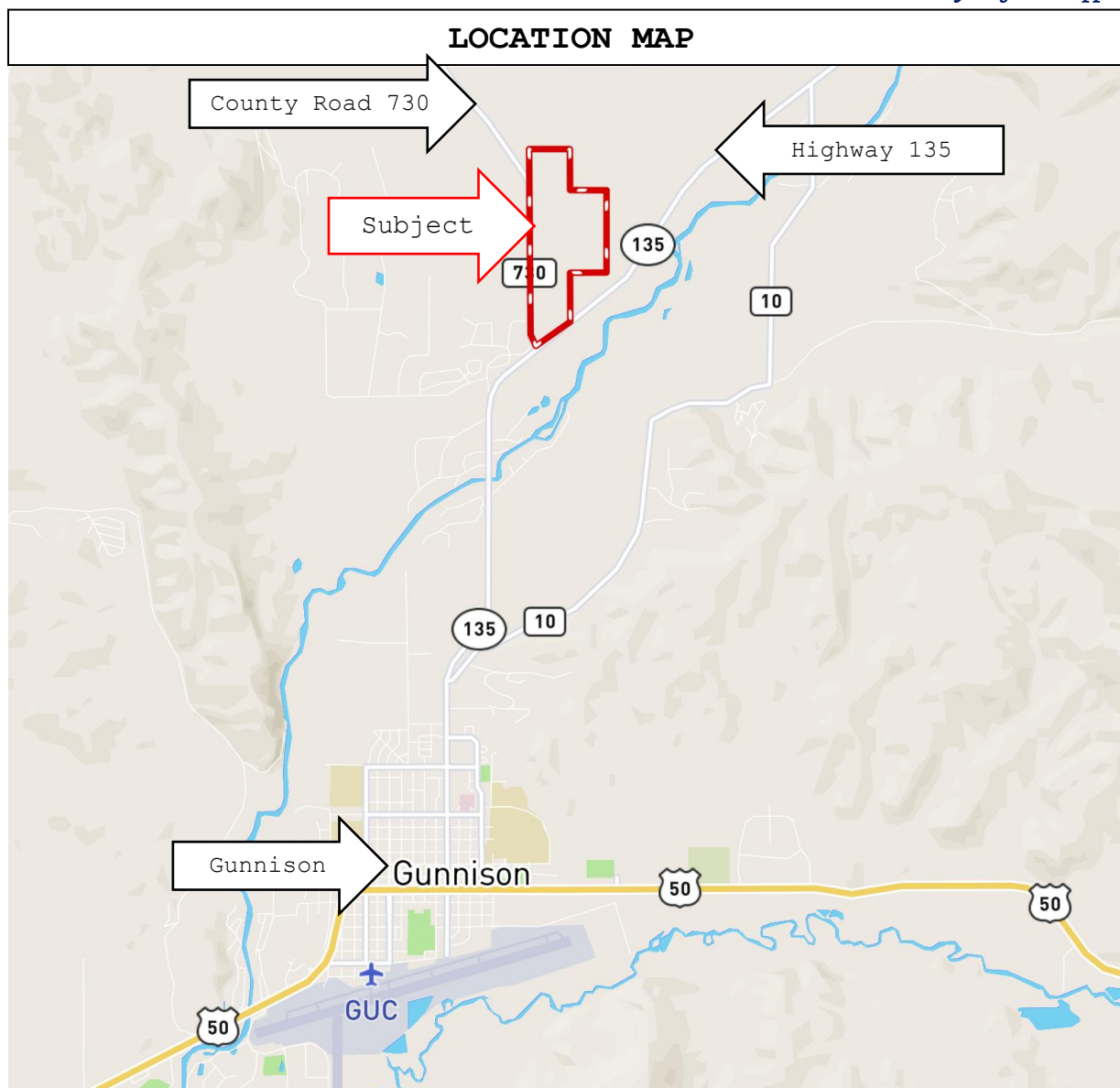
GUNNISON COUNTY GIS SUBJECT NEIGHBORHOOD SUBDIVISION MAP



Overall, the subject neighborhood is an agricultural area that is transitioning to a residential area. This trend is expected to continue into the near future. Even though development has been slow, there has been recent resurgence. The subject

neighborhood is in direct line with the future development trends for Gunnison and the surrounding area. The area enjoys 360-degree views, river and creek frontage, irrigated fields and easy access to Gunnison, the economic center of Gunnison County. This neighborhood is anticipated to maintain a positive and productive future with respect to residential development.

In conclusion, the subject property is located in the developing neighborhood between Gunnison to the south and the ski area and resort towns of Crested Butte/Mt. Crested Butte to the north. This area consists of a long narrow river valley surrounded by mountain hillsides. The valley land, along with some of the foothills, has been residentially developed over the past 40 years and this trend will continue as the population of the area increases and as the area continues to grow as a second home and cabin area.



PROPERTY DESCRIPTION

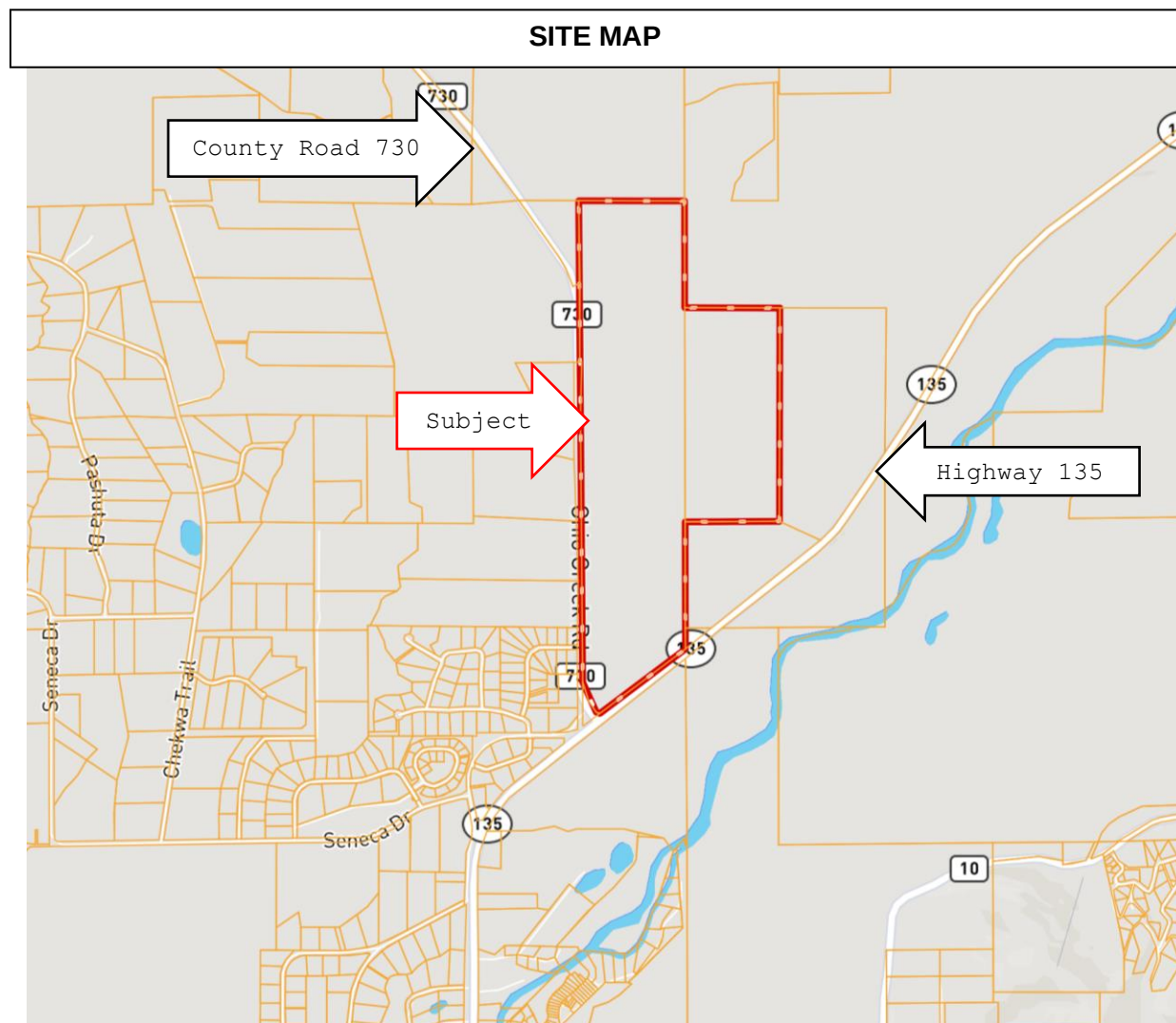
Location and Access

The subject property is north of Gunnison in the northeast quadrant of Highway 135 and County Road 730, at 3734 Highway 135, Gunnison County, Colorado.

The subject can be accessed from the west/south bound lanes of Highway 135 and County Road 730. Highway 135 extends northeasterly from Highway 50 and downtown Gunnison to Crested Butte, where it dead ends. Highway 135 is a two-lane thoroughfare that is maintained year-round. County Road 730, also known as Ohio Creek Road, extends north from Highway 135 through the Ohio Creek Valley. It is the main thoroughfare through the neighborhood. It is paved for several miles north of Highway

135 and then becomes a graded gravel road. The entire road, paved and graveled, is maintained year-round by Gunnison County.

The subject is comprised of two individual parcels. The west parcel has access to Highway 135 and County Road 730. The east parcel has access through the west parcel; it does not have any frontage to a county road or highway. Overall, the subject is adjacent north of Highway 135 and private ownership. It is adjacent east of County Road 730, and adjacent south and west of private ownerships.



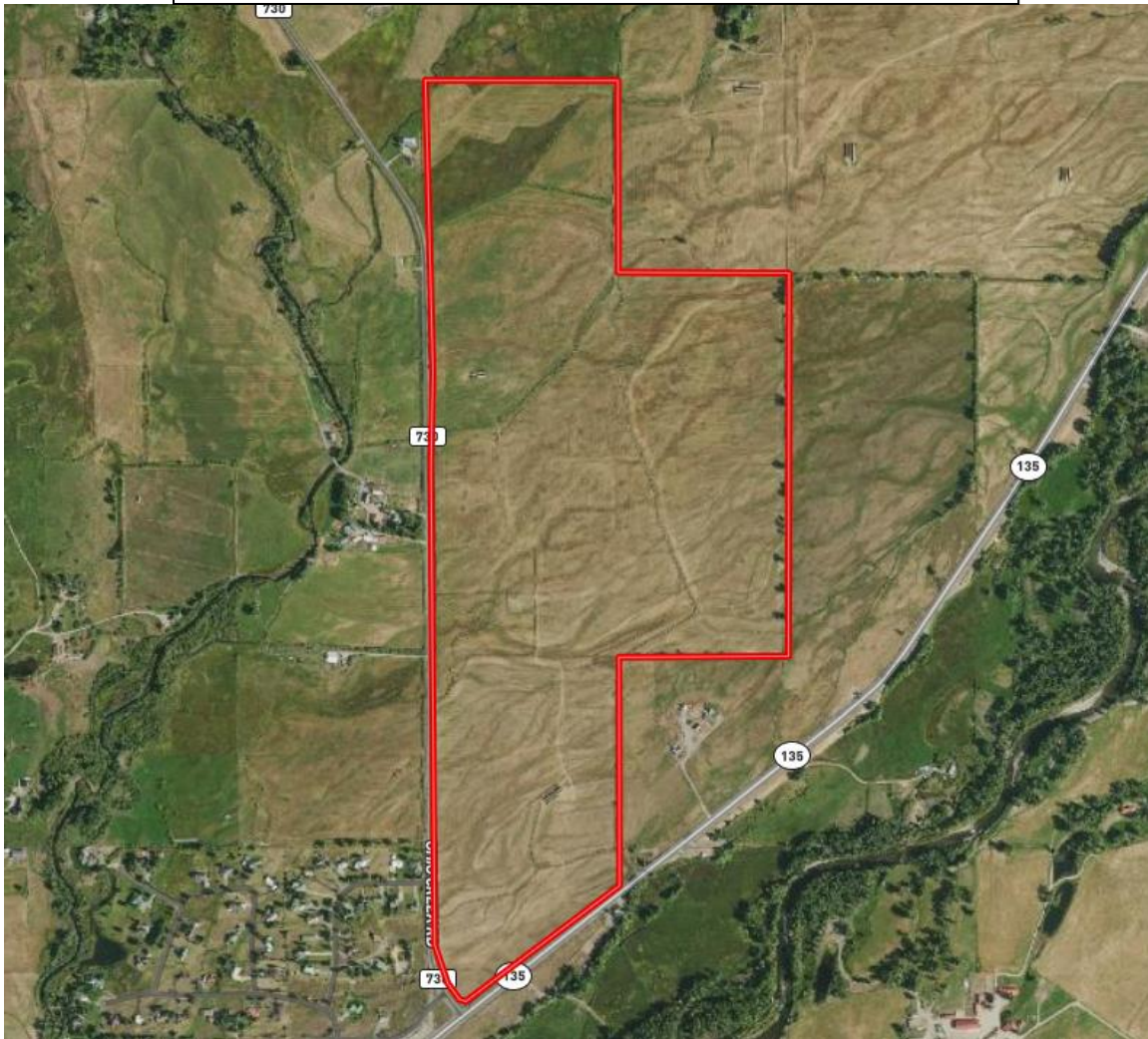
Size and Shape

The subject property is comprised of one contiguous irregular shaped parcel. The individual subject parcels contain 182.03 and 71.46 for a total of 253.49 acres.

At the extremes, the property extends north to south 1.25 miles and from west to east one-half mile. The west boundary extends

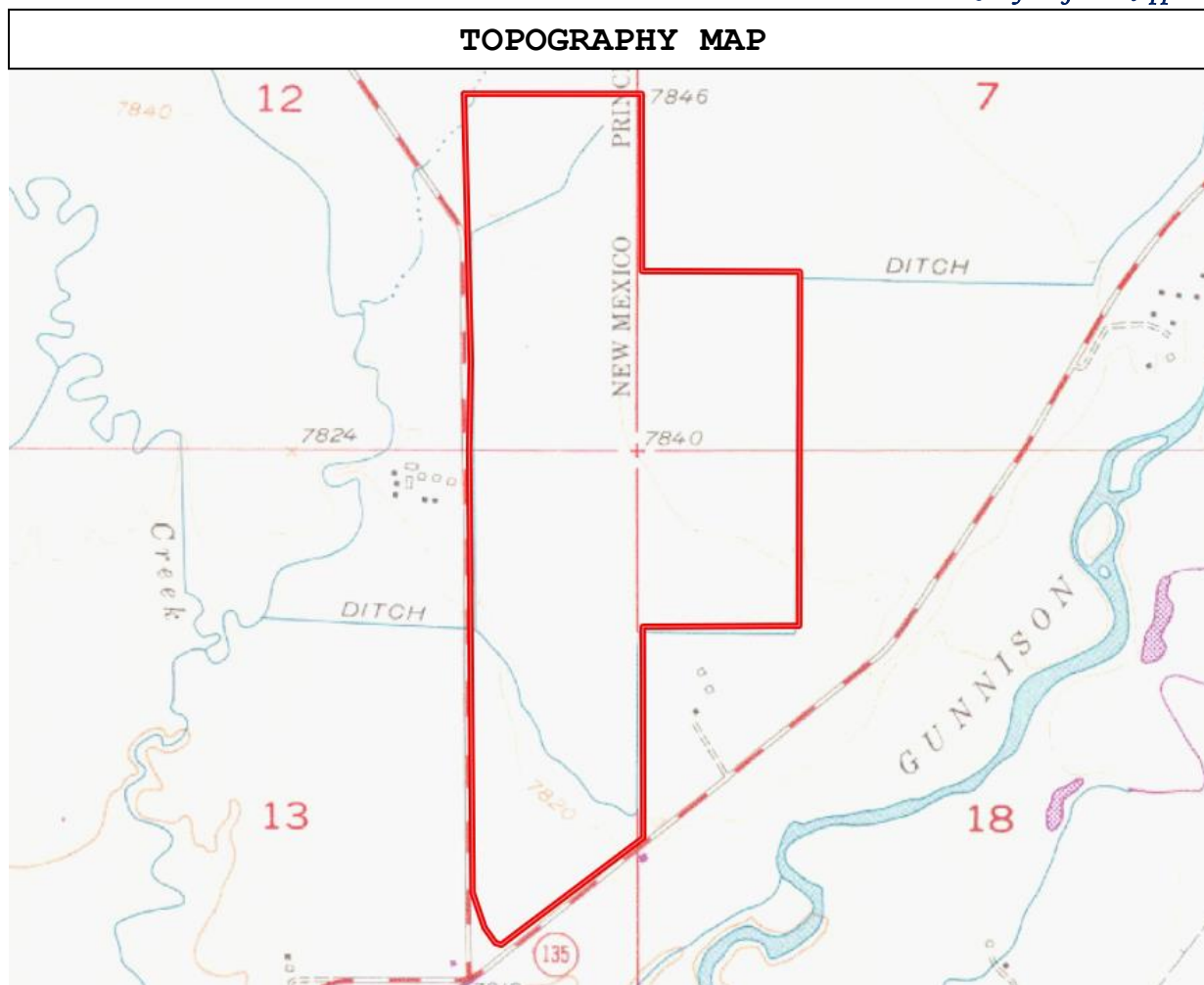
north to south 1.25 miles. The north boundary extends one-quarter mile east, then south one-quarter mile, then east one-quarter mile to the northeast corner. The east boundary extends south approximately one-half mile. The south boundary extends west one-quarter mile, then south less than one-quarter mile, and then southwest one-quarter mile to the southwest corner. The diagonal direction of Highway 135 and the turn-off from the highway to County Road 730, shapes the contours of the south boundary and southwest corner.

AERIAL PHOTOGRAPH



Utilities

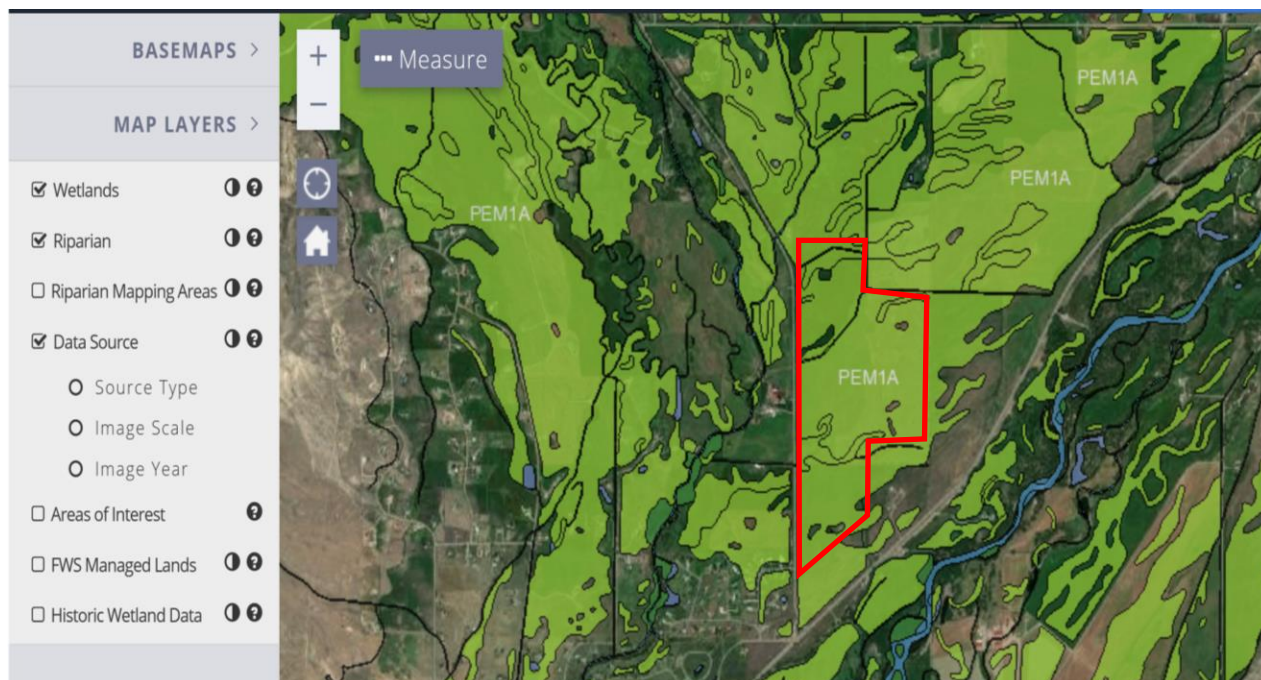
Electricity and telephone are extended to the property boundary. Well water, septic, and propane are typical of the area.



Topography and Ground Cover

The subject property is generally flat, with a gentle slope to the south. It has an elevation of approximately 7,920 feet Above Sea Level. The southern slope is so gentle that it does not show a change in elevation on a topography map. However, the properties north of the subject have an elevation of 8,000 feet ASL and the parcels south of the subject have an elevation of 7,880 feet ASL. There are two small unnamed drainages located on the property. One flows through the northwest corner of the property and one through the southern half of the property. These provide water for agricultural uses, and do not provide any recreational uses.

The map on the following page is provided by the U.S. Fish and Wildlife. It is a wetland mapper that provides estimated locations of wetlands. The subject has not been analyzed by the U.S. Army Corps of Engineers and has not been determined to be wetlands. The map does indicate that there is a high-water table and some of the property is irrigated through sub-irrigation.



Ground Cover and Wildlife

Vegetation on the subject includes irrigated meadow hay or pasture. The number of acres irrigated varies with water availability. The following description is extracted from the baseline/present conditions report that was completed on the property:

The meadows are wet primarily during the first half of the growing season, but sometimes again in the fall. The supporting hydrology is dominated by irrigation water, which not only irrigates the areas of direct water application, but also provides sub-irrigation throughout the growing season as soils slowly release water to plant roots. This community is a mix of native and cultivar grasses, including timothy, meadow foxtail, and smooth brome. Naturally wetter areas may have arctic rush, redtop, wild iris, beaked sedge, and other sedges. Small amounts of alfalfa and clover are present in some of the property's irrigated hay meadows.

The plant communities on the parcel appear healthy and diverse. Most expected native vegetation species appear to be present, given appropriate soil types, location, and exposure. No evidence of overgrazing by wildlife or domestic livestock was found.

The property provides habitat for species considered threatened, endangered, or rare, including bald eagle, Gunnison Sage-grouse and northern leopard frog. The property lies within bald eagle winter range, winter foraging range, winter concentration range, and roost site area as determined by Colorado Parks & Wildlife. Bald eagles visit the property during winter and to prey on rodents and carrion.

Zoning

Gunnison has not adopted zoning regulations, but instead has a Land Use Resolution. The Land Use Resolution requires that any change to the historical land use receive approval from Gunnison County. Approvals deal with access, environmental issues, wildlife areas, slope, snow-slides, wetlands, sage grouse habitat, and other similar issues. All of these issues are common to most ranch properties located in Gunnison County.

The subject property is comprised of two individual tax parcels that can be sold separately. Additionally, the subdivision of the property into 35 or 40-acre parcels is allowed without county approval and legal development of the subject. Small lot development (less than 35 acres) requires a Land Use Change permit and County approval.

Improvements

The subject property contains one livestock shed constructed in 1970 and containing 1,600 square feet. The improvement is over 50 years old and provides no contributory value. There is agricultural fencing that is located along the property boundary.

Conclusion

The subject property contains 253.49 acres of irrigated hay and pastureland. The subject is located north of Gunnison at the beginning of the Ohio Creek Valley. It has good year-round access and utilities are extended along County Road 730 and the property boundary. The subject is located in a neighborhood with high demand for high-end residential development with continued agricultural and recreational uses.

HIGHEST AND BEST USE ANALYSIS

Real estate is defined in terms of its Highest and Best Use:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest land value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Dictionary of Real Estate Appraisal 7th Edition, Page 88.

The Subject is located north of Gunnison at the southern tip of the Ohio Creek valley.

Legally Permissible

The subject property is two legal house sites. It contains 253.49 acres and can legally be divided into seven 35-acre house sites.

Electricity and telephone are extended along the property boundary. The subject is located in an area in demand for residential development, with several nearby parcels being purchased and subdivided into smaller house sites.

The subject is outside the floodway or flood plain.

The Land Use Code does not restrict any commercial or industrial uses on the property.

Overall, the subject can legally be developed into a variety of uses, based upon the location, access, utilities, topography, and Land Use Regulations.

Physically Possible

The subject is generally flat. It has good exposure to Highway 135 and County Road 730. The access and topography are sufficient for development and a variety of other uses.

Due to the location between the Gunnison River and Ohio Creek, there may be higher water tables. However, there are no known wetlands, and the property is outside of the floodplain and floodway. Thus, the physical features of the subject are conducive for a variety of potential development and uses.

Financially Feasible

Financial feasibility looks at the uses that are legally and physically possible and determines which of those uses are feasible to pursue.

Residential, agricultural, and recreational uses are legally permissible and physically possible. Based upon recent sales within the neighborhood, these uses are also in demand and are typical of the area. There are no commercial or industrial uses in the neighborhood, nor does there appear to be a demand for these uses.

There have been a few sales of properties similar in size in the subject neighborhood. There have also been several recent sales of smaller house sites within nearby subdivisions. The property is a functional agricultural property and can physically be developed into smaller parcels without significant development requirements. The use of the property as one 253.49-acre property, two smaller ranchettes (individual parcels), or smaller 35+ acre house sites are all financially feasible.

Maximally Productive

A maximally productive analysis is similar to that used in determining financial feasibility, except it accounts for the highest return on investment. As previously stated, the financially feasible use of the property is its continued use for residential and agricultural purposes.

Maximally, the subject could be subdivided into seven 35-acre house sites. This would add several new house sites to the market. The property can also be split into two individual parcels, or subdivided into a few smaller "ranchette" parcels, or a combination of several different sized parcels.

Size Range	Number of Sales	Number of Active Listings	Avg Sales Price
30-69	24	34	\$582,895
70-105	4	1	\$450,250
106-225	0	1	N/A
226-500	2	1	\$650,000
501+	0	0	N/A

The chart above includes sales of properties in Gunnison County that are broken down by size range for 2023, as well as current active listings in those same size ranges. The most sales occurred between 30 and 69 acres; however, this market segment also has the most listings, which indicates steady supply. The market segments between 70 - 105 acres and 226 - 500 acres have more sales than current listings. This can be attributed to a stronger demand and a limited supply within these segments.

The subject has adequate access, water, and topography for a

variety of uses.

Developments of various densities are viable scenarios. The exact development of the subject property is not determined within this appraisal and determining the exact development of the property is beyond the scope of this appraisal. Development of the entire property into 35-acre lots is feasible but may not be maximally productive, due to the current supply of this size of parcel. However, continued use of the property as a larger parcel for agricultural purposes, and the development of portions of the property into higher density developments will provide for a higher return on investment without over-supplying the current market. The larger parcels can be further developed into smaller sites, if and when demand warrants.

Overall, the Highest and Best Use of the property is to develop the property into ranchettes between 35 and 105 acres as demand dictates, with the utilization of the property as one agricultural and recreational ranch until development occurs.

METHODS OF APPRAISAL

In order to arrive at an accurate estimate of Market Value there are three commonly accepted approaches to establish value: The Cost Approach, the Sales Comparison Approach, and the Income Approach. They are described as follows:

The Cost Approach to value establishes the current market value of the site, as if vacant, then adds the current reproduction cost new, less accrued depreciation of the improvements.

The Sales Comparison Approach to value relates the subject property to similar properties that have sold or are currently offered for sale. This approach has the greatest application when sufficient comparable information is available.

The Income Approach to value is the conversion of net income produced by the property into an indication of property value by use of a capitalization rate.

LAND SALES COMPARISON APPROACH

As discussed in the Scope of Work, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales of properties similar to the subject.

The Land Sales Comparison Approach involves the analysis of the sales of similar properties to the subject. The sales are then analyzed and adjustments are made to the comparable sales. The sales are as follows:

SALE NO. 1

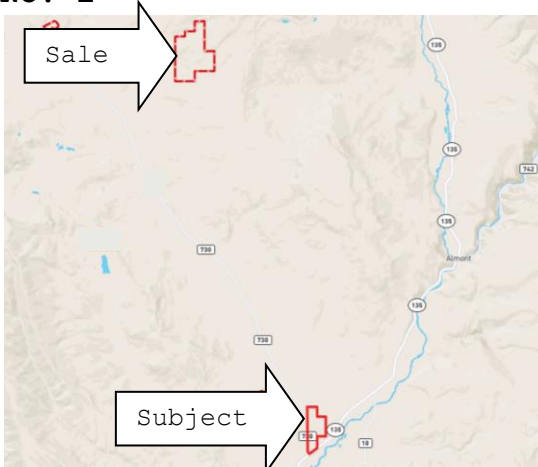
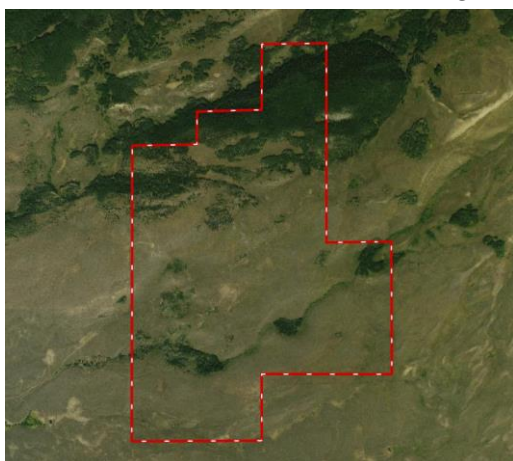


LOCATION: 1130 Horse River Ranch Road, Gunnison County
SCHEDULE NO: 3701-000-05-035 - 35.186 AC
3437-000-00-033 - 38.892 AC
GRANTOR: Granrose LLC
GRANTEE: Harris Family Living Trust
RECORDING: 691944
SALE DATE: 7/18/23
SALE PRICE: \$600,000
FINANCING: Cash
PRICE PER ACRE: \$8,099
SITE DESCRIPTION:
SITE SIZE: 74.08 ac
SHAPE: Irregular
TOPOGRAPHY: Generally flat, 7,000 feet ASL
GROUND COVER: Irrigated/sub irrigated cropland
WATER RIGHTS: Yes
ACRES IRRIGATED: Unknown
WATER FRONTAGE: Seasonal drainage
UTILITIES: Electricity, well water, septic, propane
ACCESS: Year-round

IMPROVEMENTS: None

COMMENTS: Property was listed for 60 days and sold for 20% less than listing price - motivated sellers. In an HOA.

SALE NO. 2

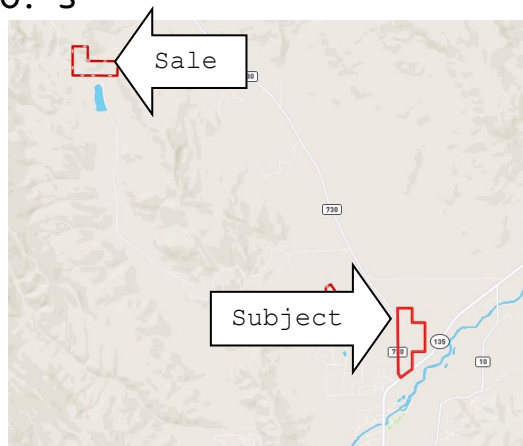


LOCATION: 2500 County Road 6, Gunnison County
SCHEDULE NO: 3427-000-00-017
GRANTOR: Eagle Bluff Ranch LLC
GRANTEE: White Sky LLC
RECORDING: 688470
SALE DATE: 10/31/22
SALE PRICE: \$2,600,000
FINANCING: Cash
PRICE PER ACRE: \$3,939
SITE DESCRIPTION:
SITE SIZE: 660 ac
SHAPE: Irregular
TOPOGRAPHY: Gently sloping to sloping and rolling 9,100-9,900 feet ASL
GROUND COVER: Mid-high mountain sparse ground cover, sage brush, native grasses/bushes, pockets of aspen and pine in the higher elevations
WATER RIGHTS: No
ACRES IRRIGATED: None
WATER FRONTAGE: Several seasonal drainages and pond
UTILITIES: None
ACCESS: Seasonal

IMPROVEMENTS: None

COMMENTS: 22 Days on Market. Located in Unit 54. 45 minutes north of Gunnison. Borders National Forest lands along its eastern and northern boundaries. Approximately 1/3 of the property is encumbered by a conservation easement. The CE had minimal effect on the purchase price as buyers purchased ranch for hunting purposes.

SALE NO. 3



LOCATION: TBD County Road 7, Approximately 2 air miles west of Ohio Creek Road, Gunnison County

SCHEDULE NO: 3515-000-00-009

GRANTOR: Leopold

GRANTEE: McFaul

RECORDING: 694915

SALE DATE: 1/20/24

SALE PRICE: \$850,000

PRICE PER ACRE: \$5,313

SITE DESCRIPTION:

SITE SIZE: 160 ac

SHAPE: Irregular

TOPOGRAPHY: Sloping and rolling, 8,400-8,800 feet ASL

GROUND COVER: Mid-high mountain sparse ground cover, sage brush, native grasses/bushes, pockets of aspen and pine in the higher elevations

WATER RIGHTS: No

ACRES IRRIGATED: None

WATER FRONTAGE: Seasonal drainages

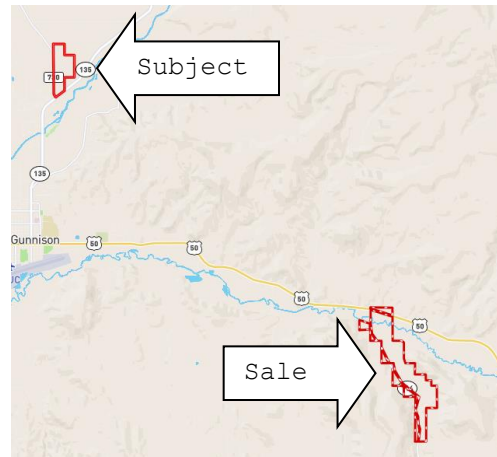
UTILITIES: None

ACCESS: Seasonal

IMPROVEMENTS: None

COMMENTS: Surrounded by public land except for part of the western boundary.

SALE NO. 4



LOCATION: 48347 Highway 50 & 1746 Highway 114 East of Gunnison, Gunnison County

SCHEDULE NO: 3791-000-00-036 - 123 AC
3791-000-00-037 - 374.73 AC
3791-000-00-056 - 32.39 AC
3791-000-00-057 - 33.2 AC
3791-000-00-058 - 322.2 AC
3791-000-00-059 - 18.48 AC
3791-000-00-060 - 0.20 AC
3791-000-00-061 - 0.20 AC

GRANTOR: Esty Ranch LLC

GRANTEE: Woodcock Realty Holdings LLC

RECORDING: 686223

SALE DATE: 7/28/22

SALE PRICE: \$5,700,000 Overall
\$1,700,000 Improvements
\$4,000,000 Land Only

PRICE PER ACRE: \$4,423

SITE DESCRIPTION:

SITE SIZE: 904.4 ac

SHAPE: Irregular

TOPOGRAPHY: Generally flat, 7,000 feet ASL

GROUND COVER: Irrigated/sub irrigated and dry graze

WATER RIGHTS: Yes

ACRES IRRIGATED: 760

WATER FRONTAGE: Cochetope Creek, Tomichi Creek

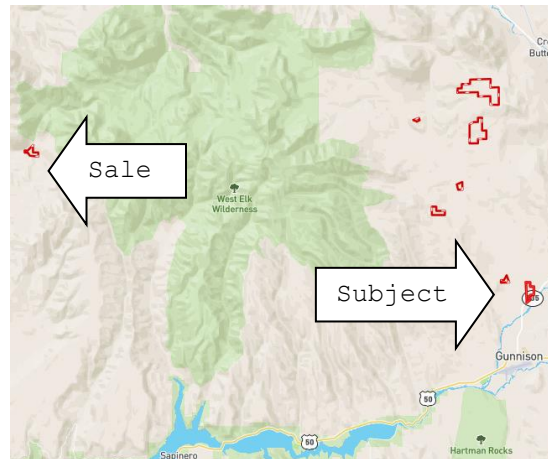
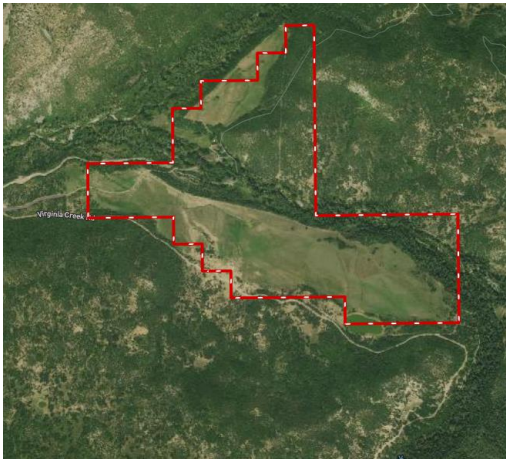
UTILITIES: Electricity, well water, septic, propane

ACCESS: Year-round

IMPROVEMENTS: Residence YOC 1962, 4 bedrooms and two Bathrooms. Residence YOC 2003, 3 bedrooms and two bathrooms. Residence YOC 1922, 4 bedrooms and 2 bathrooms. Numerous other agricultural outbuildings.

COMMENTS: Several parcels south of Highway 50 and southeast of Gunnison. 7.6 miles of Cochetope Creek frontage and 0.92 miles of Tomichi Creek frontage.

SALE NO. 5



LOCATION: 5 Service Road 814, Smith Fork, Gunnison County

SCHEDULE NO: 3445-000-00-003

GRANTOR: F & H Clark Inc.

GRANTEE: GPS Land II LLC

RECORDING: 685732

SALE DATE: 6/28/22

SALE PRICE: \$4,500,000 Overall
\$ 650,000 Improvements
\$3,850,000 Land Only

PRICE PER ACRE: \$24,063

SITE DESCRIPTION:

SITE SIZE: 160 ac

SHAPE: Irregular

TOPOGRAPHY: Generally flat and gently sloping irrigated land with some steep sloping dry graze hillside, 7,400-7,700 feet ASL

GROUND COVER: Irrigated/sub irrigated cropland, native grasses, bushes, oak brush, pinon and juniper trees, riparian vegetation near waterways.

WATER RIGHTS: Yes

ACRES IRRIGATED: Approximately 70

WATER FRONTAGE: South Smith Fork Gunnison River, seasonal drainages, pond.

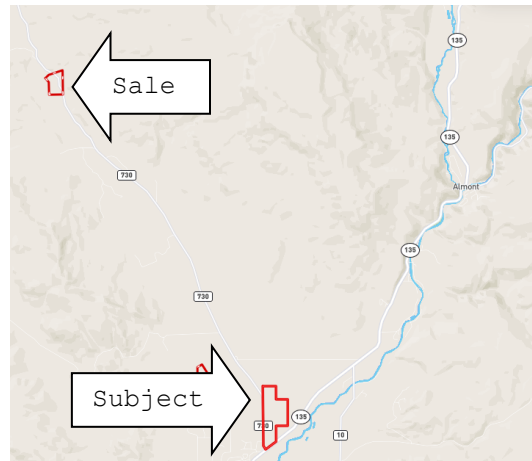
UTILITIES: Electricity, spring water, septic, propane

ACCESS: Seasonal

IMPROVEMENTS: Log Cabin YOC 1922, 4 bedrooms, 2 bathrooms, 1,936 sq ft. Residence YOC 1965, 1 bedroom, 1 bathroom, 512 sq ft. Several agricultural outbuildings of older construction.

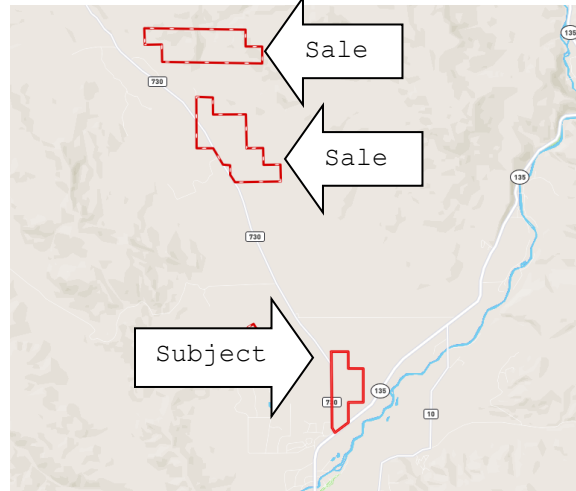
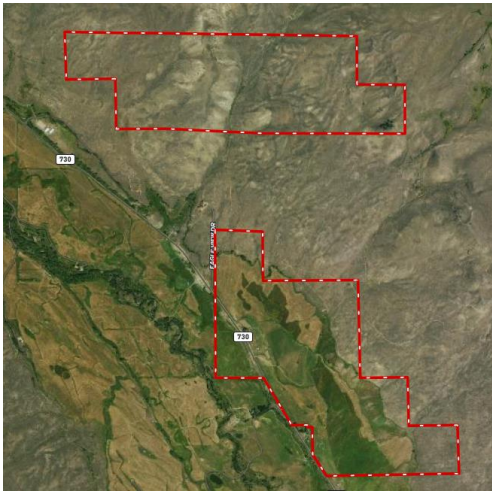
COMMENTS: National Forest inholding with Panoramic views and river frontage. Purchased as an assemblage to ranch approximately 1.25 miles west of sale.

SALE NO. 6



LOCATION: 8771 County Road 730, Gunnison County
SCHEDULE NO: 3515-000-04-004 - 36.617 AC
3515-000-04-005 - 36.667
GRANTOR: Southgate Ventures LLC
GRANTEE: JK Ranch 2023 LLC
RECORDING: 693887
SALE DATE: 10/26/23
SALE PRICE: \$5,400,000 Overall
\$2,800,000 Improvements
\$2,600,000 Land Only
PRICE PER ACRE: \$35,478
SITE DESCRIPTION:
SITE SIZE: 73.284 ac
SHAPE: Irregular
TOPOGRAPHY: Generally flat irrigated crop land with
sloping dry graze hillside, 8,160-8,240 feet
ASL
GROUND COVER: Irrigated/sub irrigated cropland, native
grasses, bushes, sagebrush, riparian
vegetation near waterways.
WATER RIGHTS: Yes
ACRES IRRIGATED: Approximately 38 acres
WATER FRONTAGE: Ohio Creek and Campbell Ditch.
UTILITIES: Electricity, well water, septic, propane
ACCESS: Year-round
IMPROVEMENTS: Residence/Log home YOC 2003 3 bedrooms, 4
bathrooms, 3,374 sq ft. in good condition and of very good
construction quality. Barn YOC 2004 1,320 sq ft. in average
condition and of good construction quality. Residence - ADU -
YOC 2012 922 sq ft., one bathroom in excellent condition and of
good construction quality.
COMMENTS: Good irrigated land with Ohio Creek frontage

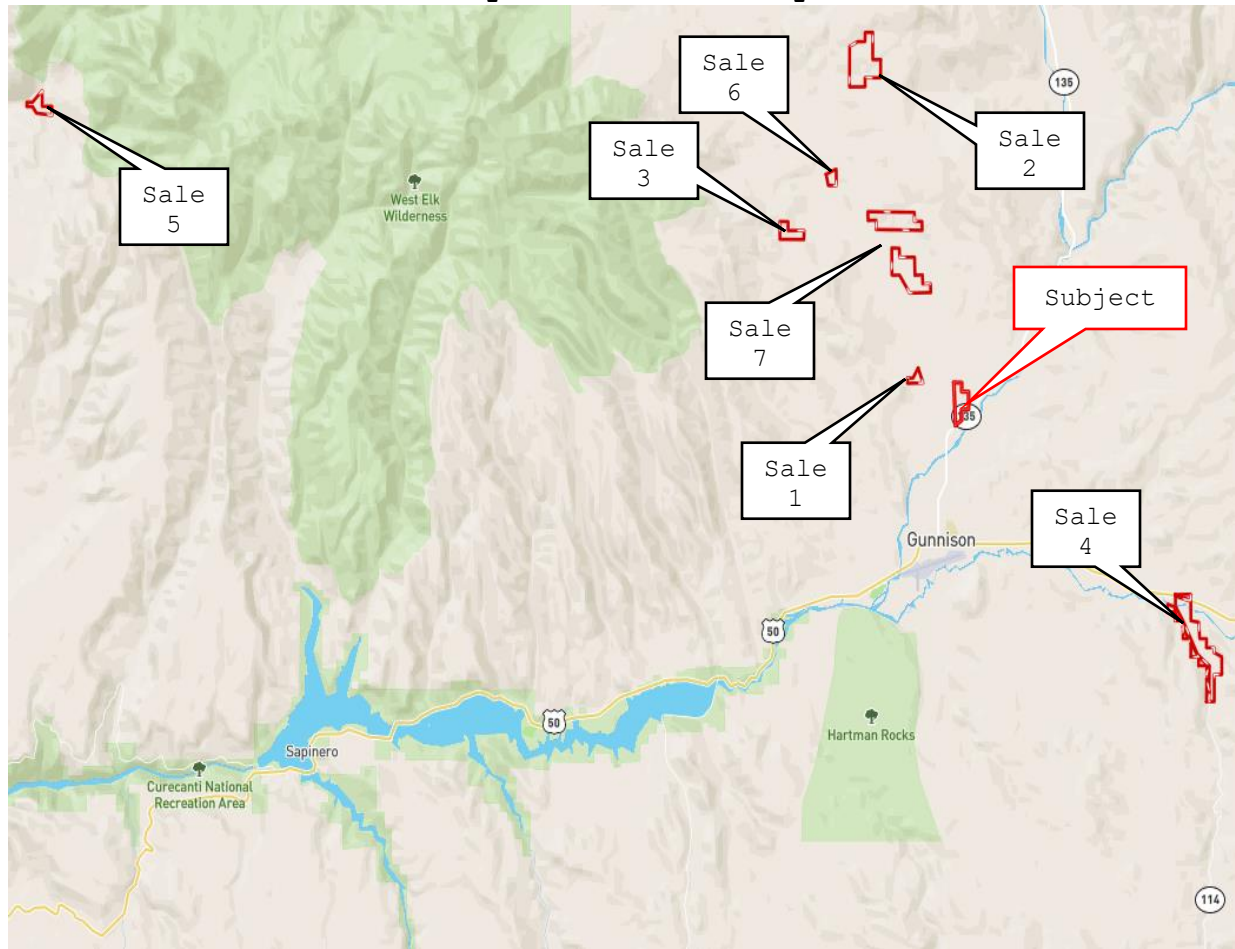
SALE NO. 7



LOCATION: 5048 County Road 730, Gunnison County
SCHEDULE NO: 3515-000-00-059 - 507.87 AC
3515-000-00-008 - 480 AC
GRANTOR: Redden Ranches Inc
GRANTEE: Two Bar T LLC; Sheep Mountain Partners LLC
RECORDING: 689582, CE deed 536700
SALE DATE: 1/30/23
SALE PRICE: \$5,175,000 Overall
\$ 540,000 Improvements
\$4,635,000 Land Only
PRICE PER ACRE: \$4,692
SITE DESCRIPTION:
SITE SIZE: 987.87 ac
SHAPE: Irregular
TOPOGRAPHY: Generally flat, gently sloping, to sloping
and rolling, South parcel 8,000-8,200 feet
ASL, North parcel 8,200-8,800 feet ASL
GROUND COVER: Irrigated/sub irrigated cropland, native
grasses, bushes, sagebrush, dry graze
hillside.
WATER RIGHTS: Yes
ACRES IRRIGATED: Approximately 350 acres
WATER FRONTAGE: Seasonal drainages and ponds.
UTILITIES: None
ACCESS: Year-round to 507 ac parcel and seasonal to 480
ac parcel
IMPROVEMENTS: Residence YOC 1920 2,582 sq ft. 5 bedrooms, 2
bathrooms. Approximately 20 agricultural outbuildings
constructed in the 1940s-1970s.

COMMENTS: Two non-contiguous parcels entirely encumbered by a
Conservation Easement. No development or subdivision allowed.
Three building envelopes.

Comparable Sales Map



SALES CHART

Location	Sale date	Sale Price	Site size	Unit Price (Land only)	Comments
Sale 1 1130 Horse River Ranch Road, Gunnison County	7/18/23	\$600,000	74.08	\$8,099	Property was listed for 60 days and sold for 20% less than listing price - motivated sellers. In an HOA.
Sale 2 2500 County Road 6, Gunnison County	10/31/22	\$2,600,000	660	\$3,939	22 days on market. Located in Unit 54. 45 minutes north of Gunnison. Borders National Forest lands along its eastern and northern boundaries. Appx. 1/3 is encumbered by conservation easement.
Sale 3 TBD County Road 7, Approximately 2 air miles west of Ohio Creek Road, Gunnison County	1/20/24	\$850,000	160	\$5,313	Surrounded by public lands except for part of the western boundary. Seasonal access, no utilities, sparse ground cover.
Sale 4 48347 Highway 50 & 1746 Highway 114, Gunnison County	7/28/22	\$5,700,000 Overall \$1,700,000 Improvements \$4,000,000 Land only	904.4	\$4,423	Several parcels south of Highway 50 and southeast of Gunnison. Some creek frontage. Part irrigated, part dry graze.
Sale 5 5 Service Road 814, Smith Fork, Gunnison County	6/28/22	\$4,500,000 Overall \$650,000 Improvements \$3,850,000 Land only	160	\$24,063	National Forest inholding with panoramic views, river frontage, and irrigated crop land.
Sale 6 8771 County Road 730, Gunnison County	10/26/23	\$5,400,000 Overall \$2,800,000 Improvements \$2,600,000 Land only	73.284	\$35,478	Good irrigated land with Ohio Creek frontage.
Sale 7 5048 County Road 730, Gunnison County	1/30/23	\$5,175,000 Overall \$540,000 Improvements \$4,635,000 Land only	987.87	\$4,692	Two non-contiguous parcels. No utilities, only seasonal access to one of the parcels. In a conservation easement; no subdivision allowed.

Summary of Sales

The above comparable sales include properties that are located in Gunnison County, in comparable neighborhoods. They range from 73.284 to 987.87 acres and include a variety of irrigated land and ground cover. The sales provide sufficient data to determine the present market value for the subject property. The comparable sales are further compared and adjusted to the subject property as follows:

Improvements

Some of the sales include various residential and agricultural improvements. The subject is vacant, and any improvements associated with comparable sales are extracted from their sales price so a land value can be determined as vacant.

Cash Equivalency/Financing

All of the sales were either cash or equivalent to cash and no adjustments are warranted.

Conditions of the Sales

The sales are considered arms-length transactions, and no adjustments are warranted.

Sale 1 was seller-motivated, and an upward adjustment is warranted.

Market Conditions/Time Adjustment

The subject neighborhood is comprised of a high percentage of public land, with a small amount of private land sandwiched in between. Much of the private land in the immediate area varies from 35/40-acre house/cabin sites to larger ranch parcels. Comparable parcels are utilized to determine an appreciation rate. These paired sales are as follows:

Parcel 3437-000-01-025 sold for \$245,000 in 2021 then resold in 2023 for \$485,000, indicating an annual appreciation rate of 49%.

Parcel 3257-000-06-006 sold for \$765,000 in 2021 then resold for \$945,000 in 2023, indicating an annual appreciation rate of 12%.

Market data indicates a large increase in values from 2021 to 2022, and then slower, but still increasing prices from 2022 to 2023. Overall, the market has continued to be progressive. However, the demand for development has decreased slightly as several properties have been subdivided and developed and increasing interest rates have slowed the demand. Thus, an appreciation rate of 10% per year is appropriate and applied to

the sales through July of 2023. Of all the sales, only two have occurred after July 2023; one in October 2023 and one in January 2024. There are six ranches listed for sale, indicating a supply of more than one year. Thus, no appreciation is applied after July 2023. This can be attributed to the higher supply, high list prices of the existing supply, and high interest rates that have prices some of the market participants out of the market.

Location

The subject property is located north of Gunnison, west of Highway 135 and east of County Road 730, at the south end of the Ohio Creek Valley. This is a highly desirable residential and recreational neighborhood.

The sales are located in the subject neighborhood or in similar neighborhoods and no adjustments are warranted.

Size

The subject contains 253.49 acres of irrigated and grazing land within one parcel. Typically, smaller parcels command higher per acre prices than larger parcels if the functional utility is otherwise comparable.

Sales 1, 3, 5, and 6 are smaller and warranted downward adjustments,

Sales 2, 4, and 7 are larger and warrant upward adjustments.

Water Rights and Irrigated Land

The subject ranch land includes good, irrigated hay and sub-irrigated pastures. The comparable sales vary from irrigated hay, improved pastures, and dry grazing land. Water rights are not valued individually in this analysis. The comparable sales' irrigated land quantity and type are compared to the subject.

Sales 1, 4, 5, 6, and 7 contain a smaller percentage of irrigated land and upward adjustments are warranted.

Sales 2 and 3 do not include any irrigated land and large upward adjustments are warranted.

Creek Frontage

Creek frontage can have a significant effect on the value of the property in the neighborhood. There are parcels that are purchased entirely for their recreational value of the creek frontage, while other parcels have limited functional utility due to potential flooding or wetlands. The creeks vary in

their recreational and agricultural amenities and thus their demand.

The subject does not have any creek frontage. There are two irrigation ditches/drainages through the subject. These provide agricultural water to the property, but no recreational uses. Sales 1, 2, 3, and 7 also contain only seasonal drainages and no adjustments are warranted.

Sales 4 and 6 contain superior Creek frontage and downward adjustments are warranted.

Sale 5 contains superior frontage to the South Fork Gunnison River and a downward adjustment is warranted.

Access

The subject has good year-round access from a County maintained road.

Sales 1, 4, 6, and 7 also have year-round access and no adjustments are warranted.

Sales 2, 3, and 5 have seasonal access only and upward adjustments are warranted.

Public Land Adjacency

Typically, properties with public land adjacency command higher values than those without. The subject is surrounded by private land only.

Sale 1 is also surrounded by private land and no adjustment is warranted.

The remaining sales contain varying amounts of public land adjacency and downward adjustments are warranted.

Sales Analysis and Property Value Conclusions

The sale's adjustments described above are illustrated in the chart below:

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Site Size (Acres)	74.08	660	160	904.4	160	73.284	987.87
Sale Date	7/18/23	10/31/22	1/20/24	7/28/22	6/28/22	10/26/23	1/30/23
Unit Price (Land Only)	\$8,099	\$3,939	\$5,313	\$4,423	\$24,063	\$35,478	\$4,692
Condition of Sale	+ (Seller motivated)	=	=	=	- assemblage	=	=
Financing	=	=	=	=	=	=	=
Market Conditions	=	+\$295	=	+\$442	+\$2,606	=	+\$235
Adjusted Unit Price	\$8,099	\$4,234	\$5,313	\$4,865	\$26,669	\$35,478	\$4,927
Location	=	=	=	=	=	=	=
Size	-	++	-	+++	-	-	+++
Irrigated Land	+	++	++	+	+	+	+
Creek/Water Frontage	=	=	=	-	--	-	=
Access	=	+	+	=	+	=	=
Public Land Adjacency	=	-	-	-	--	-	-
Overall Adjustment	+ \$8,099	++++ \$4,234	+ \$5,313	++ \$4,865	----- \$26,669	-- \$35,478	+++ \$4,927

The sales, before adjustments, indicate a wide range of prices from \$3,939 to \$35,478 per acre.

After adjustments, the sales indicate a narrower range from more than \$8,099 to less than \$26,669 per acre, as shown below:

Sale 6 less than \$35,478 per acre
Sale 5 less than \$26,669 per acre

Sale 1 more than \$8,099 per acre
Sale 3 more than \$5,313 per acre
Sale 7 more than \$4,927 per acre
Sale 4 more than \$4,865 per acre
Sale 2 more than \$4,234 per acre

VALUE CONCLUSION

The subject property is a good functional parcel located in the Ohio Creek Valley. It contains 253.49 acres and can be utilized for continued agricultural uses, recreational uses, or be developed, similar to the surrounding properties.

Sale 1 supports the low end of the range at \$8,099 per acre. This sale, although smaller than the subject, is inferior in its amount of irrigated land and was seller motivated; thus, the subject commands a value higher than this sale.

Sale 5 caps the upper end of the range at \$26,669. This sale is surrounded by public lands, has premium river frontage, and is smaller than the subject; thus, the subject commands a value lower than this sale.

Based upon the sales and the subject's market features, the subject commands a value below the middle of the range, or less than \$17,384 per acre. Due to the subject's location and percentage of irrigated land it commands a value above the bottom of the range, or more than \$8,099 per acre. Thus, it is concluded the subject commands a value between \$8,099 per acre and \$17,384 per acre, or \$12,000 per acre. Applying \$12,000 per acre to the subject's 253.49 acres indicates a present market value of \$3,041,880, ROUNDED TO:

THREE MILLION FORTY THOUSAND DOLLARS
\$3,040,000.00

The subject property was previously valued at \$2,900,000 on July 1, 2023. The current market value of \$3,040,000 is 4.8% higher than the 2023 concluded market value. No appreciation was applied to the sales after July 2023, yet the subject's market value increased slightly. This can be attributed to different sales utilized and a potential slight increase in the ranch market that could not be supported and quantified due to the lack of paired sales.

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. No warranty, however, is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under that stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only the proper written qualification and only in its entirety.

13. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field, if desired.

QUALIFICATIONS OF KORI S. SATTERFIELD		
PROFESSION:	Independent Real Estate Appraiser and Real Estate Consultant from 2010 to present.	
GRADUATE:	Mesa State College, Bachelor of Arts	
APPRAISAL LICENSES:	State of Colorado: Certified General Appraiser CG200000025, Expires 12/31/24 State of Utah: Certified General Appraiser 11856201-CG00 Expires 11/30/24	
ASSOCIATE MEMBER OF:	Practicing Affiliate of the Appraisal Institute and American Society of Farm Managers and Rural Appraisers, and International Right of Way Association	
COURSES & SEMINARS:	2006 - Conservation Easement and IRS Regulations, Basic Appraisal Principles, Scope of Work 2007 - Business Ethics, Conservation Excellence, Valuation of Small Mixed-Use Properties, USPAP 2008 - Conservation Easements and IRS Regulations - Update, Residential Market Analysis and Highest and Best Use, 2009 - Conservation Easements - Update, Appraiser Site Valuation and Cost Approach, Residential Sales Comparison Approach, Residential Report Writing and Case Studies, Conservation Easements 2010 - USPAP Update, Conservation Easement Update, HP12C Calculator, Appraisal Curriculum Overview - Residential, 2011 - CE Update, Division of Real Estate, State of Colorado, General Appraiser Highest & Best Use, 2012 General Appraiser: Sales Comparison Approach, USPAP Update, Valuation of Conservation Easements & Other Partial Interests, General Appraiser: Site Valuation & Cost Analysis, 2013 - Conservation Easement Update Course, 2014 - USPAP Updated, Conservation Easement Update Course, General Appraiser Cost Approach, General Appraiser Income Approach I, General Appraiser Income Approach II, General Appraiser Report Writing, McKissock Commercial Appraiser Review, 2015 - McKissock Appraising for Expert Testimony, CLLT Conservation Easement Update Course 2016 - USPAP Update, Donated Real Estate, Energy Efficiency and Contributory Value & Supporting Adjustments, FHA Education Session Appraiser Training, BOREA investigations, Conservation Easement Update, UASFLA Conservation Easement Valuation Workshop, 2017 - State of Colorado - Conservation Easement Update Course, ASFMRA Eminent Domain, ASFMRA - Yellowbook, 2018 - USPAP Update 2020 - AI - Business Practices & Ethics, AI - Small Motel/Hotel Valuations, AI-USPAP Update, ASFMRA - Integrated Approaches to Value, ASFMRA - Valuation of Water Rights, 2021 - ASFMRA - Introduction to Appraisal of Permanent Plantings, ASFMRA - Introduction to Appraisal of Cannabis, ASFMRA - Advanced Case Studies, AI - Spreadsheet Programs in Real Estate Appraisals 2022 - ASFMRA - Advanced Rural Case Studies, USPAP Update, 2023 - ASFMRA - Business Ethics, ASFMRA - Advanced Appraisal Exam Preparation Course	
APPRAISAL	Alpine Bank	Great Outdoors Colorado - GOCO
CLIENTS:	Aspen Valley Land Trust	Laramie Energy
	Rocky Mountain Elk Foundation	Colorado Open Lands
	Ducks Unlimited	Garfield County Airport
	Mesa Land Conservancy (Colorado West Land Trust	Grand Valley Bank
	Montrose Bank	Trust for Public Lands
	Colorado Cattleman's Land Trust	Delta Montrose Electric Assoc
	Oxy USA	Grand Valley Power
	Colorado Open Lands	Black Canyon Land Conservancy
	Xcel Energy	Bank of the West
	Wells Fargo Bank	Bank of San Juans
	Bank of Colorado	Timberline Bank
	National Resource Conservation Service	Colorado Department of Transportation
	Colorado Headwaters Land Trust	FSA - USDA
	Colorado Parks and Wildlife	Various individuals, attorneys,
	Farm Credit - Rural 1 st /Mid-America/	and lending institutions.
GOVERNMENTS:	Cities of Grand Junction and Delta. Counties of Mesa and Delta, Bureau of Reclamation, BLM, State of Colorado, Colorado State Parks and Wildlife, U.S. Forest Service, Colorado Parks & Wildlife	
WORK LOCATIONS:	All of Western Colorado. Including properties in Delta, Eagle, Garfield, Gunnison, Lake, Mesa, Grand, Jackson, Moffat, Montrose, Pitkin, Rio Blanco, Routt, Saguache, San Juan, and San Miguel, Counties, Colorado. Eastern Utah	

Colorado Department of Regulatory Agencies Division of Real Estate Kori Shea Satterfield Certified General Appraiser	
<u>CG200000025</u>	<u>11/15/2022</u>
License Number	Issue Date
<u>Active</u>	<u>12/31/2024</u>
License Status	Expiration
Verify this license at http://dora.colorado.gov/dre	
<u>Marcia Waters</u>	<u>Kori S. Satterfield</u>
Director: Marcia Waters	Licensee Signature

APPRAISAL REPORT
OF THE ALKALI CREEK RANCH
LOCATED AT
THE END OF COUNTY ROAD 749
GUNNISON COUNTY, COLORADO

APPRAISED FOR
Climax Molybdenum Company
333 N Central Avenue
Phoenix, AZ 85004

DATE OF VALUATION
May 15, 2024

DATE OF APPRAISAL REPORT
July 16, 2024

APPRAISED BY
ARNIE BUTLER & ASSOCIATES
Kori S. Satterfield
Certified General Appraiser
Grand Junction, Colorado 81501

TIN: 26-2052252

ARNIE BUTLER & ASSOCIATES
REAL ESTATE APPRAISERS & CONSULTANTS
300 Main Street, Suite 301
Grand Junction, Colorado 81501
- Kori S. Satterfield -
- Certified General Appraiser - Colorado and Utah -
- Kori@arniebutler.com -
- 970-241-2716 -

July 16, 2024

Climax Molybdenum Company
333 N Central Avenue
Phoenix, AZ 85004

Dear Climax Molybdenum Company:

In response to your request, I have analyzed the Alkali Creek Ranch that is located approximately 15 miles north of Gunnison, 12 miles south of Crested Butte, and approximately 1.1 miles west of Colorado Highway 135, at the end of County Road 749 in Gunnison County, Colorado. The purpose of this analysis is to provide a present market value of the subject property. This analysis has an effective date of value of May 15, 2024, the date of the property inspection. The appraisal is attached to this letter.

All data used, logic employed, and conclusions are subject to the enclosed Certification, Assumptions and Limiting Conditions. This appraisal is being completed in conformance to the prevailing guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP).

Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the present market value of the subject, as of May 15, 2024 is:

NINE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS
\$9,150,000.00

If you have any questions with respect to the value conclusions or logic employed, please contact us at your convenience.

Sincerely,
Arnie Butler & Associates

Kori S. Satterfield
Certified General Appraiser
Colorado License No. G200000025

ARNIE BUTLER & ASSOCIATES
GRAND JUNCTION, COLORADO

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The following pictures were taken by Kori Satterfield in 2020. Kori Satterfield re-inspected the property in May 2024 and found there were no changes.



EAST PARCEL - VIEW TO THE WEST FROM STAGING AREA
OLD STRUCTURES - NO CONTRIBUTORY VALUE



REMOVABLE SHEDS ON PROPERTY - PERSONAL PROPERTY



Main Cabin



Bunk House



Main Cabin Living Room



Bunk House



West Parcel Ground Cover





Alkali Creek

**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS
SILVER SPRINGS RANCH**

Location: The subject is comprised of two non-contiguous parcels that are located approximately 12 miles south of Crested Butte, 15 miles north of Gunnison, 1.1 miles west of Highway 135. This places the property at the end of County Road 749, in Gunnison County.

Parcel Number: 3435-000-00-030 - 440 Acres
3435-000-00-029 - 800 Acres

Ownership: Mt. Emmons Mining Company C/O Jeff Worthen. The property has been under the ownership of Mt. Emmons Mining Company for more than 15 years.

Legal Description:

Parcel 2 (APN 3435-000-00-29):

Township 15 South, Range 85 West, 6th P.M.

Section 19: SE1/4

Section 20: S1/2SE1/4, S1/2SW1/4, NW1/4SW1/4

Section 29: N1/2NE1/4, SW1/4NE1/4, NW1/4

Section 30: NE1/4

**County of Gunnison,
State of Colorado.**

Parcel 3 (APN 3435-000-00-030):

Township 15 South, Range 85 West, 6th P.M.

Section 15: SW1/4SW1/4

Section 21: NE1/4SE1/4,

Section 22: W1/2SE1/4, E1/2SW1/4, W1/2NW1/4, SE1/4NW1/4, SW1/4NE1/4, NW1/4SW1/4,

**County of Gunnison,
State of Colorado.**

Purpose of Appraisal: To provide an opinion of Market Value

Interests Appraised: Surface rights.

Client, Use, and Users of the Appraisal: Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

Property Analysis

Size: 1,240 acres total within two non-contiguous parcels. The west parcel contains 800 acres and the east parcel contains 440 acres.

Shape: Both parcels are irregular rectangular parcels. The west parcel, at the extremes extends west to east 1.5 miles and from north to south 1 mile. The east parcel extends west to east 1 mile and 1.25 miles north to south.

Access: Access to the east parcel is provided by County Road 749, a graded gravel road that is maintained year-round. The west parcel is accessed via a two-track road/Forest Service Road 603 that extends through the east parcel and adjacent public land. It is seasonally maintained in areas.

Utilities: Electricity is available to the east parcel. Solar, well water, and septic sewer are in use on the west parcel.

Topography: The east parcel is comprised of gently rolling hills. Alkali Creek flows through the property. It is comprised of two hillsides and a valley between the hills.

The west parcel varies from gently rolling hills to steep mountain sides.

Elevation: The east parcel varies in elevation from 8,720 to 8,320 feet ASL.

The highest portion of the west parcel is the northwest corner at 9,320 feet ASL, and the lowest portion is located along the eastern boundary at approximately 8,800 feet ASL.

Improvements: East Parcel

There is agricultural fencing and three small sheds on the property. The fencing and corals are typical of the neighborhood. The sheds are considered personal property and are not valued within this appraisal. There are also old dilapidated structures that provide no contributory value.

West Parcel

Seasonal cabin and bunk house. The cabin contains 817 square feet and was originally constructed in 1935, but has been updated and is in good condition. The bunk house was constructed in 2007 and contains 384 square feet. There is an outhouse behind the cabin and a large deck that connects the two improvements.

Public Lands: The east parcel is adjacent to public lands on the west boundary. The west parcel is an inholding of public lands.

Highest and Best Use: The Highest and Best Use of the property is as two gentleman ranches, with the potential to develop the property into smaller house and cabin sites as demand warrants, with an interim use as an agricultural and recreational ranch until development occurs.

VALUE CONCLUSIONS: \$9,150,000

Date of Value: May 15, 2024

Date of Report: July 16, 2024

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- 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.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. In compliance with the Ethics Rule of USPAP, I hereby certify that this appraiser has no current or prospective interest in the subject property, or parties involved.
- I have performed services as an appraiser regarding the subject property within the 3-year period immediately preceding acceptance of this assignment. I completed a market analysis on the subject property for the same clients on August 2, 2023.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the *Uniform Standards of Professional Appraisal Practice* (USPAP).
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- Rebekah Bowen provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, Kori S. Satterfield has completed the continuing education for the States of Colorado and Utah, the Appraisal Institute, ASFMRA and IRWA

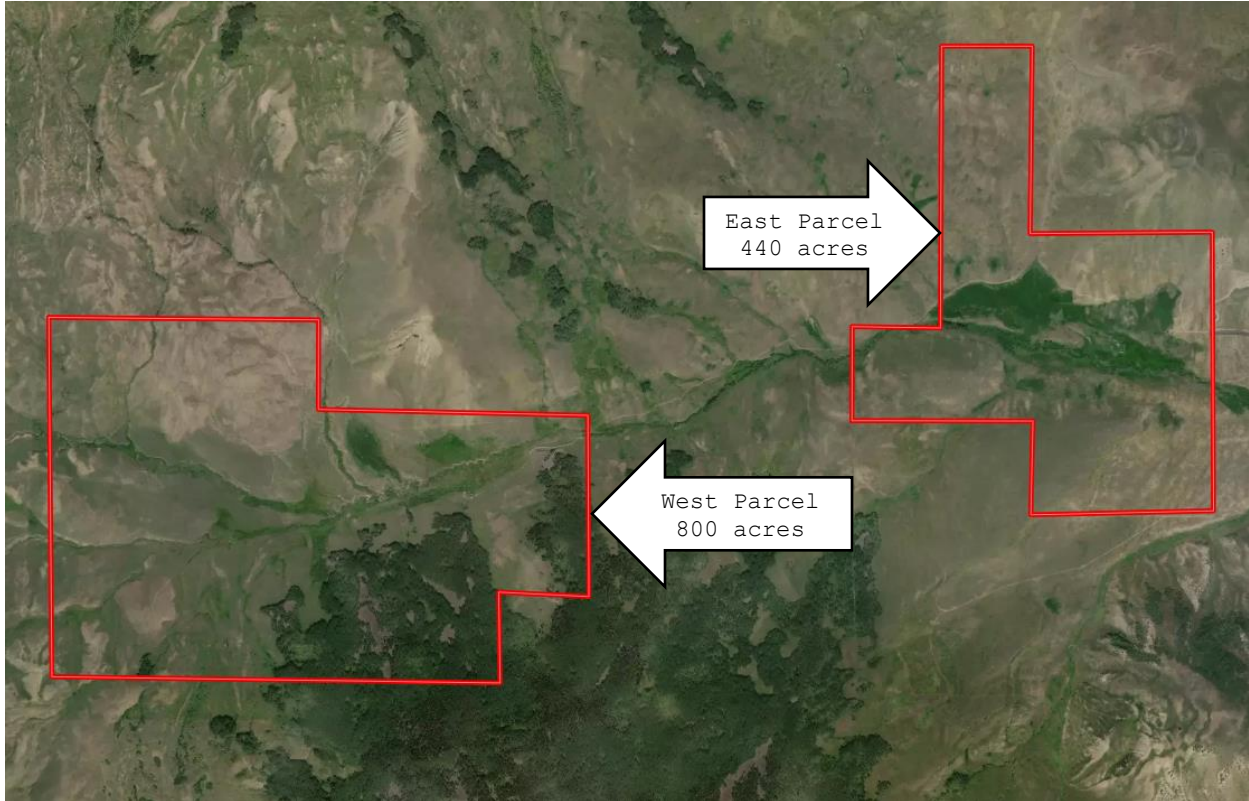
Sincerely,



Kori S. Satterfield
Certified General Appraiser
Colorado License No. CG200000025

IDENTIFICATION OF THE PROPERTY

The subject property is comprised of two non-contiguous parcels totaling 1,240 acres located west of Highway 135, along County Road 749, approximately 12 miles south of Crested Butte, 15 miles north of Gunnison, Gunnison County, Colorado.



LEGAL DESCRIPTION

The subject is legally described as follows:

Parcel 3435-000-00-029

Township 15 South, Range 85 West, 6th P.M.

Section 19: SE1/4

Section 20: S1/2SE1/4, S1/2SW1/4, NW1/4SW1/4

Section 29: N1/2NE1/4, SW1/4NE1/4, NW1/4

Section 30: NE1/4

County of Gunnison,
State of Colorado.

Parcel 3435-000-00-030

Township 15 South, Range 85 West, 6th P.M.

Section 15: SW1/4SW1/4

Section 21: NE1/4SE1/4,

Section 22: W1/2SE1/4, E1/2SW1/4, W1/2NW1/4, SE1/4NW1/4, SW1/4NE1/4, NW1/4SW1/4,

County of Gunnison,
State of Colorado.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide an opinion of Market Value of the subject property. As it relates to this analysis, Market Value is defined as:

The following definition of Market Value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- A reasonable time is allowed for exposure in the open market;*
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)" (Source: The above definition of Market Value was taken from The Dictionary of Real Estate Appraisal 7th Edition, page 118).

DATE OF VALUE

The date of this appraisal is May 15, 2024, the date of the property inspection. The inspection did not occur with the ranch manager or any employee of Climax Molybdenum Company. The date of this report is July 16, 2024.

CLIENT, INTENDED USE AND USER OF THE APPRAISAL

Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

OWNERSHIP AND HISTORY OF THE PROPERTY

The property is under the ownership of Mt Emmons Mining Company C/O Jeff Worthen. The property had been under the ownership of Mt. Emmons Mining Company for more than 10 years.

PROPERTY RIGHTS APPRAISED

This appraisal assumes that the subject ownership includes all rights that may be lawfully owned and titled. The bundle of rights appraised within this analysis is the surface rights. Surface rights include the irrigated land and grazing land

within the subject ownership. They do not include any subsurface rights or mineral rights.

TAX AND ASSESSMENT INFORMATION

The subject is filed under two tax schedule numbers by the Gunnison County Assessor's Office. The 2023 taxes are based on the 2022 mill levy. "Actual" value of the land and improvements, their assessed values, and the current tax liability are illustrated below:

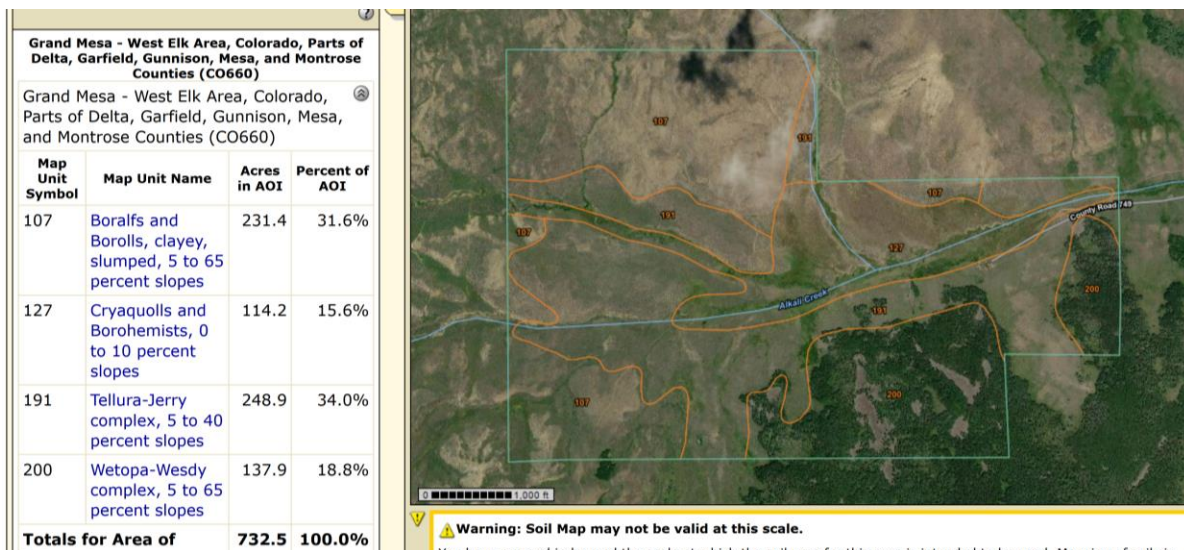
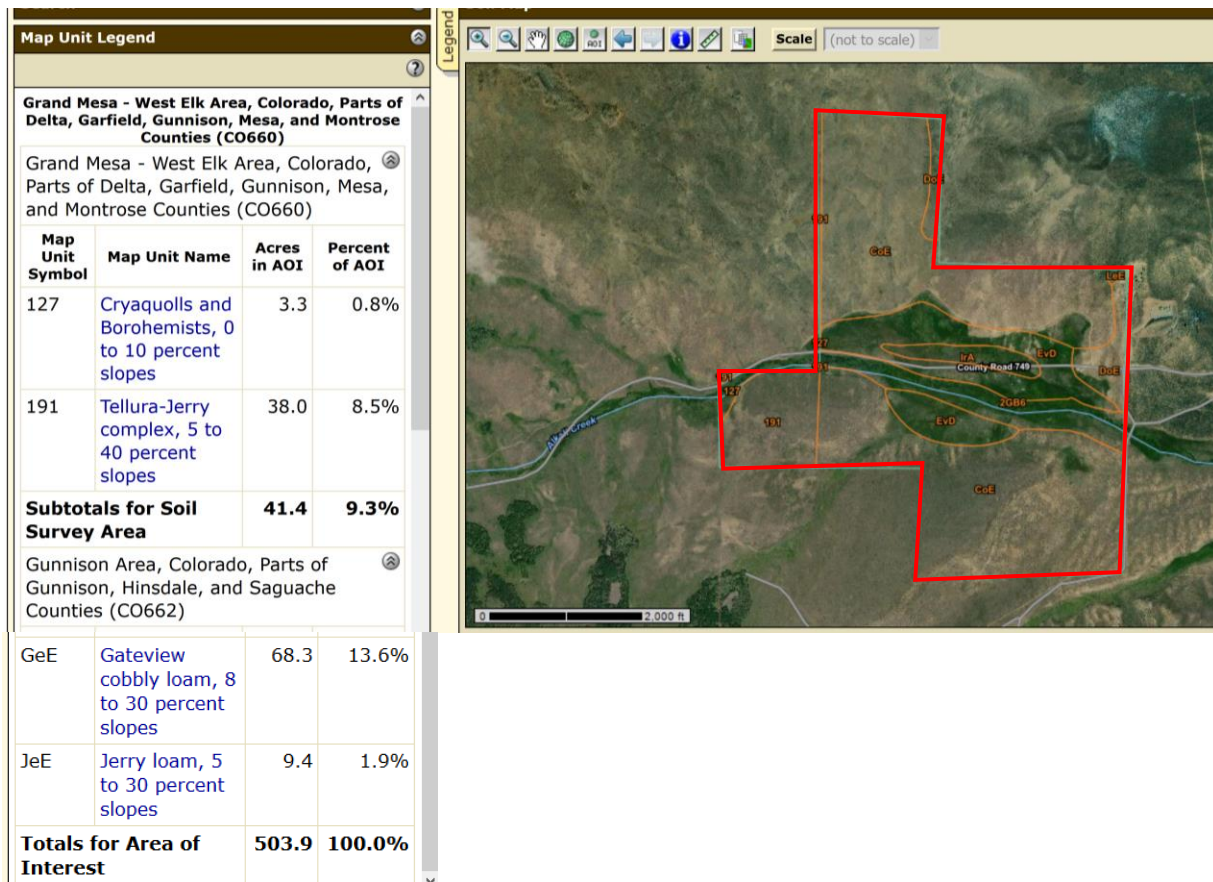
Parcel No.	Actual Improvement Value	Actual Land Value	Assessed Improvement Value	Assessed Land Value	Mill Levy	Total Taxes
3435-000-00-029	\$610,340	\$111,390	\$40,890	\$13,020	51.352	\$2,630
3435-000-00-030	\$42,910	\$41,400	\$12,440	\$10,930	51.352	\$1,176
						\$3,806

Based upon the assessed values and the mill levy, the total tax liability for the subject property is \$3,806. The county assesses agricultural land based upon its production value rather than its Highest and Best Use.

There are no past-due property taxes on the subject property.

SOIL CONDITIONS - HAZARDOUS WASTE

The presence of substances such as asbestos, urea-formaldehyde foam insulation, petroleum, contaminants, or other potentially hazardous materials may affect the value of the property. The appraisers are not qualified to detect such substances. There are no known current or previous hazardous waste and conditions on or within the subject property.



FLOOD HAZARD

According to the FEMA Flood Plain Map, the both subject parcels are located within Gunnison County FIRM Map No. 0851C1026D effective May 16, 2013. The entire property is located within Zone X - Area of Minimal Flood Hazard. No hazards appear close enough to the property to create any likely issues with flooding

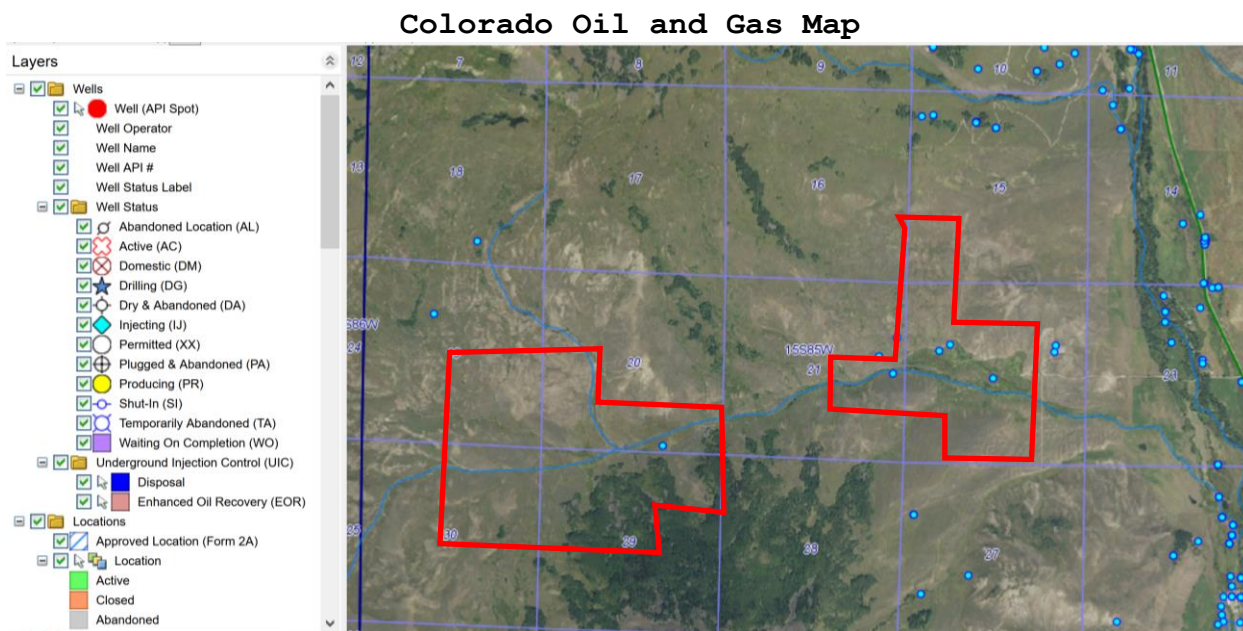
WATER RIGHTS

There are no known water rights. There are portions of the property that are sub-irrigated and the property includes improved pastures.

MINERAL RIGHTS

A review of the title commitment for the property shows that some of the minerals are severed, having been reserved to the United States at the time the property was patented. The mineral analysis on the property has been completed. Analysis of the comparable sales indicates that severed and intact mineral rights are both typical for properties within the subject neighborhood. No attempt is made to value the mineral rights separately from the land. Land within the neighborhood is not purchased for mineral development. Thus, it is not analyzed as part of the market features, nor does it provide any additional contributory value within the analysis of the subject, and only the surface interest is appraised.

Minerals not owned were retained by the United States. A minerals assessment report was not completed.



The Colorado Oil and Gas Map is produced by the Colorado Oil and Gas Commission. There have been no wells historically or currently on the subject property. Based upon the map, there are very few oil and gas wells within the subject neighborhood (the blue dots on the map are domestic water wells).

CURRENT EASEMENTS AND RESTRICTIONS

Easements and restrictions include mineral rights, creek and ditch easements, power lines, and road easements. These easements are typical of properties throughout the neighborhood. They do not affect the functional utility or development of the subject ownership.

SCOPE OF WORK

The Cost, Sales Comparison, and Income Approaches were considered in the appraisal of the subject property. This appraisal consists of valuing the land, based on its Highest and Best Use.

The Income Approach was not incorporated into a value indication because it is not typically used for a vacant land analysis.

The Cost Approach is typically utilized to determine the contributory value of newer improvements. There are improvements on the subject property, however they are older and these types of improvements are typically valued utilizing the sales comparison approach.

Thus, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales and listings of properties similar to the subject.

The market data used in the analysis of the subject includes the examination and analysis of the local economy and conditions of the real estate market within the subject neighborhood. The Highest and Best Use analysis of the subject property has various components, including a local market analysis, review of supply and demand, and examination of sale prices of comparable properties.

The information that was acquired for use in the market data and the Highest and Best Use analysis was obtained from Gunnison County records, the property manager, other appraisers, real estate brokers, and available public data. This appraisal is specifically subject to the Certification, Assumptions and Limiting Conditions provided within this report. If there are any other unusual assumptions or conditions, they will be noted throughout the report.

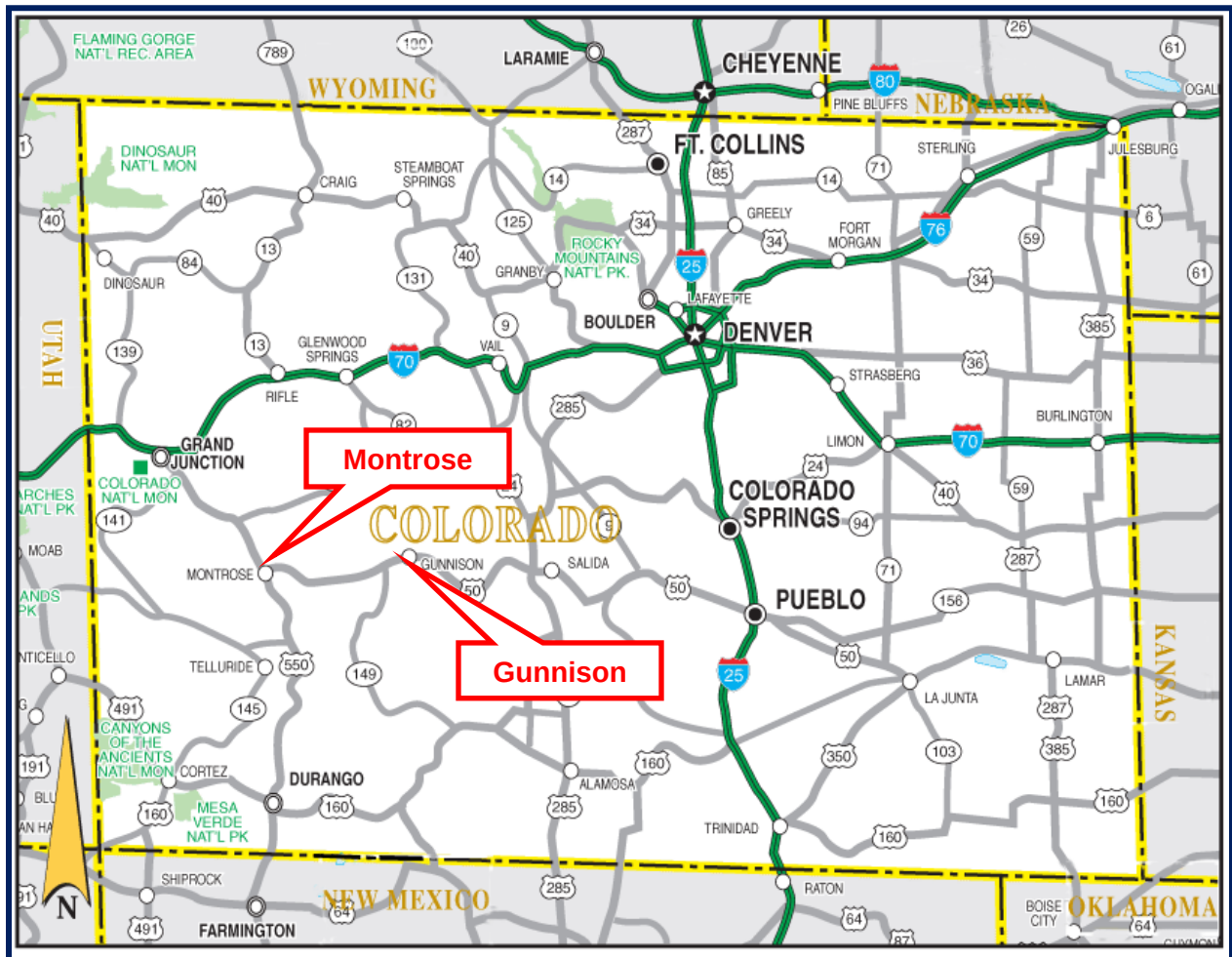
Sales throughout Gunnison County and the subject neighborhood were researched. These sales vary from larger parcels to smaller parcels, some with year-round access and others that have seasonal access. The local MLS was researched, along with research of County records, and discussions with local real estate agents.

According to the property manager, no circumstances have occurred to adversely affect the valuation of the property, such as a loss of public access to the property, a condemnation of some or all of the property by a governing body, or a decrease

in value - relying on the periodic updates from an independent appraiser. Additionally, updates respecting the valuation of the subject property were timely provided to the Division and all the deeds of trust remain in full force and effect with a first lien in favor of the State.

The date of value is May 15, 2024, the date of the inspection. There were no Climax Molybdenum Company representatives at the property at the time of inspection.

AREA DATA – Gunnison County



Gunnison County is located in the west-central portion of the State of Colorado near the Continental Divide, approximately 200 miles west of Denver. The sixth-largest County in the state covers about 3,242 square miles. Elevation in the County reaches from 6,895 feet above sea level to more than 14,000, creating a wide diversity of climate conditions, terrain, vegetation, and animal life. Many of the valleys between mountain peaks have streams or lakes in them. This area receives an average annual rainfall of 10.5 inches. The portions above an elevation of 9,000 feet commonly get over 300 inches of snow. Although winter temperatures occasionally reach minus 50 degrees Fahrenheit in the lower valleys, most areas stay warmer. Generally, cloudless skies contribute to higher daytime temperatures. Summertime highs seldom exceed 80 degrees.

Government

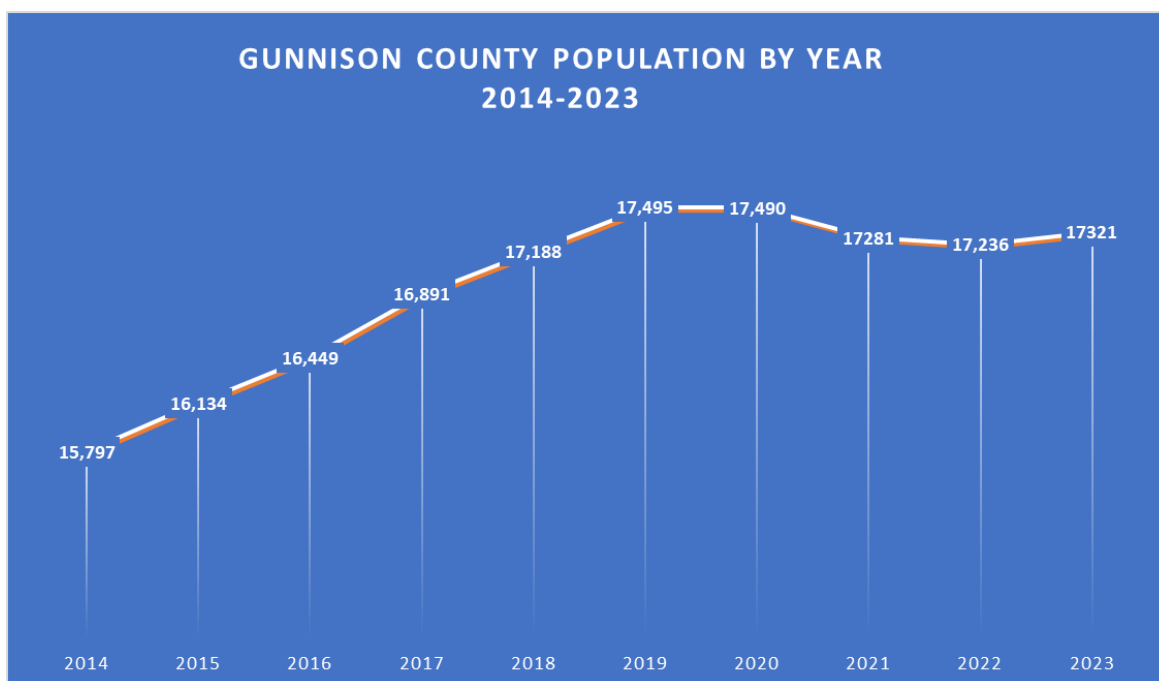
The City of Gunnison, incorporated in 1880 and located at 7703 feet in elevation, is the county seat. The courts, County Attorney, Central Administration, the Sheriff's Office, and the

jail are located in the new courthouse complex. The Blackstock Government Center, two blocks west of the courthouse complex, houses the Clerk and Recorder, the Assessor, the Treasurer, the Planning Department, the Geographic Information Services, and Wildlife Conservation. The governing body for the County is the County Board of Commissioners, composed of three elected officials.

The City of Gunnison is a home-ruled charter city and is organized as a council-manager form of government. Five elected council members appoint a city manager. Gunnison is a Planning and Management Region Ten, District Ten, Regional Planning Commission member.

Population

The following graph shows the population data for Gunnison County from 2014 - to 2023: 2023 County population 17,321.

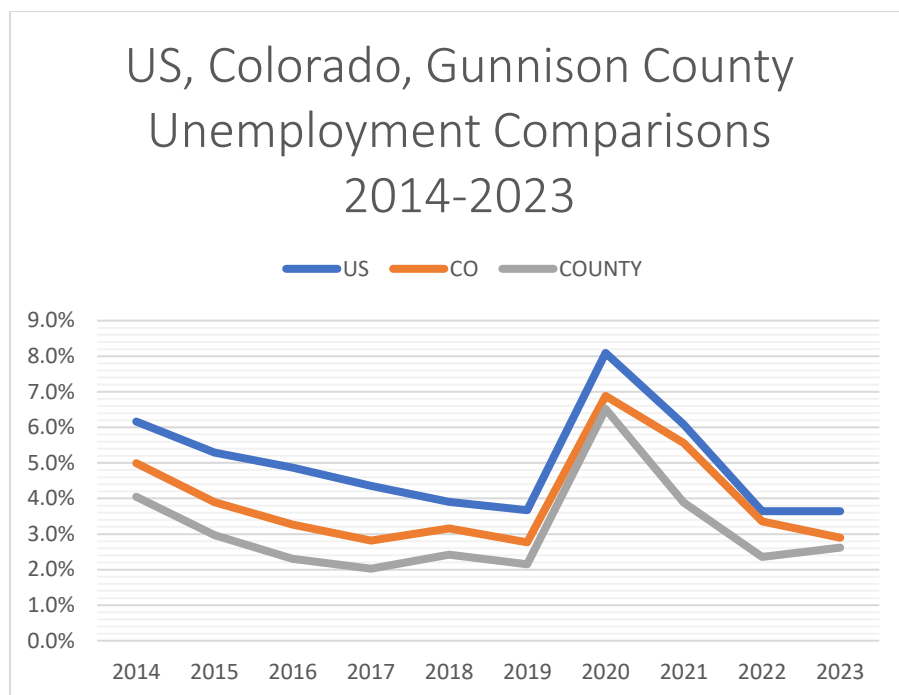


Source: Colorado DOLA (<https://demography.dola.colorado.gov/population/population-totals-municipalities>)
As of: Dec-23

The population for Gunnison County has been on a steady incline since 2014; there was a slight dip in 2021 and 2022, but in 2023, the population saw an increase.

Economy/Employment

The unemployment figures decreased from a 10 year high during the 2020 pandemic. See graph below:



The top five industries are local government (11.6%), Accommodation and Food Services (11.4%), Construction (9.9%), Retail Trade (9.7%), Recreation (7.7%).

The tourism/recreation sector is the largest employer and brings in nearly 36 million dollars annually. Summer tourists hike, camp, mountain bike, and stay for some of the many festivals in Crested Butte and Mt. Crested Butte at the County's north end. During the various big game seasons in the fall, more than 25,000 hunters visit the area. It is estimated over a million tourists each year visit Blue Mesa Reservoir, which is six miles west of Gunnison. Ice fishing, snowmobiling, ice-skating, and cross-country skiing are popular winter sports. Still, most winter visitors are attracted to the downhill skiing available at Crested Butte Mountain Resort, 45 minutes north of Gunnison at Mt. Crested Butte, or an hour's drive to the east to the Monarch Ski Area.

An estimated 85 percent of the area around Gunnison is federally owned and available for recreation. Visitors come to Black Canyon National Park, Curecanti National Recreation Area, the Gunnison National Forest, and other state and federal public lands for boating, four-wheel-drive tours, camping, hiking, mountain-climbing, photography, painting, rafting, hunting, snowmobiling, and skiing. More than two million fishermen use the 1,300 miles of streams and rivers each year.

Government services workers are employed by federal, state, and local agencies such as the National Park Service, Gunnison National Forest, Natural Resources Conservation Service, Bureau of Land Management, Colorado Parks and Wildlife, Gunnison County, and the City of Gunnison.

Education employs professionals and support staff at six public schools and a university. The Gunnison Watershed School District RE-1J operates six schools: Gunnison Elementary School, Lake School in Lake City (pre-school and kindergarten), Gunnison Middle School, Gunnison High School, Crested Butte Community School (K-12), and Marble Charter School. The student/teacher ratio is excellent on all levels. Gunnison County has one of the highest percentages of well-educated people in the nation. The total enrollment for the district was 2080 for the 2023-2024 school year.

Western State College transitioned into Western State Colorado University (WSCU) in 2012. WSCU is a fully accredited four-year state-supported institution with various courses and degrees, including accredited advanced degrees. Enrollment for 2023-2024 includes 2,600 undergraduate students and 400 graduate students. Enrollment has remained stable over the past several years.

Ranching has thrived in this area for more than 100 years. Irrigated valleys provide both pasture and fields from which native grass hay is harvested. The surrounding mountains offer summer grazing on public lands. Estimates suggest that over 50,000 head of cattle and sheep use more than along with 200,000 acres in agriculture. Ranches produce three million pounds of beef each year, worth \$13 million. The overall economic impact on the economy of Gunnison County is \$46 million (GunnisonValleyRanching.org, 2022).

Mining contributed to the founding of Gunnison, Crested Butte, and Lake City in the 1880s. Although many of the mining camps were vacated as precious metal prospecting gave way to the mining of coal, Gunnison and Crested Butte survived. Gunnison County is the top coal producer for the State of Colorado. Most of the coal production is located in the extreme western sector of Gunnison County in the North Fork Valley near Paonia. The mining of silver, gold, and molybdenum currently makes a minor contribution to the economy of this County. However, present permits are being processed for new mining activities near Crested Butte. The coal mining industry is currently in flux, with local and national environmental issues restricting the development of new mines and the expansion of existing operations. This has had a negative impact on the economic well-

being of western Gunnison County and the County's overall tax revenues.

Transportation

Transportation is by highway or air. U.S. Highway 50, a major all-weather national highway, connects with Interstate 70 at Grand Junction 140 miles to the northwest and with Interstate 25 180 miles to the east near Colorado Springs. Highway 50 interchanges several principal highways to Phoenix, Salt Lake City, Albuquerque, Denver, Dallas, and other major metropolitan areas. State Highway 135 is an all-weather state highway providing road access north to Crested Butte and Mt. Crested Butte. All paved highways in Gunnison County are open year-round. Greyhound Bus service provides passenger and parcel service to the area. A shuttle bus operates between the Gunnison airport and the Crested Butte area. A number of national shipping companies provide freight service.

The Gunnison County Airport is located five minutes from downtown Gunnison within the city limits. Several national and international air carriers have non-stop service to Gunnison from major cities throughout the United States. The ski season, when most of the flights take place, is from Thanksgiving to Easter. The existing airport runway is 10,000 feet in length and handles regularly scheduled 757 jet aircraft. It is also improved with an Instrument Land system. Enplanements have declined slightly each year since 1995.

Utilities

The City of Gunnison provides electricity to all properties within the city limits, while the Gunnison County Electric Association serves the outlying area. ATMOS Energy provides natural gas in the County. Propane gas is available from Ferrellgas, Amerigas, and J.C. Propane. The City of Gunnison's Sewer & Water Department is responsible for supplying fresh water to City of Gunnison customers, wastewater collection, and the city irrigation ditch. The city water and sewer system consist of approximately 34 miles of water lines, 30 miles of sewer lines, three water storage tanks that hold over two million gallons of water, nine water wells, and 25 miles of irrigation ditch. The water is chlorinated to meet all State Department of Health requirements, although no treatment plant is required. The city sewer system serves Ninety-six percent of the City of Gunnison. Outlying areas in the County use individual septic systems.

Law Enforcement and Health Care

The Colorado State Patrol, the County Sheriff's office, Gunnison Police Department, the Crested Butte Marshall's office, and the Mount Crested Butte Police Department employ 60 certified full-time peace officers in Gunnison County. The City of Gunnison provides dispatch services for all police and emergency service agencies in the County, with ten dispatchers and 24-hour service. The crime rate is low. The City of Gunnison, Gunnison County, and Crested Butte fire protection districts provide fire protection.

Both Gunnison and Crested Butte operate ambulance services. The Gunnison County Hospital is a modern 24-bed facility taking care of emergency and routine medical care. There are 13 medical doctors full-time in Gunnison County, five dentists and several other medical professionals rotate through monthly. The county nursing home is a 59-bed facility.

Amenities

High school and collegiate athletic programs include basketball, baseball, football, swimming, track, wrestling, and golf. The Gunnison Community Center is a state-of-the-art multi-use recreational facility with conference rooms, a climbing wall, a gymnastics room, two full-size basketball courts, a kids' padded playroom, a game room, a leisure swimming pool, and a 25-yard six-lane pool with diving board, rope swing, two 23-foot slides, water basketball courts, kids slide and sprays, and therapy jets. Other recreational facilities include parks, a golf course, tennis courts, covered ice-skating rinks, baseball fields, and swimming pools. Supervised recreational sports include baseball, soccer, football, basketball, gymnastics, dance, hockey, golf, ultimate frisbee, swimming, and other various other activities.

Cultural and social amenities are available in Gunnison and Crested Butte. Concerts, lectures, arts, music, and theater programs offer the community cultural opportunities of national caliber. There are Performing Arts Centers in Gunnison and Crested Butte, and soon to be completed in Mt. Crested Butte.

Real Estate

Despite the pandemic of 2020 the most homes were sold with the longest number of days on the market. 2022 had the lowest number of sales with the lowest number of days on the market. The data shows the housing price has had a steady increase over the last five years. Overall, over the past 5 years, the average Days on the Market is lower, the average sales price is higher, and the

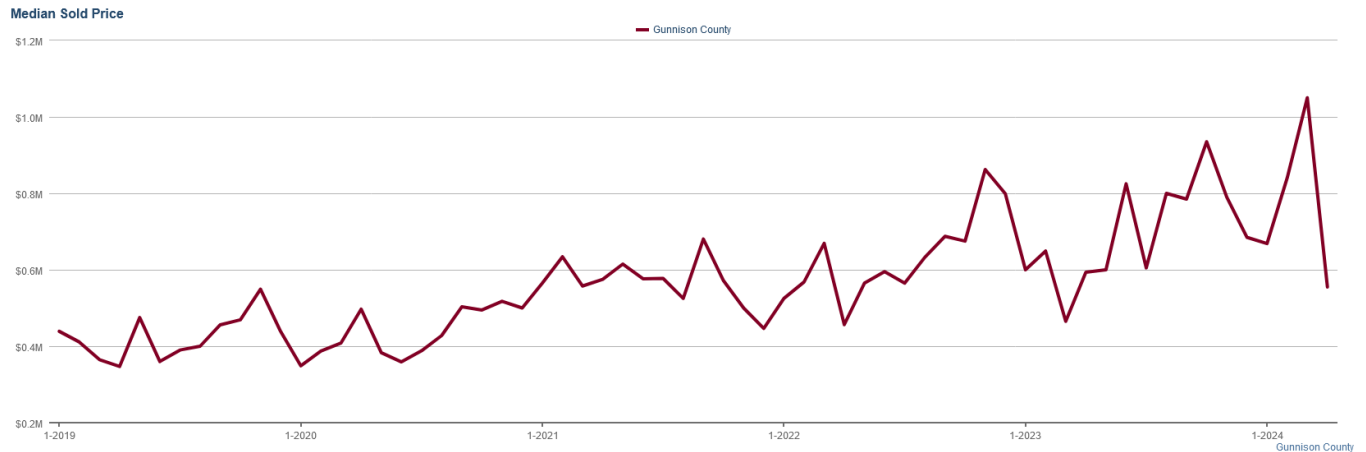
average Days on the Market is lower than the previous 5 years. See the 5-year data chart below, and median sold price graph.

5 Year Data Chart

Year	2020	2021	2022	2023	May 2024
Single family Res.	108	80	53	68	28
Avg. Sale Price	\$957,903	\$1,106,152	\$1,187,466	\$1,441,970	\$1,664,130
DOM	201	175	155	196	167

Source: MLS sold statistics for all of Gunnison County

Median Sold Price Graph



Vacant Land

According to area brokers, the demand for vacant land and ranch parcels picked up considerably in 2023. While prices have not experienced a significant increase, volume has. The average price is also anticipated to creep upward while the average days on the market are expected to continue to decline.

The following chart indicates MLS sales from 1 to more than 900 acres over the past ten years:

Sale Year	1-5	5-10	11-35	36-100	101-300	301-500	501-700	701-900	900+
2013	36	4	9	2	4	0	0	1	0
2014	28	11	12	3	2	0	0	0	0
2015	47	10	15	20	2	0	0	0	1
2016	44	3	15	28	6	1	1	0	0
2017	66	12	10	16	2	0	0	0	1
2018	86	11	15	31	3	2	1	0	0
2019	66	6	15	21	5	1	1	0	1
2020	58	19	9	8	18	0	0	0	1
2021	29	4	4	10	0	0	0	0	1
2022	81	9	9	14	2	1	2	1	0
2023	51	4	11	11	0	2	0	0	0
Listings	73	9	24	16	3	0	1	1	2

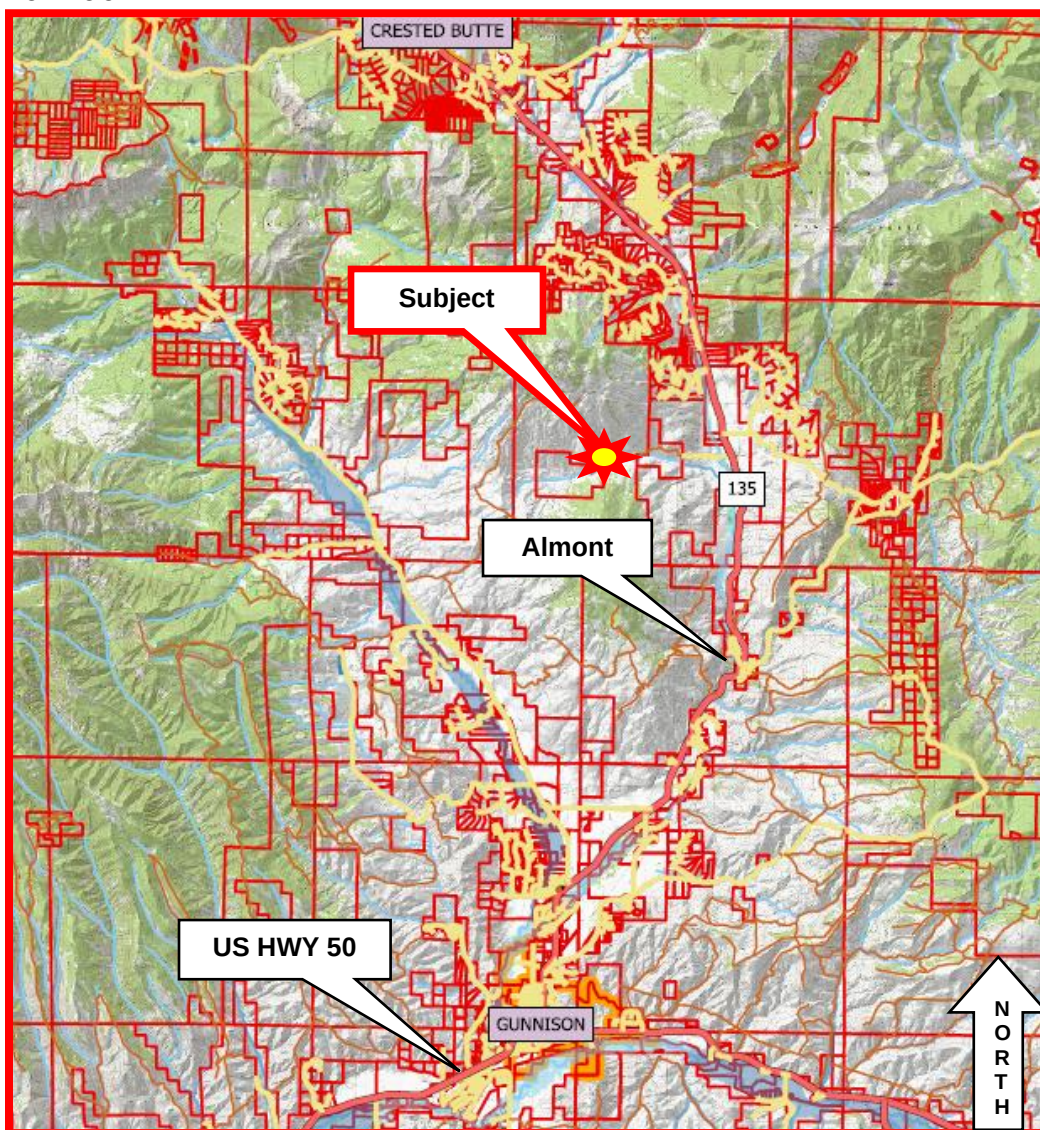
**Note: This chart only includes transactions that were included in the MLS. Several larger ranch sales have occurred between neighbors or by brokers that are not part of this particular MLS and were not included in the MLS. These are illustrated in the sales in later portions of this report.*

Based upon the chart, parcels from 1 to 5 acres show the largest supply and the most sales in 2022 and 2023. This segment also has the largest number of parcels on the market. Both 11-25 acre and 36-100 acre parcels had 11 sales in 2023.

Conclusion

In conclusion, Gunnison County has illustrated an improving market since 2018. This includes increasing average sales prices, and the number of sales, along with shorter days on the market. The biggest hinderance over the past five years within Gunnison County is the lack of supply, and not the lack of demand. While interest rates continue to increase, it has slowed the market, but there continues to be demand for a variety of parcels, though not the rate experienced between 2019 through 2022.

NEIGHBORHOOD DATA



The subject property is located approximately 15 miles north of Gunnison and three miles north of the community of Almont in an agricultural/rural residential neighborhood. This neighborhood is located on both sides of Highway 135 from Gunnison to the south and north to Crested Butte South. The area is characterized by large hay meadows traversed by Ohio Creek, the East River and the Gunnison River. The perimeter of the area is comprised of sagebrush flats that transcend up and into the mountains and national forest.

The market area for the subject neighborhood includes all of the area along the Gunnison River, Tomichi Creek, Ohio Creek, the East River south of Crested Butte, Quartz Creek and tributaries to these drainages. All of these agricultural and residential neighborhoods are located around the City of Gunnison. The

outlying areas require locational considerations, with prices higher near Crested Butte and lower to the east, south and west of Gunnison.

Colorado State Highway 135 extends through the area in a north/south direction and is the major access arterial extending north from U. S. Highway 50. U. S. Highway 50 travels east and west through the center of Gunnison, where it is called Tomichi Avenue.

Extending from the highways, most roads consist of graded gravel or dirt county roadways. Access to and through the neighborhood is good.

This area has received substantial steady demand for residential development for many decades. Rural residential developments are scattered throughout the neighborhood. Many agricultural farms and ranches maintain the agricultural nature of the area. Because much of the area is controlled by old time ranching families, the area has not been overdeveloped as in other areas of Gunnison County and western Colorado.

As residential development continues, the character of the neighborhood will change from a mostly agricultural area to a rural residential area with agricultural uses.

A few large ranches control a significant amount of the developable land and river frontage. Without these long-established ranches, some more than a century old, the neighborhood would be developed similarly to the areas south of Crested Butte and northwest and east of Gunnison.

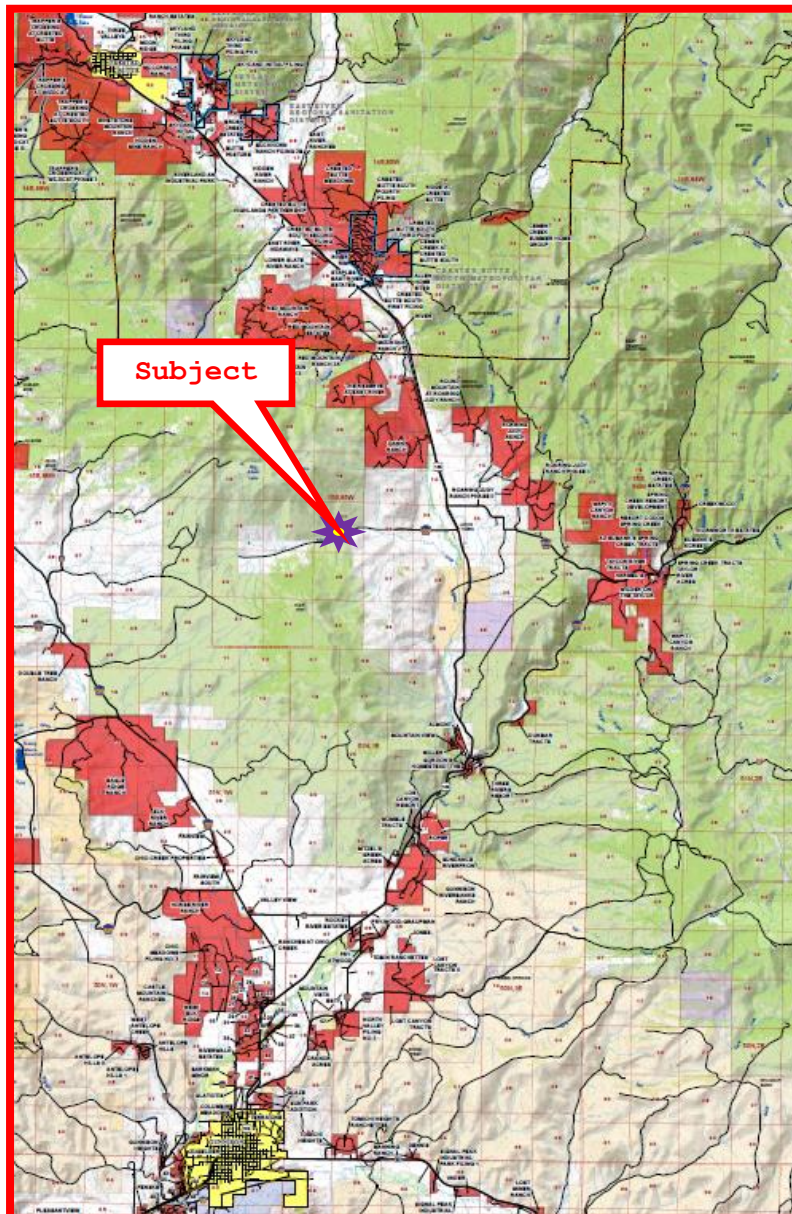
Utilities in the area include well water, septic systems, electricity, telephone, and internet services. With the increased development pressures, sewer and natural gas have been extended to the south end of the subject neighborhood.

The neighborhood is in direct line with the growth trends of Gunnison. The areas to the south, east, and west of Gunnison are either mountainous or dry land, which is not as appealing for residential development. Thus, this type of development is anticipated to continue to the north and into the subject neighborhood.

The subject is south of Almont, a residential and resort area at the confluence of the East and Taylor Rivers, which begin the Gunnison River. Also north of the subject is Crested Butte

South, a residential community. Residential developments extend along both sides of Highway 135 from Gunnison to Crested Butte. The following map highlights the formal subdivisions in red but does not show the housing on non-subdivision tracts that range in size from 5 to 160 acres. A significant portion of the area between Gunnison and the subject property is highlighted in green, which is the National Forest, and the BLM in yellow. The large white areas surrounding the subject are mostly owned by long time area ranchers.

GUNNISON COUNTY GIS SUBJECT NEIGHBORHOOD SUBDIVISION MAP

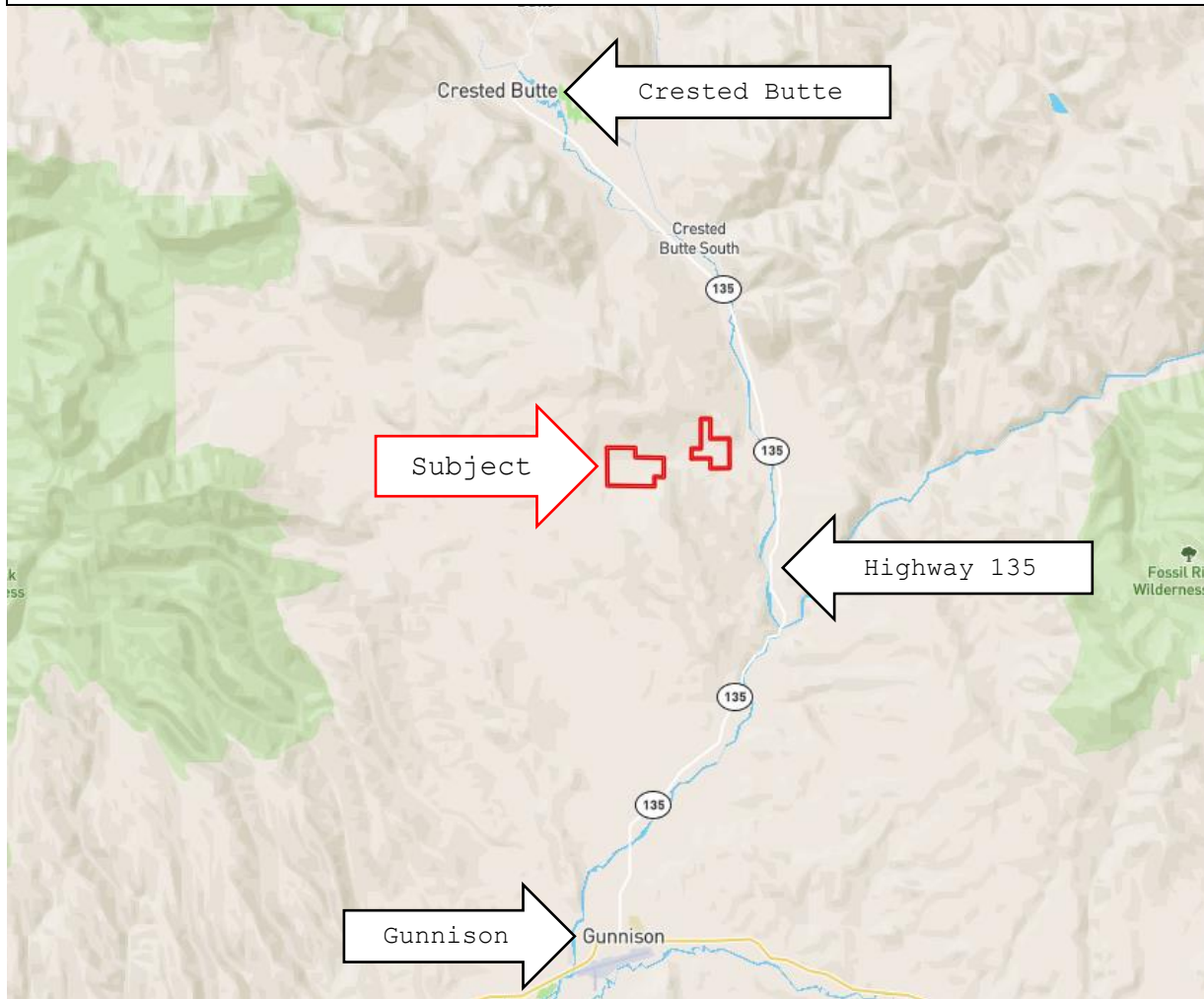


Overall, the subject neighborhood is an agricultural area that is transitioning to a residential area. This trend is expected

to continue into the near future. Even though development has been slow, there has been recent resurgence. The subject neighborhood is in direct line with the future development trends for Gunnison and the surrounding area. The area enjoys 360-degree views, river and creek frontage, irrigated fields and easy access to Gunnison, the economic center of Gunnison County. This neighborhood is anticipated to maintain a positive and productive future with respect to residential development.

In conclusion, the subject property is located in the developing neighborhood between Gunnison to the south and the ski area and resort towns of Crested Butte/Mt. Crested Butte to the north. This area consists of a long narrow river valley surrounded by mountain hillsides. The valley land, along with some of the foothills, has been residentially developed over the past 40 years and this trend will continue as the population of the area increases and as the area continues to grow as a second home and cabin area.

LOCATION MAP



PROPERTY DESCRIPTION

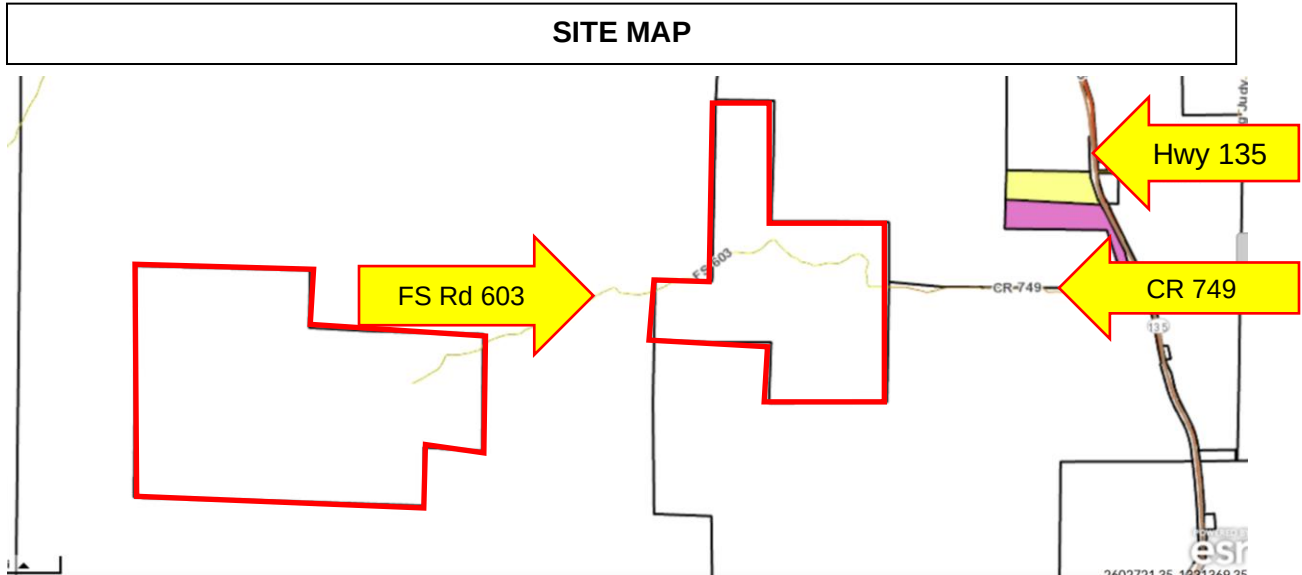
Location and Access

The subject property lies near the center of Gunnison County, north of the City of Gunnison and southeast of Crested Butte. It has a legal address of 2450 County Road 749.

Access to the subject is provided by County Road 749 which extends west from Highway 135, through the eastern parcel, and turns into a Forest Service road, extending to the west parcel.

The Forest Service road historically extended to the property, then continued into the Forest Service and ultimately connected with County Road 730/Ohio Creek Road. The Forest Service blocked this road, and now the road extends to the subject from the east and dead ends. The Forest Service road is blocked from the west. On-site access varies from graded gravel roads to two-track roads to 4-wheel drive roads.

Access to the property is maintained year-round. Beyond the property gate, the access is seasonally maintained.



Highway 135 is the main thoroughfare from Gunnison to Crested Butte. It is a two-lane paved road maintained year-round that extends north from U.S. Highway 50.

County Road 813 is a graded-graveled road that is maintained year-round to the subject property, and seasonally beyond. Roaring Judy Road, Round Mountain Road, and Coyote Trail are two lane graded gravel roads that are maintained year-round by Roaring Judy subdivision.

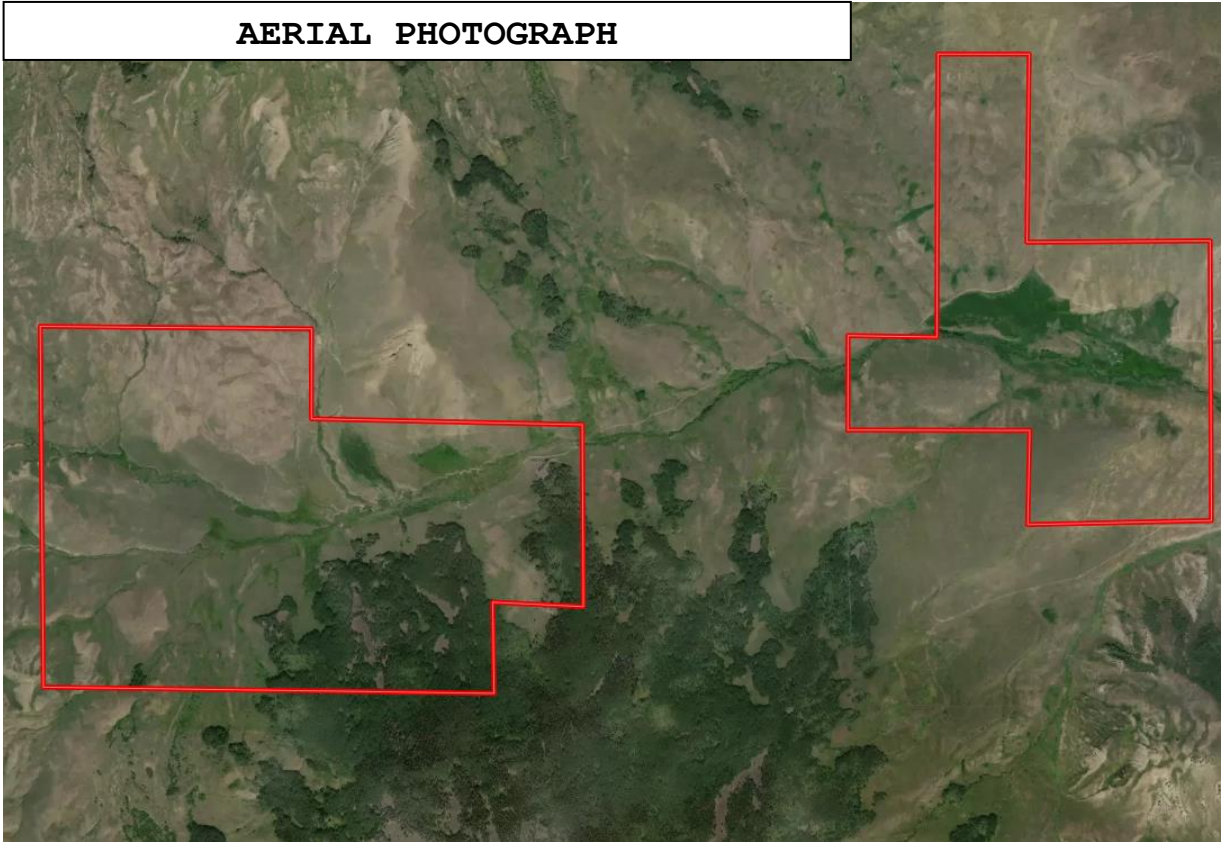
The property's general physical location is near the center of Gunnison County, and the northeast corner of the Almont Triangle Wildlife Management Area, east of Flat Top Mountain, southeast of Red Mountain, and northwest of Fossil Ridge Mountain located in Gunnison County. The subject property lies just slightly west of the mid-point of Hwy 135. The west parcel is a National Forest in-holding. The east parcel abuts private ownerships along the south and east boundaries. It adjoins the National Forest along the west boundary.

Size and Shape

The subject property is comprised of two non-contiguous parcels. The west parcel contains 800 acres and is an irregular rectangle in shape. It extends from west to east 1.5 miles and from north to south 1 mile.

The east parcel contains 440 acres. The east parcel extends 1.0 mile west to east and 1.25 miles north to south.

AERIAL PHOTOGRAPH

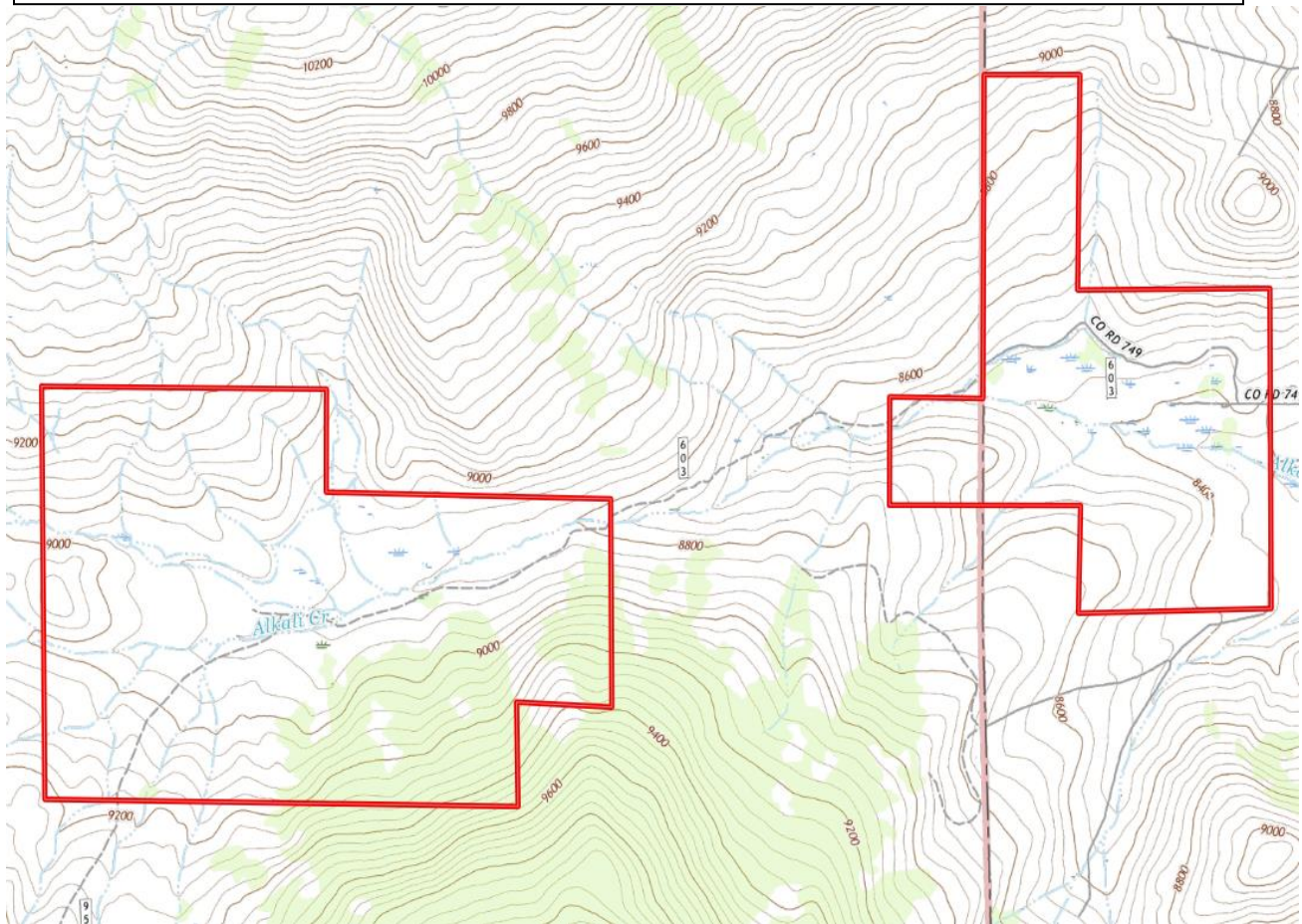


Utilities

Utilities in close proximity to the east subject parcel include electricity and telephone. The west parcel does not have any utilities in close proximity and well-water, solar, and septic sewer are in use.

The utilities are typical for both types of properties in the subject neighborhood.

TOPOGRAPHY MAP



Topography and Ground Cover

The subject's east parcel is comprised of two hillsides with Alkali Creek flowing through the valley between the hills. The valley land is generally flat to gently sloping to the east and includes naturally irrigated and dry graze pastures covered in sagebrush, cacti, and native grasses. The hillsides slope downward from west to east, with the highest portion of the property along the west boundary at approximately 8,720 feet Above Sea Level (ASL). The lowest portion of the property is along the eastern boundary, near the banks of Alkali Creek at 8,320 feet ASL. Although this portion has some steeper sloping land, the property overall is gently sloping property and the topography does not affect the development potential or functional utility.

The west parcel has mountain along the north, west and south boundaries. Alkali Creek flows into the property through the western boundary and continues east, flowing out of the property near the northeast corner. At the base of the mountainsides the land is generally flat to gently sloping. The northwest corner has an elevation of approximately 9,320 feet ASL, and the

southwest corner of the property is approximately 9,200 feet ASL.

The southeast corner is the highest portion of the property at 9,560 feet ASL. This portion of the property also includes the steepest portion of the property, decreasing to 8,800 feet across a distance of approximately one-half mile. The eastern boundary, along the banks of Alkali Creek is the lowest portion of the property at slightly less than 8,800 feet.

The ground cover at the lower portions of this parcel includes cacti, native grasses, and sagebrush. The ground cover changes as the property extends up the hillsides. The mid-mountain land is covered in native grasses and sagebrush, with the higher elevations covered in groves of aspen trees with small pockets of pine trees.

Alkali Creek is a year-round waterway most years, with it drying up only in low snow and dry summer years. There are several intermittent drainages that flow off of the hill and mountain sides and into Alkali Creek. There is riparian vegetation, including willows and native grasses, along the creek banks.

Ground Cover and Wildlife

Vegetation on the Subject property includes irrigated meadow hay or pasture and dry rangeland including sagebrush and native grasses. The number of acres of irrigated meadow and pasture is approximately 405 acres. The property features sagebrush shrub lands, mountain meadows, and aspen stands. These habitats provide forage, cover, breeding grounds, and migration corridors for a variety of wildlife.

Montane sagebrush shrubland - The property is montane sagebrush shrubland, dominated by mountain big sagebrush. Other species include silver sage, fringed sage, rabbitbrush, dwarf rabbitbrush, snowberry, antelope bitterbrush, three-leaf sumac, and currant. The composition, density, height, and structural complexity of the community vary with slope, aspect, soil depth, degree of rockiness and soil moisture. The percent cover of sagebrush is about 30%. The sagebrush has an apparent average height of about 18 - 24 inches, and is multi-aged with good reproduction and no decadence. Drier open sites contain ball cactus. Common native forbs and grasses include senecio, purple aster, mule's ears, yarrow, Indian paintbrush, wild buckwheat, lupine, penstemon, Oregon grape, Indian ricegrass, sideoats grama, Thurber fescue, bottlebrush squirreltail, and western wheatgrass. The property's shrublands are in good condition, with no signs of unsustainable grazing practices. Healthy cover of grasses and forbs suggests that browsing by deer,

elk and livestock is not excessive.

Montane forest - A portion of the property is montane forest of quaking aspen with an understory of chokecherry, serviceberry, wild rose, snowberry, mountainspray and meadow rue. The property's aspen trees do not appear to be suffering from Sudden Aspen Decline.

Zoning

Gunnison has not adopted zoning regulations, but instead has a Land Use Resolution. The Land Use Resolution requires that any change to the historical land use receive approval from Gunnison County. Approvals deal with access, environmental issues, wildlife areas, slope, snow-slides, wetlands, sage grouse habitat, and other similar issues. All of these issues are common to most ranch properties located in Gunnison County.

The subject property is comprised of two individual tax parcels that can be sold separately. Additionally, the subdivision of the property into 35-acre parcels is allowed without county approval. Small lot development (less than 35 acres) requires a Land Use Change permit and County approval.

Improvements

On the east parcel there is agricultural fencing and three small sheds on the property. The fencing and corals are typical of the neighborhood. The sheds are considered personal property and are not valued within this appraisal. There are also older structures that are dilapidated and unusable. They provide no contributory value to the property and are not further analyzed within the report.

The west parcel is improved with a Seasonal cabin and bunk house. The cabin contains 817 square feet and was originally constructed in 1935, but has been updated and is in good condition. The bunk house was constructed in 2007 and contains 384 square feet. There is an outhouse behind the cabin and a large deck that connects the two improvements.

Conclusion

In conclusion, the subject property consists of two non-contiguous ranch parcels totaling 1,240 acres located in Gunnison County, about 12 miles southeast of the town of Crested Butte and about 15 miles northeast of the City of Gunnison in an area of mixed agricultural and recreational/residential use. The east parcel has year-round access, with the west parcel having seasonal access. The parcels have utilities that are typical for the area. The property includes improved pastures and rangeland.

HIGHEST AND BEST USE ANALYSIS

Real estate is defined in terms of its Highest and Best Use:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest land value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Dictionary of Real Estate Appraisal 7th Edition, Page 88.

The Subject is located north of Gunnison, west of State Highway 135, at 2450 County Road 749. It has legal access and utilities available typical of the neighborhood. The Highest and Best Use of the property is analyzed in the following paragraphs:

Legally Permissible

The Subject contains 1,240 acres within two non-contiguous tax parcels. The property can remain as one non-contiguous parcel. The west parcel contains 800 acres and has seasonal access, the east parcel contains 440 acres and has year-round access and utilities available.

Legally the property can be sold as one non-contiguous ranch, or the two parcels can be sold separately. Based upon the Land Use the property can be subdivided into parcels as small as 35 acres without further county approval. Additionally, the property can be subdivided and sold as several gentlemen ranches larger than 35 acres.

The property can be used for recreational purposes including hunting, camping, hiking, snowmobiling, and other outdoor uses.

The property could be used for some commercial and industrial uses based upon the Land Use Regulations, with Gunnison County's permission.

Physically Possible

The subject varies from gently sloping to rolling and steep hill/mountain sides. Overall, the physical characteristics do not restrict most residential development. The subdivisions located north, south, and east of the subject have been developed with parcels variously 35 acres and larger.

The varying topography provides additional contributory value and increased demand within the neighborhood. The property can physically be used for agricultural, recreational, and residential purposes. The development of the subdivisions north

and east of the subject indicates that this type of property is conducive for residential development.

Access to the property is provided by County Road 749/Forest Service Road 603. The east parcel has seasonal and at times 4-wheel drive access. The access is not physically sufficient for any commercial or industrial uses.

Financially Feasible

Financial feasibility looks at the uses that are legally and physically possible and determines which of those uses are feasible to pursue.

Residential, agricultural, and recreational uses are legally permissible and physically possible. Based upon recent sales within the neighborhood, these uses are also in demand and are typical of the area. There are no commercial or industrial uses in the neighborhood, nor does there appear to be a demand for these uses, such as any requests for conditional use permits.

There have been a few sales of properties similar in size in the subject neighborhood. There have also been several recent sales of smaller house sites within the adjacent Roaring Judy Subdivision. The property is a functional agricultural property and can physically be developed into smaller parcels without significant development requirements. The use of the property as one 1,240-acre property, two individual non-contiguous ranches, smaller ranchettes, or smaller 35+ acre house sites are all financially feasible.

Maximally Productive

A maximally productive analysis is similar to that used in determining financial feasibility, except it accounts for the highest return on investment. As previously stated, the financially feasible use of the property is its continued use for residential and agricultural purposes.

Maximally, the subject could be subdivided into 17 35-acre house sites. This would add a significant number of new house sites to the market. The property can also be subdivided into several smaller "ranchette" parcels.

Size Range	Number of Sales	Number of Active Listings	Avg Sales Price
30-69	24	34	\$582,895
70-105	4	1	\$450,250
106-225	0	1	N/A
226-500	2	1	\$650,000
501+	0	0	N/A

The chart above includes sales of properties in Gunnison County that are broken down by size range for 2023, as well as current active listings in those same size ranges. The most sales occurred between 30 and 69 acres; however, this market segment also has the most listings, which indicates steady supply. The market segments between 70 - 105 acres and 226 - 500 acres have more sales than current listings. This can be attributed to a stronger demand and a limited supply within these segments.

The subject has adequate access, water, and topography for a variety of uses.

Developments of various densities are viable scenarios. The exact development of the subject property is not determined within this appraisal and determining the exact development of the property is beyond the scope of this appraisal. Development of the entire property into 35-acre lots is feasible but may not be maximally productive, due to the current supply of this size of parcel. However, continued use of the property as a larger parcel for agricultural purposes, and the development of portions of the property into higher density developments will provide for a higher return on investment without over-supplying the current market. The larger parcels can be further developed into smaller sites, if and when demand warrants.

Overall, the Highest and Best Use of the property is to develop the property into a variety of ranchettes 100+ acres in size with a few smaller parcels, as demand dictates, with the utilization of the property as one agricultural and recreational ranch until development occurs.

METHODS OF APPRAISAL

In order to arrive at an accurate estimate of Market Value there are three commonly accepted approaches to establish value: The Cost Approach, the Sales Comparison Approach, and the Income Approach. They are described as follows:

The Cost Approach to value establishes the current market value of the site, as if vacant, then adds the current reproduction cost new, less accrued depreciation of the improvements.

The Sales Comparison Approach to value relates the subject property to similar properties that have sold or are currently offered for sale. This approach has the greatest application when sufficient comparable information is available.

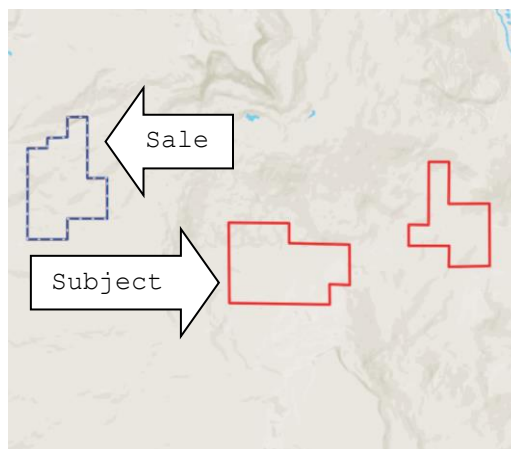
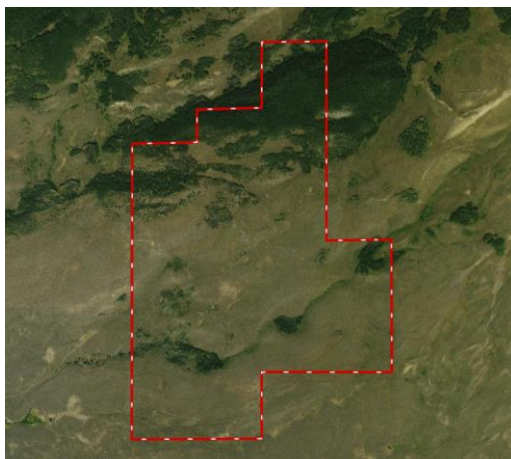
The Income Approach to value is the conversion of net income produced by the property into an indication of property value by use of a capitalization rate.

LAND SALES COMPARISON APPROACH

As discussed in the Scope of Work, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales of properties similar to the subject.

The Land Sales Comparison Approach involves the analysis of the sales of similar properties to the subject. The sales are then analyzed and adjustments are made to the comparable sales. The sales are as follows:

SALE NO. 1

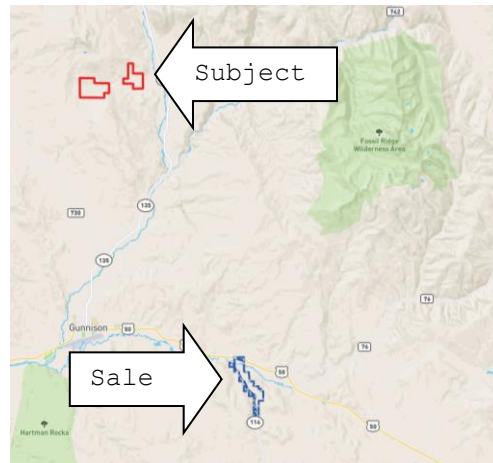


LOCATION: 2500 County Road 6, Gunnison County
SCHEDULE NO: 3427-000-00-017
GRANTOR: Eagle Bluff Ranch LLC
GRANTEE: White Sky LLC
RECORDING: 688470
SALE DATE: 10/31/22
SALE PRICE: \$2,600,000
FINANCING: Cash
PRICE PER ACRE: \$3,939
SITE DESCRIPTION:
SITE SIZE: 660 ac
SHAPE: Irregular
TOPOGRAPHY: Gently sloping to sloping and rolling 9,100-9,900 feet ASL
GROUND COVER: Mid-high mountain sparse ground cover, sage brush, native grasses/bushes, pockets of aspen and pine in the higher elevations
WATER RIGHTS: No
ACRES IRRIGATED: None
WATER FRONTAGE: Several seasonal drainages and pond
UTILITIES: None
ACCESS: Seasonal

IMPROVEMENTS: None

COMMENTS: 22 Days on Market. Located in Unit 54. 45 minutes north of Gunnison. Borders National Forest lands along its eastern and northern boundaries. Approximately 1/3 of the property is encumbered by a conservation easement, which had minimal effect on the purchase price due to the demand for large hunting/recreation properties at the current time.

SALE NO. 2



LOCATION: 48347 Highway 50 & 1746 Highway 114 East of Gunnison, Gunnison County

SCHEDULE NO: 3791-000-00-036 - 123 AC
3791-000-00-037 - 374.73 AC
3791-000-00-056 - 32.39 AC
3791-000-00-057 - 33.2 AC
3791-000-00-058 - 322.2 AC
3791-000-00-059 - 18.48 AC
3791-000-00-060 - 0.20 AC
3791-000-00-061 - 0.20 AC

GRANTOR: Esty Ranch LLC

GRANTEE: Woodcock Realty Holdings LLC

RECORDING: 686223

SALE DATE: 7/28/22

SALE PRICE: \$5,700,000 Overall
\$1,700,000 Improvements
\$4,000,000 Land Only

PRICE PER ACRE: \$4,423

SITE DESCRIPTION:

SITE SIZE: 904.4 ac

SHAPE: Irregular

TOPOGRAPHY: Generally flat, 7,000 feet ASL

GROUND COVER: Irrigated/sub irrigated and dry graze

WATER RIGHTS: Yes

ACRES IRRIGATED: 760

WATER FRONTAGE: Cochetope Creek, Tomichi Creek

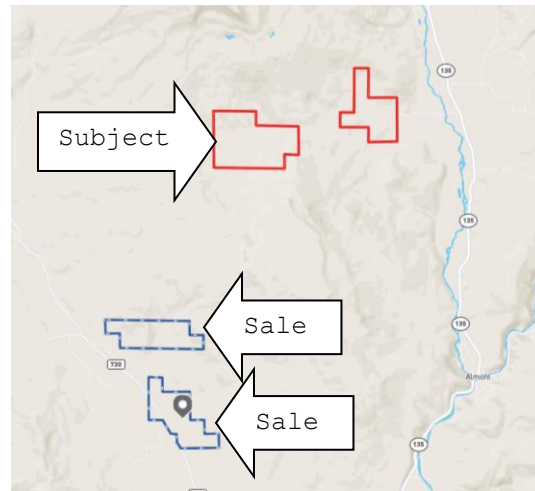
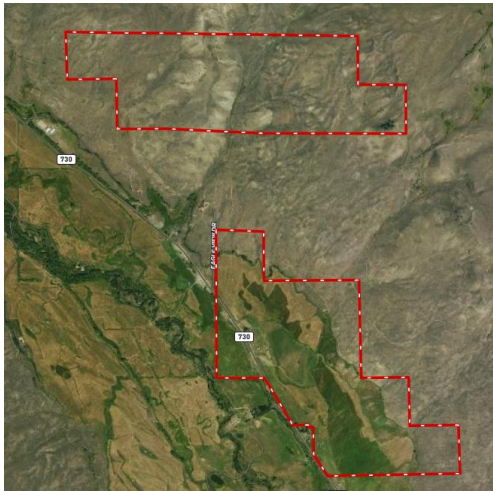
UTILITIES: Electricity, well water, septic, propane

ACCESS: Year-round

IMPROVEMENTS: Residence YOC 1962, 4 bedrooms and two Bathrooms. Residence YOC 2003, 3 bedrooms and two bathrooms. Residence YOC 1922, 4 bedrooms and 2 bathrooms. Numerous other agricultural outbuildings.

COMMENTS: Several parcels south of Highway 50 and southeast of Gunnison. 7.6 miles of Cochetope Creek frontage and 0.92 miles of Tomichi Creek frontage.

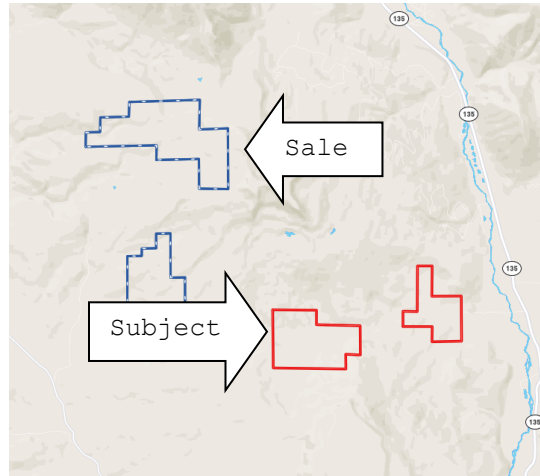
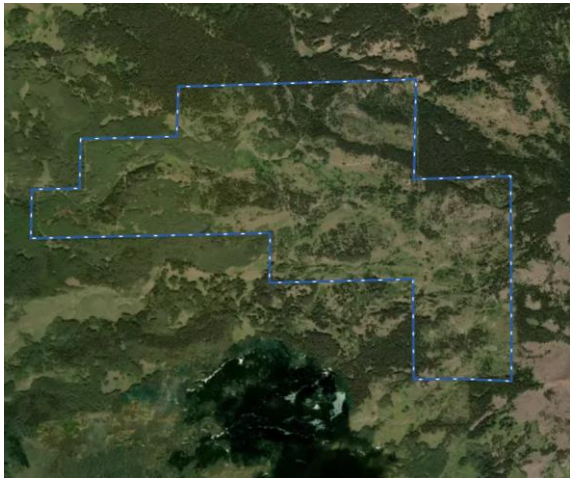
SALE NO. 3



LOCATION: 5048 County Road 730, Gunnison County
SCHEDULE NO: 3515-000-00-059 - 507.87 AC
3515-000-00-008 - 480 AC
GRANTOR: Redden Ranches Inc
GRANTEE: Two Bar T LLC; Sheep Mountain Partners LLC
RECORDING: 689582, CE deed 536700
SALE DATE: 1/30/23
SALE PRICE: \$5,175,000 Overall
\$ 540,000 Improvements
\$4,635,000 Land Only
PRICE PER ACRE: \$4,692
SITE DESCRIPTION:
SITE SIZE: 987.87 ac
SHAPE: Irregular
TOPOGRAPHY: Generally flat, gently sloping, to sloping
and rolling, South parcel 8,000-8,200 feet
ASL, North parcel 8,200-8,800 feet ASL
GROUND COVER: Irrigated/sub irrigated cropland, native
grasses, bushes, sagebrush, dry graze
hillside.
WATER RIGHTS: Yes
ACRES IRRIGATED: Approximately 350 acres
WATER FRONTAGE: Seasonal drainages and ponds.
UTILITIES: None
ACCESS: Year-round to 507 ac parcel and seasonal to 480
ac parcel
IMPROVEMENTS: Residence YOC 1920 2,582 sq ft. 5 bedrooms, 2
bathrooms. Approximately 20 agricultural outbuildings
constructed in the 1940s-1970s.

COMMENTS: Two non-contiguous parcels entirely encumbered by a
Conservation Easement. No subdivision allowed. Three building
envelopes.

SALE NO. 4



LOCATION: 4500 Forest Service Road 563, Ohio Creek Valley, Gunnison County

SCHEDULE NO: 3437-000-00-004 - 923.55 AC
3437-000-00-103 - 280 AC
3437-000-00-102 - 40 AC

GRANTOR: D Bow Ranch LLC

GRANTEE: Petrus Holdings Inc.

RECORDING: 689128

SALE DATE: 12/22/22

SALE PRICE: \$9,400,000 Overall
\$ 650,000 Improvements
\$8,750,000 Land Only

PRICE PER ACRE: \$7,036

SITE DESCRIPTION:

SITE SIZE: 1,243.55 ac

SHAPE: Irregular

TOPOGRAPHY: Gently sloping, to sloping and rolling, 9,500-11,100 feet ASL

GROUND COVER: Mountain meadows with native grasses and bushes, aspen, spruce, and fir.

WATER RIGHTS: Yes, .165 cfs

ACRES IRRIGATED: None

WATER FRONTAGE: 10+ springs and ponds.

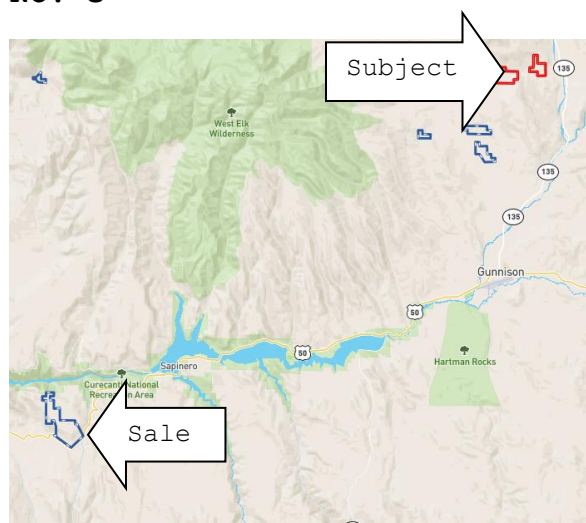
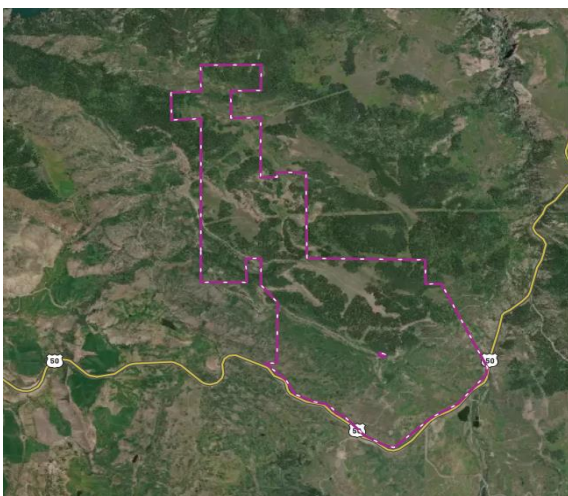
UTILITIES: Septic, spring water, propane, solar with generator backup

ACCESS: Seasonal

IMPROVEMENTS: Residence YOC 1995 3,045 sq ft. 4 bedrooms, 2 bathrooms. Barn and storage shed.

COMMENTS: Whetstone Mountain Ranch. Excellent views of the Ohio Creek Valley. Excellent hunting ranch.

SALE NO. 5



LOCATION: 3795 US Highway 50, Blue Mesa Summit/
Cimarron, Gunnison County

TAX PARCEL NO.: 3985-000-00-051

SALE DATE: 1/23/24

SALE PRICE: \$11,980,000 Overall
\$ 850,000 Improvements
\$11,130,000 Land Only

PRICE PER ACRE: \$5,066

FINANCING: Cash

GRANTOR: Busted Bronc Ranch LLC

GRANTEE: Heartland Plaza Rental LLC

RECEPTION NO.: 694949

SITE DESCRIPTION:

SIZE: 2,196.77 ac

ACCESS: Year-round, Highway 50

UTILITIES: Electricity, propane, septic, well water

ZONING: A - Agriculture

GROUND COVER: Mountain meadow and pastureland, aspen, and
pine trees

TOPOGRAPHY: Generally flat to sloping and rolling, with
small areas of steep sloping. 8,600-9,000
feet asl

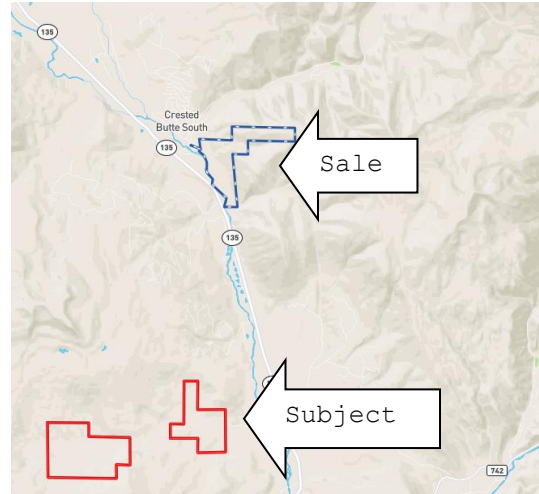
WATER RIGHTS: Yes, Blue Creek

WATER FRONTAGE: Round Corral Creek, Stumpy Creek, and a few
small ponds.

IMPROVEMENTS: 1,658 sq ft residence, YOC 1921, 4 bedrooms,
2 bathrooms. ADU 625 sq ft YOC 2011, ADU 525
sq ft YOC 2006.

COMMENTS: Mountain ag/hunting land. Borders Curecanti National
Recreation Area and BLM lands. Property sold in 2022 for
\$6,630,000 indicating a 40% annual appreciation rate. The property
also sold in 2021 for \$5,000,000 indicating a 33% annual
appreciation rate.

SALE NO. 6

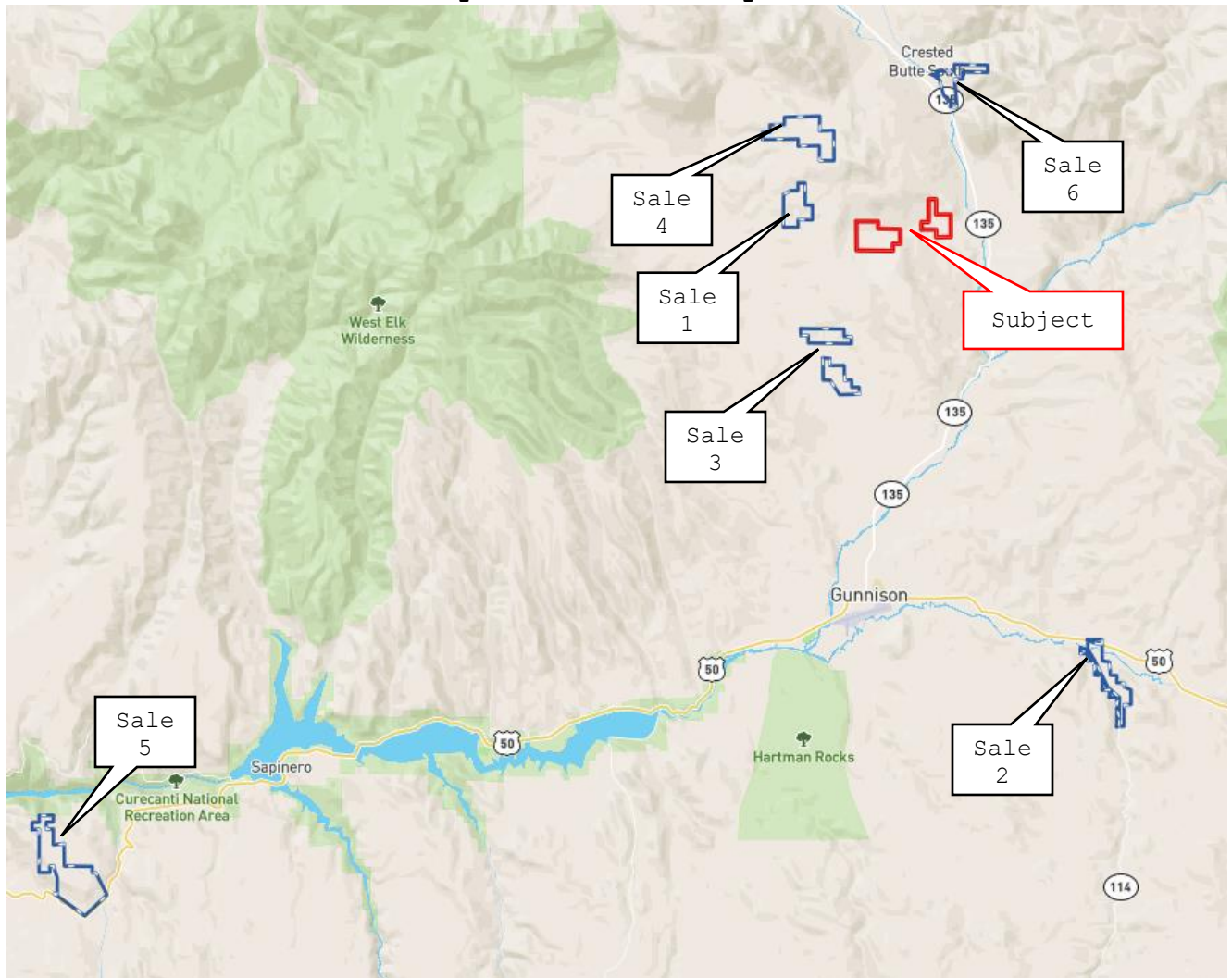


LOCATION: 180 Upper Allen Road, Gunnison County
TAX PARCEL NO.: 3257-000-00-101, 3257-273-00-027,
3257-273-00-025, 3257-340-00-044
SALE DATE: 9/15/21
SALE PRICE: \$4,300,000
PRICE PER ACRE: \$8,047
FINANCING: Cash
GRANTOR: Cement Creek LLC
GRANTEE: Hunter Family Real Estate Ltd
RECEPTION NO.: 694949
SITE DESCRIPTION:
SIZE: 534.346 ac
ACCESS: Year-round
UTILITIES: Electricity, propane, septic, well water
ZONING: A - Agriculture
GROUND COVER: Irrigated hay, meadow, and mountain forest
land, and rock outcroppings
TOPOGRAPHY: Generally flat to sloping, steep sloping,
and rolling, 8,540-9,080 feet ASL
WATER RIGHTS: Yes, 26 C.F.S. from Cemetrn Creek Ditch No.
71 and 5 C.F.S. fron Granite Ditch.
WATER FRONTAGE: One mile of East River, Granite Creek,
seasonal streams

IMPROVEMENTS: None

COMMENTS: Approximately 190 irrigated acres. Borders BLM and National Forest land. Level hilltop homesite. Approximately 190 acres are in a conservation easement that prohibits development or subdivision of the affected acreage. Encumbered land borders the river.

Comparable Sales Map



SALES CHART

Location	Sale date	Sale Price	Site size Unit Price (Land Only)	Comments
Sale 1 2500 County Road 6, Gunnison County	10/31/22	\$2,600,000	660 \$3,939/ac	22 days on market. Located in Unit 54. 45 minutes north of Gunnison. Borders National Forest lands along its eastern and northern boundaries. Appx. 1/3 is encumbered by conservation easement.
Sale 2 48347 Highway 50 & 1746 Highway 114, Gunnison County	7/28/22	\$5,700,000 Overall \$1,700,000 Improvements \$4,000,000 Land only	904.4 \$4,423/ac	Several parcels south of Highway 50 and southeast of Gunnison. Some creek frontage. Part irrigated, part dry graze.
Sale 3 5048 County Road 730, Gunnison County	1/30/23	\$5,175,000 Overall \$540,000 Improvements \$4,635,000 Land only	987.87 \$4,692/ac	Two non-contiguous parcels entirely encumbered by a conservation easement. No development or subdivision allowed. Appx. 350 irrigated acres.
Sale 4 4500 Forest Service Road 563, Ohio Creek Valley, Gunnison County	12/22/22	\$9,400,000 Overall \$650,000 Improvements \$8,750,000 Land only	1,243.55 \$7,036/ac	Whetstone Mountain Ranch. Excellent views and hunting.
SALE 5 3795 U.S. Highway 50, Blue Mesa Summit/Cimarron area, Gunnison County	1/23/24	\$11,980,000 Overall \$850,000 Improvements \$11,130,000 Land only	2,196.77 \$5,066/ac	Borders Curecanti National Recreation Area and BLM. Previously sold in 2022 for \$6,630,000 indicating a 40% annual appreciation rate.
Sale 6 180 Upper Allen Road, Gunnison County	9/15/21	\$4,300,000	534.346 \$8,074/ac	Appx. 190 irrigated acres. Borders BLM and NF lands. Level hilltop homesite. Appx 190 acres are in a conservation easement

Summary of Sales

The above comparable sales include properties that are located throughout Gunnison County, in comparable neighborhoods. They range from 534.346 to 2,196.77 acres and include a variety of irrigated land and ground cover. The sales provide sufficient data to determine the present market value for the subject property. The comparable sales are further compared and adjusted to the subject property as follows:

Improvements

Some of the sales include various residential and agricultural improvements. The subject is vacant, and any improvements associated with comparable sales are extracted from their sales price so a land value can be determined as vacant.

Cash Equivalency/Financing

All of the sales were either cash or equivalent to cash and no adjustments are warranted.

Conditions of the Sales

The sales are considered arms-length transactions, and no adjustments are warranted.

Market Conditions/Time Adjustment

The subject neighborhood is comprised of a high percentage of public land, with a small amount of private land sandwiched in between. Much of the private land in the immediate area varies from 35/40-acre house/cabin sites to larger ranch parcels. Comparable parcels are utilized to determine an appreciation rate. These paired sales are as follows:

Parcel 3437-000-01-025 sold for \$245,000 in 2021 then resold in 2023 for \$485,000, indicating an annual appreciation rate of 49%.

Parcel 3257-000-06-006 sold for \$765,000 in 2021 then resold for \$945,000 in 2023, indicating an annual appreciation rate of 12%.

Sale 5 previously sold for \$6,630,000 in 2022 indicating an annual appreciation rate of 40%. This is overstated for the market.

Market data indicates a large increase in values from 2021 to 2022, and then slower, but still increasing prices from 2022 to 2023. Overall, the market has continued to be progressive. However, the demand for development has decreased slightly as several properties have been subdivided and developed and increasing interest rates have slowed the demand. Thus, an appreciation rate of 10% per year is appropriate and applied to the sales through 2023. There are six ranches listed for sale, indicating a supply of more than one year. Thus, no appreciation is applied for 2024. This can be attributed to the higher supply, high list prices of the existing supply, and high interest rates that have priced some of the market participants out of the market.

Location

The subject property is located north of Gunnison, west of Highway 135, and south of Crested Butte, at the south end of the Ohio Creek Valley. This is a highly desirable residential and recreational neighborhood.

Most of the sales are located in the subject neighborhood or in similar neighborhoods and no adjustments are warranted. Sale 6 is in close proximity to Crested Butte, in an area of strong demand and higher unit prices and a downward adjustment is warranted. Sale 2 is located east of Gunnison, along the Tomichi River. While this area is in demand for agricultural properties, it has less residential development demand and it warrants an upward adjustment.

Size

The subject contains 1,240 acres of irrigated and grazing land within two non-contiguous parcels. Typically, smaller parcels command higher per acre prices than larger parcels if the functional utility is otherwise comparable.

Sales 1 and 6 are smaller and warranted downward adjustments,

Sales 2, 3, and 4 are similar in size and no adjustments are warranted.

Sale 5 is larger and warrants an upward adjustment.

Water Rights and Irrigated Land

The subject ranch land includes good, irrigated hay and sub-irrigated pastures. The comparable sales vary from irrigated hay, improved pastures, and dry grazing land. Water rights are not valued individually in this analysis. The comparable sales' irrigated land quantity and type are compared to the subject.

Sales 1, 4, and 5 contain a smaller percentage of irrigated land and upward adjustments are warranted.

Sale 2 contains a higher percentage of irrigated land and downward adjustments are warranted.

Sales 3 and 6 contain a similar percentage of irrigated land and no adjustment is warranted.

Creek Frontage

Creek frontage can have a significant effect on the value of the property in the neighborhood. There are parcels that are purchased entirely for their recreational value of the creek

frontage, while other parcels have limited functional utility due to potential flooding or wetlands. The creeks vary in their recreational and agricultural amenities and thus their demand.

The subject has frontage to Alkali Creek along with several seasonal drainages and ponds.

Sales 1, 3, and 4 contain only seasonal drainages and upward adjustments are warranted.

Sale 6 contains superior frontage to the East River and downward adjustments are warranted. Sale 2 has frontage to Tomichi Creek and a downward adjustment is warranted.

Sale 5 contains similar creek frontage and no adjustments are warranted.

Ground Cover

The subject contains mid-mountain land covered in native grasses and sagebrush, along with riparian vegetation near the waterways and the higher elevations covered in groves of aspen trees and small pockets of pine trees.

Sale 2 is lower in elevation and does not contain the desirable mountain ground cover of the subject and upward adjustments are warranted.

Sale 4 contains superior higher mountain ground cover and downward adjustments are warranted.

The remaining sales are similar in ground cover and no adjustments are warranted.

Public Land Adjacency

Typically, properties with public land adjacency command higher values than those without. The subject's west parcel is an in-holding of National Forest lands and the east parcel abuts public lands along its western boundary.

Sale 5 does not contain the large amount of public land adjacency that the subject does and an upward adjustment is warranted.

The remaining sales all contain a large amount of public land adjacency and no adjustments are warranted.

Encumbered Land

In most cases, land that is encumbered by conservation easements commands lower values than land that is unencumbered by such restrictions.

Sales 1, 3, and 6 are encumbered in varying degrees and upward adjustments are warranted.

Sales Analysis and Property Value Conclusions

The sale's adjustments described above are illustrated in the chart below:

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Site Size (Acres)	660	904.4	987.87	1,243.55	2,196.77	534.346
Sale Date	10/31/22	7/28/22	1/30/23	12/22/22	1/23/24	9/15/21
Unit Price (Land Only)	\$3,939	\$4,423	\$4,692	\$7,036	\$5,066	\$8,047
Condition of Sale	=	=	=	=	=	=
Financing	=	=	=	=	=	=
Market Conditions	+\$460	+\$627	+\$469	+\$704	=	+\$1,811
Adjusted Unit Price	\$4,399	\$5,050	\$5,161	\$7,740	\$5,066	\$9,858
Location	=	+	=	=	=	-
Size	-	=	=	=	+	-
Irrigated Land	+	-	=	+	+	=
Creek/Water Frontage	+	-	+	+	=	--
Ground Cover	=	++	=	--	=	=
Public Land Adjacency	=	=	=	=	+	=
Encumbered Land	+	=	++	=	=	+
Overall Adjustment	++ \$4,399	+ \$5,050	+++ \$5,161	= \$7,740	+++ \$5,066	-- \$9,858

The sales, before adjustments, indicate a range of prices from \$3,939 to \$8,047 per acre. After adjustments, the sales indicate a narrower range as illustrated below:

Sale 6 less than \$9,858 per acre

Sale 4 similar to \$7,740 per acre

Sale 3 more than \$5,161 per acre

Sale 5 more than \$5,066 per acre

Sale 2 more than \$5,050 per acre

Sale 1 more than \$4,399 per acre

Overall, Sale 6 supports a price of less than \$9,858 per acre, with Sales 3, 5, 2 and 1 supporting a price of more than \$5,161 per acre. Sale 4 supports a price similar to \$7,740 per acre.

VALUE CONCLUSION

The subject property is a good functional ranch located in the Ohio Creek Valley. It contains 1,240 acres and can be utilized for agricultural uses, recreational uses, or be developed, similar to the surrounding properties.

Sale 3 supports the low end of the range at \$5,161 per acre. This sale is inferior in its creek frontage and it is entirely encumbered by a conservation easement; thus, the subject commands a value higher than this sale.

Sale 6 caps the upper end of the range at \$9,858. This sale has premium river frontage and is much smaller than the subject; thus, the subject commands a value lower than this sale.

Sale 4 supports a price similar to \$7,740 per acre. Although it does not contain irrigated land or the creek frontage the subject does, it is a more desirable recreational and hunting property due to its higher mountain elevation and ground cover.

The middle of the range is \$7,500 per acre, however the subject has more dry grazing land and is slightly more remote than some of the other parcels and commands a value lower than the middle of the range, and Sale No. 4. It commands a value above the bottom of the range due to the surrounding public lands, creek frontage and irrigated land.

Based upon the sales and the subject's market features, and due to its size, the subject commands a value slightly below the middle of the range at \$7,250 per acre. Applying \$7,250 per acre to the subject's 1,240 acres indicates a present market value of \$9,176,000, ROUNDED TO:

EIGHT MILLION NINE HUNDRED NINETY THOUSAND DOLLARS
\$8,990,000.00

VALUATION OF THE IMPROVEMENTS

The west parcel is improved with two seasonal cabins. The cabins are wood construction with wood/log siding and metal roof. There is a large trex-deck that connect the two cabins. A generator provides power; heat is provided by fireplace in the main cabin and electric wall heat in the sleeping cabin. Water is provided by a well, and there is an outhouse.

The older cabin was originally constructed in 1935 and has been updated, with an estimated affective age of 20 years. It is a one-room cabin, with a kitchen, dining area and living room/sleeping area. It contains a total of 817 square feet. It has wood floors.

The newer cabin was constructed in 2007 and contains 480 square feet. It is a one room cabin.

Overall, both of the cabins are in good condition with minimal deferred maintenance.

Comparable Sales

There are no comparable sales that have similar size and age as the subject within the subject neighborhood. Thus, parcels throughout Gunnison County were researched. There are several residences located in Gunnison of similar age, size, and condition. However, these all had good year-round access, indoor plumbing and are utilized for year-round residential uses. Due to their year-round uses, they command a value higher than indicated by the subject improvements. Thus, cabins throughout Gunnison County were utilized.

Sale No./ Location	Sale Price Sale Date	Site Size Contributory Value	Improvement Size YOC	Unit Price	Comments
Sale 1 95 George Bail Drive, Almont	\$95,000 1/31/23	N/A	924 sf 1979	\$102.81/sf	Manufactured home located in mobile home park in Almont.
Sale 2 9549 County Ro 888, White Pin	\$155,000 9/30/22	0.46 Ac \$30,000	896 sf 1891	\$139.51/sf	Seasonal cabin in White Pine
437 Cove Road, Gunnison	\$210,000 4/26/21	0.30 Ac \$30,000	1,156 sf 1966	\$155.71/sf	Seasonal cabin overlooking Blue Mesa Lake.

The sales indicate a narrow range of prices from \$102.81 to \$155.71 per square foot.

IMPROVEMENT VALUE CONCLUSION

The older subject cabin is one room that includes a kitchen and living room, the newer cabin is one room and is utilized as a bunk

house. Although they are two separate structures, with differing actual ages, based upon the updates of the older cabin, and the good condition of both cabins. They provide the same contributory value to the subject.

The sales range from \$102.81 per square foot to \$155.71 per square foot, ranging from 896 to 1,156 square feet. Two have seasonal access, but all three are located within a subdivision. While the subdivision provides additional amenities, the properties do not have the seclusion that the subject benefits from. Thus, the subject commands a value above the bottom of the range. The subject utilizes generator power, with no electricity extended. This is inferior to all of the sales and the subject does not command a value at the top of the range.

The subject improvements do not include a garage, and the bunk house is separated from the kitchen, but the deck connects the improvements. The subject commands a value within the middle of the range based upon the size and age/condition of the improvements. Thus, the subject commands a value of \$120.00 per square foot. Applying \$120.00 per square foot to the main cabin's 817 square feet and the bunk house's 480 square feet indicates a total contributory value of \$155,640 ROUNDED TO: \$160,000.

RECONCILIATION AND FINAL VALUE CONCLUSION

The subject property is a non-contiguous ranch that totals 1,240 acres. The west parcel has seasonal access and is improved with two small cabins. The east parcel is vacant, has year-round access, and utilities in close proximity. Alkali Creek flows through both parcels. The topography varies from mid-mountain pastures and grazing land to high mountain grazing and recreation land. The land commands a value of \$7,250 per acre or \$8,990,000.

The main cabin includes a kitchen and living room with fireplace. The bunk house includes one large room. The main cabin is older, but has been updated. The bunk house is newer and smaller than the main cabin. Based upon the condition, they both have the same contributory unit value at \$120 per square foot, or a total contributory value of \$160,000 (ROUNDED).

Thus, the contributory value of the land and the improvements indicates a present market value of:

NINE MILLION ONE HUNDRED FIFTY THOUSAND DOLLARS
\$9,150,000.00

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. No warranty, however, is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under that stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only the proper written qualification and only in its entirety.

13. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

15. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field, if desired.

QUALIFICATIONS OF KORI S. SATTERFIELD		
PROFESSION:	Independent Real Estate Appraiser and Real Estate Consultant from 2010 to present.	
GRADUATE:	Mesa State College, Bachelor of Arts	
APPRAISAL LICENSES:	State of Colorado: Certified General Appraiser CG200000025, Expires 12/31/24 State of Utah: Certified General Appraiser 11856201-CG00 Expires 11/30/24	
ASSOCIATE MEMBER OF:	Practicing Affiliate of the Appraisal Institute and American Society of Farm Managers and Rural Appraisers, and International Right of Way Association	
COURSES & SEMINARS:	2006 - Conservation Easement and IRS Regulations, Basic Appraisal Principles, Scope of Work 2007 - Business Ethics, Conservation Excellence, Valuation of Small Mixed-Use Properties, USPAP 2008 - Conservation Easements and IRS Regulations - Update, Residential Market Analysis and Highest and Best Use, 2009 - Conservation Easements - Update, Appraiser Site Valuation and Cost Approach, Residential Sales Comparison Approach, Residential Report Writing and Case Studies, Conservation Easements 2010 - USPAP Update, Conservation Easement Update, HP12C Calculator, Appraisal Curriculum Overview - Residential, 2011 - CE Update, Division of Real Estate, State of Colorado, General Appraiser Highest & Best Use, 2012 General Appraiser: Sales Comparison Approach, USPAP Update, Valuation of Conservation Easements & Other Partial Interests, General Appraiser: Site Valuation & Cost Analysis, 2013 - Conservation Easement Update Course, 2014 - USPAP Updated, Conservation Easement Update Course, General Appraiser Cost Approach, General Appraiser Income Approach I, General Appraiser Income Approach II, General Appraiser Report Writing, McKissock Commercial Appraiser Review, 2015 - McKissock Appraising for Expert Testimony, CLLT Conservation Easement Update Course 2016 - USPAP Update, Donated Real Estate, Energy Efficiency and Contributory Value & Supporting Adjustments, FHA Education Session Appraiser Training, BOREA investigations, Conservation Easement Update, UASFLA Conservation Easement Valuation Workshop, 2017 - State of Colorado - Conservation Easement Update Course, ASFMRA Eminent Domain, ASFMRA - Yellowbook, 2018 - USPAP Update 2020 - AI - Business Practices & Ethics, AI - Small Motel/Hotel Valuations, AI-USPAP Update, ASFMRA - Integrated Approaches to Value, ASFMRA - Valuation of Water Rights, 2021 - ASFMRA - Introduction to Appraisal of Permanent Plantings, ASFMRA - Introduction to Appraisal of Cannabis, ASFMRA - Advanced Case Studies, AI - Spreadsheet Programs in Real Estate Appraisals 2022 - ASFMRA - Advanced Rural Case Studies, USPAP Update, 2023 - ASFMRA - Business Ethics, ASFMRA - Advanced Appraisal Exam Preparation Course	
APPRAISAL	Alpine Bank	Great Outdoors Colorado - GOCO
CLIENTS:	Aspen Valley Land Trust	Laramie Energy
	Rocky Mountain Elk Foundation	Colorado Open Lands
	Ducks Unlimited	Garfield County Airport
	Mesa Land Conservancy (Colorado West Land Trust	Grand Valley Bank
	Montrose Bank	Trust for Public Lands
	Colorado Cattleman's Land Trust	Delta Montrose Electric Assoc
	Oxy USA	Grand Valley Power
	Colorado Open Lands	Black Canyon Land Conservancy
	Xcel Energy	Bank of the West
	Wells Fargo Bank	Bank of San Juans
	Bank of Colorado	Timberline Bank
	National Resource Conservation Service	Colorado Department of Transportation
	Colorado Headwaters Land Trust	FSA - USDA
	Colorado Parks and Wildlife	Various individuals, attorneys,
	Farm Credit - Rural 1 st /Mid-America/	and lending institutions.
GOVERNMENTS:	Cities of Grand Junction and Delta. Counties of Mesa and Delta, Bureau of Reclamation, BLM, State of Colorado, Colorado State Parks and Wildlife, U.S. Forest Service, Colorado Parks & Wildlife	
WORK LOCATIONS:	All of Western Colorado. Including properties in Delta, Eagle, Garfield, Gunnison, Lake, Mesa, Grand, Jackson, Moffat, Montrose, Pitkin, Rio Blanco, Routt, Saguache, San Juan, and San Miguel, Counties, Colorado. Eastern Utah	

Colorado Department of Regulatory Agencies Division of Real Estate Kori Shea Satterfield Certified General Appraiser	
<u>CG200000025</u>	<u>11/15/2022</u>
License Number	Issue Date
<u>Active</u>	<u>12/31/2024</u>
License Status	Expiration
Verify this license at http://dora.colorado.gov/dre	
<u>Marcia Waters</u>	<u>Kori S. Satterfield</u>
Director: Marcia Waters	Licensee Signature

**APPRAISAL REPORT
TWO HENDERSON MILL RANCH PARCELS
LOCATED
SOUTH OF PARSHALL
ALONG COUNTY ROAD 3
GRAND COUNTY, COLORADO**

APPRAISED FOR:

Mr. Miguel Hamarat
Climax Molybdenum Company
Henderson Operations
PO Box 68
Empire, Colorado 80438-0068

Agreement No.

31162400006-001

DATE OF VALUE

July 15, 2024

DATE OF REPORT

August 5, 2024

APPRAISED BY

ARNIE BUTLER & Associates
Kori S. Satterfield
Certified General Appraiser
Grand Junction, Colorado

ARNIE BUTLER & ASSOCIATES
REAL ESTATE APPRAISERS & CONSULTANTS
300 Main Street, Suite 301
Grand Junction, Colorado 81501
- Kori S. Satterfield -
- Certified General Appraiser - Colorado and Utah -
- Kori@arniebutler.com -
- 970-241-2716 -

August 8, 2024

Mr. Miguel Hamarat
Climax Molybdenum Company
Henderson Operations
PO Box 68
Empire, Colorado 80438-0068

Mr. Hamarat;

In response to your request, I have appraised the Subject Property for the purpose of establishing an opinion of market value of the Climax Molybdenum - Henderson Mill parcels located in Grand County, Colorado. This appraisal was made for the purpose of developing an opinion of the present Market Value of the subject property, as of July 15, 2024.

All data used, logic employed and conclusions are subject to the enclosed Certification, Assumptions and Limiting Conditions. This appraisal is completed in conformance with the prevailing guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP). This letter is attached to the report.

Climax Molybdenum Company is the client. They, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the market value conclusions for the various interests for the subject, as of July 15, 2024 are as follows:

Subject Parcel 1 - 487.8 Acres	- \$2,075,000
Subject Parcel 2 - 4,444.02 Acres	- \$13,530,000

Mr. Miguel Hamarat
Climax Molybdenum Company
August 8, 2024
Page II

*This appraisal is subject to an extraordinary assumption that the improvements are similar to described and cursorily inspected. The interior of the improvements were not inspected, but are assumed to be in similar condition as the exterior condition.

If you have any questions with respect to the value conclusions, and/or logic employed please contact me at your convenience.

Very truly yours,
ARNIE BUTLER & ASSOCIATES



Kori S. Satterfield
Certified General Appraiser
Colorado License No. CG200000025

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SOUTHEAST BOUNDARY OF SUBJECT PARCEL 1



VIEW TO NORTH FROM SOUTHERN TIP OF SUBJECT PARCEL 1



VIEW TO NORTH FROM SOUTH BOUNDARY OF SUBJECT PARCEL 1



SUBJECT PARCEL 1







CREEK FLOWING THROUGH NORTH TIP OF SUBJECT PARCEL 2



HARVESTED DEAD LODGEPOLE PINE



MID MOUNTAIN - TYPICAL GROUND COVER - SUBJECT PARCEL 2



IMPROVEMENTS ON SUBJECT PARCEL 2



SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

LOCATION: The Subject Property is comprised of two individual parcels.

Parcel 1 is located approximately 12 miles south of Parshall and U.S. Highway 40, on the north side of Grand County Road 3, just west of the Henderson Tailings pond. 5 miles north of Highway 9 and Ute Pass Road intersection, and 1 mile north of the Summit/Grand County lines.

Parcel 2 is located approximately 10 miles south of Parshall and U.S. Highway 40, on both sides of Grand County Road 3. It is located adjacent west of Keyser Creek Road and Ute Pass Road GCR 3.

LEGAL DESCRIPTION: Subject Parcel 1 has the following Legal Description:

A parcel of land located within Exchange Survey No. 375, located in Township 2 South, Range 78 West, Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at a point on the line between Angle Point 35 and Angle Point 36, said point lying N 11°11'22" E a distance of 666.42 feet; from the aforementioned Angle Point 36;

Thence, N 11° 11' 22.0" E for a distance of 1920.11 feet; to the aforementioned Angle Point 35;

Thence, N 49° 05' 38.0" W along the line between said Angle Point 35 and Angle Point 34 for a distance of 7982.70 feet; to said Angle Point 34;

Thence, N 73° 48' 38.0" W along the line between said Angle Point 34 and Angle Point 33 for a distance of 2970.00 feet;;

Thence, N 04° 13' 46.8" E for a distance of 2926.40 feet;;

Thence, S 51° 08' 12.7" E for a distance of 10226.72 feet;;

Thence, S 44° 34' 11.6" E for a distance of 2632.66 feet;;

Thence, S 41° 40' 43.7" E for a distance of 1429.96 feet;;

Thence S 58° 43' 26.6" W a distance of 2883.46 feet; back to the POINT OF BEGINNING. Subject parcel contains 487.8 acres more or less including any easements of record.

Subject Parcel 2 has the following Legal Description:

A parcel of land located within Sections 28, 32, 33 & 34, Township 1 South, Range 78 West; and Exchange Survey No. 375, located in Township 2 South, Range 78 West, both of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at Angle Point 1 of said Exchange Survey No. 375, said point being the Southeast corner of the aforementioned Section 33, Township 1 South, Range 78 West;
Thence, S 54° 00' 19.8" E along the line between said Angle Point 1 and Angle Point 76 for a distance of 4474.13 feet; to Angle Point 76;
Thence, S 19° 03' 38.0" E along the line between said Angle Point 76 and Angle Point 75 for a distance of 4328.28 feet; to Angle Point 75;
Thence, S 84° 21' 07.3" W for a distance of 6772.65 feet;
Thence, S 55° 17' 57.4" W for a distance of 2007.71 feet;
Thence, S 29° 12' 49.0" W for a distance of 635.50 feet;
Thence, S 44° 47' 54.7" W for a distance of 1865.76 feet;
Thence, S 17° 15' 44.9" W for a distance of 2453.05 feet;
Thence, S 04° 13' 46.8" W for a distance of 4364.11 feet; to a point on the line between Angle Point 34 and Angle Point 33;
Thence, N 73° 48' 38.0" W along said line for a distance of 5388.24 feet; to Angle Point 33;
Thence, N 19° 26' 38.0" W along the line between said Angle Point 33 and Angle Point 32 for a distance of 3338.28 feet; to Angle Point 32;
Thence, N 63° 07' 38.0" W along the line between said Angle Point 32 and Angle Point 31 for a distance of 779.69 feet;
Thence, N 26° 56' 36.0" E for a distance of 299.21 feet;
Thence, N 26° 55' 18.5" E for a distance of 414.72 feet;
Thence, N 26° 54' 08.5" E for a distance of 1034.17 feet;
Thence, N 26° 55' 44.0" E for a distance of 990.97 feet;
Thence, N 26° 57' 26.0" E for a distance of 331.03 feet;
Thence, N 12° 01' 01.0" E for a distance of 897.01 feet;
Thence, N 21° 57' 39.0" E for a distance of 876.61 feet;
Thence, N 22° 12' 38.0" E for a distance of 688.52 feet;
Thence, N 22° 22' 15.0" E for a distance of 485.22 feet;
Thence, N 21° 50' 51.0" E for a distance of 554.61 feet;
Thence, N 22° 10' 24.0" E for a distance of 743.19 feet;
Thence, N 21° 40' 48.0" E for a distance of 370.89 feet;
Thence, N 07° 19' 31.0" E for a distance of 290.96 feet;
Thence, N 08° 48' 13.0" E for a distance of 459.33 feet;
Thence, N 26° 03' 34.0" E for a distance of 301.25 feet;
Thence, N 29° 38' 56.0" E for a distance of 263.26 feet;
Thence, N 38° 12' 58.0" E for a distance of 348.18 feet;
Thence, N 49° 58' 08.0" E for a distance of 427.72 feet;
Thence, N 31° 45' 55.0" E for a distance of 359.94 feet;
Thence, N 22° 39' 43.0" E for a distance of 407.19 feet;
Thence, N 11° 28' 25.0" E for a distance of 579.49 feet;
Thence, N 06° 25' 05.3" W for a distance of 560.85 feet;
Thence, N 07° 18' 43.0" E for a distance of 351.10 feet;
Thence, N 04° 25' 59.0" W for a distance of 324.23 feet;
Thence, N 00° 00' 00.0" E for a distance of 264.65 feet;
Thence, N 42° 31' 11.0" E for a distance of 209.81 feet;
Thence, N 36° 34' 49.0" E for a distance of 451.05 feet;
Thence, N 41° 40' 03.0" E for a distance of 185.52 feet;
Thence, N 25° 51' 20.0" E for a distance of 376.33 feet;
Thence, N 42° 02' 06.0" E for a distance of 163.66 feet;

Thence, N 17° 35' 43.0" E for a distance of 318.05 feet;
Thence, N 05° 39' 37.0" E for a distance of 166.12 feet;
Thence, N 20° 34' 18.0" E for a distance of 273.00 feet;
Thence, N 19° 11' 44.0" E for a distance of 171.21 feet;
Thence, N 26° 22' 02.0" E for a distance of 247.21 feet;
Thence, N 47° 25' 35.0" E for a distance of 295.27 feet;
Thence, N 33° 15' 22.0" E for a distance of 370.78 feet;
Thence, N 17° 29' 40.0" E for a distance of 290.81 feet;
Thence, N 22° 05' 51.0" E for a distance of 204.65 feet;
Thence, N 29° 57' 08.0" E for a distance of 235.89 feet;
Thence, N 46° 45' 25.0" E for a distance of 97.60 feet;
Thence, N 63° 01' 19.0" E for a distance of 176.82 feet;
Thence, N 55° 48' 50.0" E for a distance of 203.94 feet;
Thence, N 69° 36' 00.0" E for a distance of 174.54 feet;
Thence, N 37° 16' 16.0" E for a distance of 156.45 feet;
Thence, N 54° 22' 29.0" E for a distance of 191.65 feet;
Thence, N 53° 18' 38.0" E for a distance of 164.32 feet;
Thence, N 74° 36' 21.0" E for a distance of 158.77 feet;
Thence, N 54° 35' 26.0" E for a distance of 162.30 feet;
Thence, N 71° 48' 30.0" E for a distance of 274.27 feet;
Thence, N 44° 02' 01.0" E for a distance of 253.66 feet;
Thence, N 42° 21' 00.0" E for a distance of 156.05 feet;
Thence, N 02° 33' 02.0" W for a distance of 162.83 feet;
Thence, N 34° 47' 25.0" E for a distance of 278.49 feet;
Thence, N 19° 23' 30.0" E for a distance of 148.11 feet;
Thence, N 53° 42' 29.0" E for a distance of 224.66 feet;
Thence, N 51° 08' 22.0" E for a distance of 485.74 feet;
Thence, N 06° 50' 39.0" W for a distance of 1640.68 feet to a point on the south right of way line of Grand County Road No. 3, a non tangent point of curvature to the left, having a radius of 1631.48 and a central angle of 07°50'01", from which point the radius point bears N 13°29'09" W;
Thence, run along the arc of said curve and right of way a distance of 223.06 feet;
Thence, N 65° 58' 21.0" E along said right of way for a distance of 96.02 feet to the beginning of a non tangent curve to the left, said curve having a radius of 1635.54 feet, a central angle of 04°16'09" and from which the radius point bears N 19° 05' 18" W;
Thence, run along said right of way and curve a distance of 121.87 feet to a point on the North line of the Southwest Quarter of the Southwest Quarter of said Section 28;
Thence, S 87° 35' 56.7" E along said line for a distance of 135.36 feet to the Northeast corner of said Southwest Quarter of the Southwest Quarter;
Thence, S 00° 14' 56.8" E along the east line of said Southwest Quarter of the Southwest Quarter for a distance of 1353.63 feet to the Southeast corner of said Southwest Quarter of the Southwest Quarter;
Thence, S 87° 36' 11.4" E along the south line of the Southeast Quarter of the Southwest Quarter for a distance of 1324.40 feet to the Southeast corner of said Southeast Quarter of the Southwest Quarter;

Thence, N 00° 14' 57.2" W along the east line of said Southeast Quarter of the Southwest Quarter for a distance of 889.08 feet to a point on the southwesterly right of way of the aforementioned Grand County Road No. 3;

Thence, S 58° 18' 50.0" E along said right of way for a distance of 249.66 feet to the beginning of a curve to the right, said curve having a radius of 1297.36 feet and a central angle of 26° 43' 14";

Thence, run along the arc of said curve and right of way a distance of 605.04 feet;

Thence, S 31° 35' 36.0" E along said right of way for a distance of 1318.02 feet to a point on the west line of the Northeast Quarter of the Northeast Quarter of said Section 33;

Thence, S 00° 24' 40.0" W along said west line for a distance of 604.82 feet to the Southwest corner of said Northeast Quarter of the Northeast Quarter;

Thence, S 87° 52' 30.0" E along the south line of said Northeast Quarter of the Northeast Quarter for a distance of 337.53 feet to a point on the aforementioned southwesterly right of way line of Grand County Road No. 3, a non tangent point of curvature to the left, having a radius of 1031.78 feet and a central angle of 02°49'10", from which point the radius point bears N 48°33'23" E;

Thence, run along the arc of said curve and right of way a distance of 50.77 feet;

Thence, S 45°14'38.0" E along said right of way for a distance of 212.83 feet to the beginning of a curve to the right, having a radius of 5762.26 feet and a central angle of 02°46'51";

Thence, run along the arc of said curve and right of way a distance of 296.43 feet;

Thence, S 42° 17' 47.0" E along said right of way for a distance of 854.97 feet to a point on the east line of the Southeast Quarter of the Northeast Quarter of said Section 33;

Thence, S 00° 34' 19.9" W along said east line for a distance of 329.42 feet to the Southeast corner of said Southeast Quarter of the Northeast Quarter;

Thence, S 89° 31' 36.1" E along the north line of the Northwest Quarter of the Southwest Quarter of said Section 34 for a distance of 304.66 feet to a point on the aforementioned southwesterly right of way of Grand County Road No. 3;

Thence, S 42° 14' 14.4" E along said right of way for a distance of 1360.94 feet to the beginning of a curve to the right, said curve having a radius of 1705.93 feet and a central angle of 04°35'12";

Thence, run along the arc of said curve and right of way for a distance of 136.57 feet to a point on the west line of the Northeast Quarter of the Southwest Quarter of said Section 34;

Thence, S 00°24' 40.0" W along said west line for a distance of 214.98 feet to the Southwest corner of said Northeast Quarter of the Southwest Quarter;

Thence, continue S 00° 24' 40.0" W along the west line of the Southeast Quarter of the Southwest Quarter of said Section 34 for a distance of

1325.91 feet to the Southwest corner of said Southeast Quarter of the Southwest Quarter;

Thence, N 89° 13' 06.1" W along the south line of the Southwest Quarter of the Southwest Quarter of said Section 34 for a distance of 1324.59 feet back to the POINT OF BEGINNING.

Subject parcel contains 4,423.8 acres more or less including any easements of record.

AND

A parcel of land located within Section 33, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at the Northeast corner of the Southeast Quarter of the Northeast Quarter of said Section 33;

Thence, S 00° 23' 40.0" W along the east line of said Southeast Quarter of the Northeast Quarter for a distance of 856.39 feet to a point on the northerly right of way line of the aforementioned Grand County Road No. 3;

Thence, N 42° 17' 47.3" W along said right of way line for a distance of 744.14 feet to the beginning of a curve to the left, having a radius of 5862.26 feet and a central angle of 02°57'24";

Thence, run along the arc of said curve and right of way a distance of 302.51 feet;

Thence, N 45° 14' 38.1" W along said right of way for a distance of 169.35 feet to a point on the north line of said Southeast Quarter of the Northeast Quarter;

Thence, S 87° 49' 37.2" E along said line for a distance of 836.76 feet back to the POINT OF BEGINNING.

Subject parcel contains 8.06 acres more or less including any easements of record.

AND

A parcel of land located within Section 34, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at the Northeast corner of the Northwest Quarter of the Southwest Quarter of said Section 34;

Thence, S 00° 24' 40.0" W along the east line of said Northwest Quarter of the Southwest Quarter for a distance of 934.29 feet to a point on the northerly right of way line of the aforementioned Grand County Road No. 3;

Thence, N 42° 17' 47.1" W along said right of way line for a distance of 1271.51 to a point on the north line of said Northwest Quarter of the Southwest Quarter;

Thence, S 89° 31' 36.1" E along said line for a distance of 861.44 feet back to the POINT OF BEGINNING.

Subject parcel contains 9.23 acres more or less including any easements of record.

AND

A parcel of land located within Section 28, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

Commencing for reference at the Northeast corner of the Southeast Quarter of the Southwest Quarter of said Section 28;
Thence, N 87° 35' 57.2" W along the north line of said Southeast Quarter of the Southwest Quarter for a distance of 515.90 feet to a point on the southwesterly right of way of said Grand County Road No. 3, the POINT OF BEGINNING;
Thence, continue N 87° 35' 57.2" W along said north line for a distance of 716.96 feet to a point on the easterly line of that parcel of land described in Bk. 175, Pg. 697, G.C.R.O.;
Thence, N 30° 36' 03.1" E along said easterly line for a distance of 233.35 feet to a point on the aforementioned southwesterly right of way line of said Grand County Road No. 3, a non tangent point of curvature to the right, having a radius of 386.83 feet and a central angle of 47°26'02", from which the radius point bears S 25° 55' 51.2" E;
Thence, run along the arc of said curve and right of way a distance of 320.25 feet;
Thence, S 68° 29' 50" E along said right of way for a distance of 39.05 feet to the beginning of a curve to the right, having a radius of 466.89 feet and a central angle of 38°24'00";
Thence, run along the arc of said curve and right of way a distance of 312.91 feet;
Thence, S 31° 37' 20.1" E along said right of way a distance of 33.28 feet back to the POINT OF BEGINNING. Subject parcel contains 2.93 acres more or less including any easements of record.

PURPOSE OF APPRAISAL: Estimate the Present Market Value of the Subject Parcels.

INTERESTS APPRAISED: Fee Simple.

CLIENT: Miguel Hamarat, representative for Climax Molybdenum Company Henderson Operations, is the client of this report.

INTENDED USERS: Climax Molybdenum Company Henderson Operations along with the Colorado Mined Land Reclamation Board, are the intended users.

INTENDED USE: They may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

This appraisal cannot be used for any other purpose, or by any other use without the written consent by Arnie Butler & Associates.

OWNERSHIP & HISTORY: Climax Molybdenum. The property has been under this ownership for more than 20 years.

All the Deeds of Trust remain in full force and effect with a first lien in favor of the State.

SITE DATA:

The subject property is comprised of two parcels:

Subject Parcel 1 is a long narrow parcel that contains 487.8 acres. It has legal access from County Road 3. Electricity is extended along County Road 3. There are no on-site roads. The land is comprised of rolling to steep sloping mountain side and is covered in lodgepole pine, aspen, sagebrush and native mountain grasses. It ranges from approximately 9,600 feet to 9,000 feet Above Sea Level. It is vacant land located adjacent east of Arapaho National Forest.

Subject Parcel 2 is a triangular shaped parcel at the north end of the Henderson ownership. It contains 4,444.02 acres. It has legal access from County Road 3, and the majority of the east boundary abuts County Road 3. Electricity is extended along County Road 3. On-site roads vary from graded and graveled to two-track. Some areas are inaccessible by roads in the winter or during inclement weather. It is adjacent east and west of Arapaho National Forest.

The property is improved with two older residences. There are several older outbuildings located near the farmstead including a barn, equipment shed and several outbuildings.

ZONING:

Grand County - The properties are zoned F/O - Forestry/Open. This allows agricultural, recreational and residential uses. The properties surrounding the subject include large ranch parcels, 10-acre sites and 40-acre house sites. These are all legal uses of the subject based upon the zoning.

HIGHEST AND BEST USE: Subject Parcel 1 - One 487.8-acre agricultural and recreational ranch.

Subject Parcel 2 - One 4,444.02-acre

agricultural and recreational ranch with the
potential to be developed into smaller
gentleman ranches as demand warrants.

MARKET VALUE CONCLUSIONS

Subject Parcel 1 - 487.8 Acres - \$2,075,000

Subject Parcel 2 - 4,444.02 Acres - \$13,530,000

DATE OF VALUE:..... July 15, 2024

DATE OF REPORT:..... August 8, 2024

CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

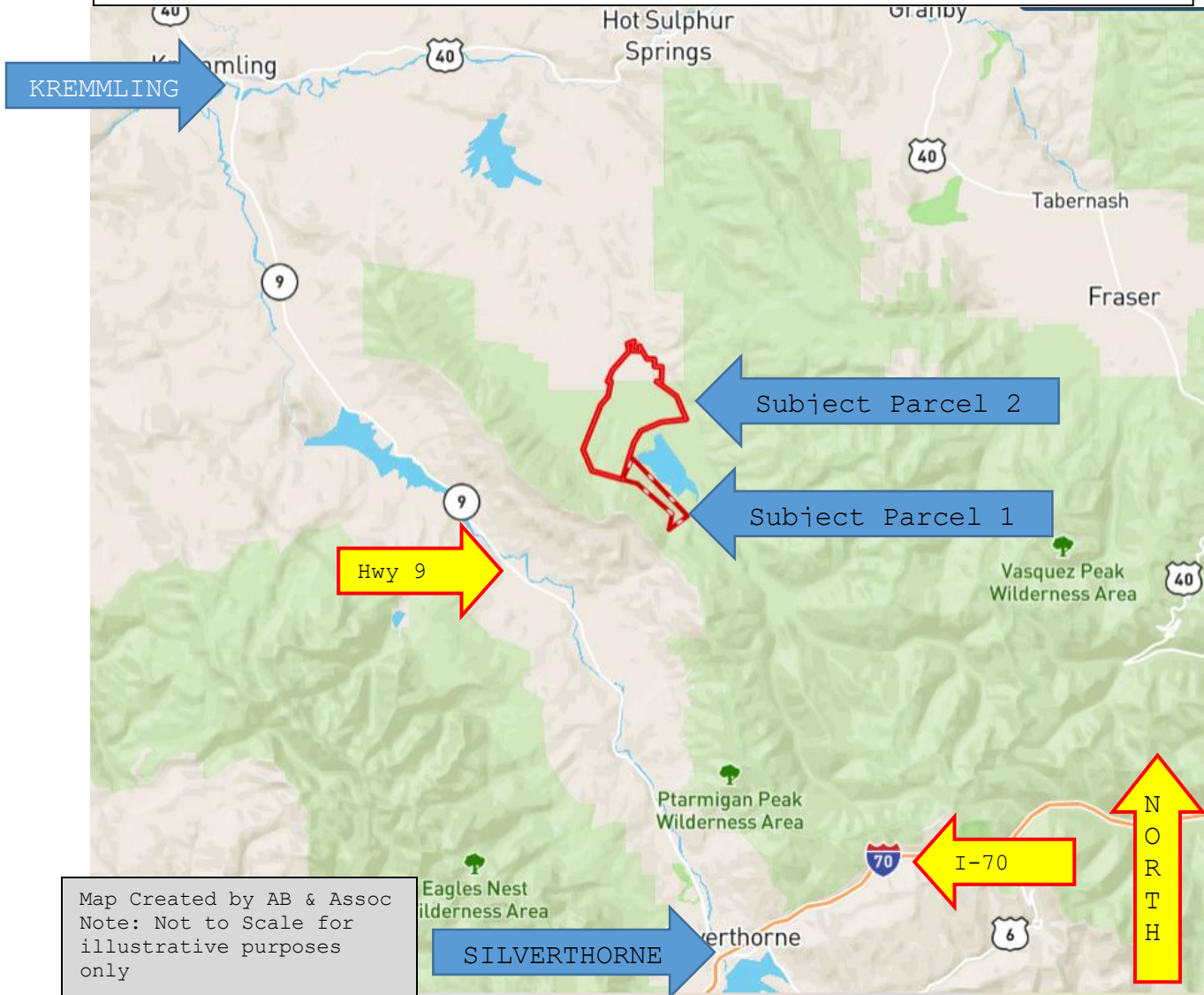
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. In compliance with the Ethics Rule of USPAP, I hereby certify that this appraiser has no current or prospective interest in the subject property or parties involved.
- I have performed services as an appraiser regarding the subject property within the 3-year period immediately preceding acceptance of this assignment. I completed a market analysis on the subject property for the same clients on August 2, 2023 with a date of value of July 5, 2023.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- The reported analyses, opinions, and conclusions were developed and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- As of the date of this report, Kori S. Satterfield, has completed the continuing education program for Practicing Affiliates of the Appraisal Institute.
- I have completed the required education for a Certified General Appraisal License from the State of Colorado.

Sincerely,



Kori S. Satterfield
Certified General Appraiser
Colorado License No. 200000025

HENDERSON MILL - SITE MAP



IDENTIFICATION OF THE PROPERTY

The subject parcels are the undeveloped areas of the Henderson Mill. They are located west and north of the mining operations and are comprised of mountain land.

LEGAL DESCRIPTION

Subject Parcel 1 has the following Legal Description:

A parcel of land located within Exchange Survey No. 375, located in Township 2 South, Range 78 West, Sixth Principal Meridian, Grand County, Colorado, described as follows:
BEGINNING at a point on the line between Angle Point 35 and Angle Point 36, said point lying N 11°11'22" E a distance of 666.42 feet; from the aforementioned Angle Point 36;
Thence, N 11° 11' 22.0" E for a distance of 1920.11 feet; to the aforementioned Angle Point 35;
Thence, N 49° 05' 38.0" W along the line between said Angle Point 35 and Angle Point 34 for a distance of 7982.70 feet; to said Angle Point 34;
Thence, N 73° 48' 38.0" W along the line between said Angle Point 34 and Angle Point 33 for a distance of 2970.00 feet; Thence, N 04° 13' 46.8" E for a distance of 2926.40 feet;;
Thence, S 51° 08' 12.7" E for a distance of 10226.72 feet;

Thence, S 44° 34' 11.6" E for a distance of 2632.66 feet;;
Thence, S 41° 40' 43.7" E for a distance of 1429.96 feet;;
Thence S 58° 43' 26.6" W a distance of 2883.46 feet; back to the POINT OF BEGINNING. Subject parcel contains 487.8 acres more or less including any easements of record.

Subject Parcel 2 has the following Legal Description:

A parcel of land located within Sections 28, 32, 33 & 34, Township 1 South, Range 78 West; and Exchange Survey No. 375, located in Township 2 South, Range 78 West, both of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at Angle Point 1 of said Exchange Survey No. 375, said point being the Southeast corner of the aforementioned Section 33, Township 1 South, Range 78 West;

Thence, S 54° 00' 19.8" E along the line between said Angle Point 1 and Angle Point 76 for a distance of 4474.13 feet; to Angle Point 76;

Thence, S 19° 03' 38.0" E along the line between said Angle Point 76 and Angle Point 75 for a distance of 4328.28 feet; to Angle Point 75;

Thence, S 84° 21' 07.3" W for a distance of 6772.65 feet;

Thence, S 55° 17' 57.4" W for a distance of 2007.71 feet;

Thence, S 29° 12' 49.0" W for a distance of 635.50 feet;

Thence, S 44° 47' 54.7" W for a distance of 1865.76 feet;

Thence, S 17° 15' 44.9" W for a distance of 2453.05 feet;

Thence, S 04° 13' 46.8" W for a distance of 4364.11 feet; to a point on the line between Angle Point 34 and Angle Point 33; Thence, N 73° 48' 38.0" W along said line for a distance of 5388.24 feet; to Angle Point 33; Thence, N 19° 26' 38.0" W along the line between said Angle Point 33 and Angle Point 32 for a distance of 3338.28 feet; to Angle Point 32; Thence, N 63° 07' 38.0" W along the line between said Angle Point 32 and Angle Point 31 for a distance of 779.69 feet;

Thence, N 26° 56' 36.0" E for a distance of 299.21 feet;

Thence, N 26° 55' 18.5" E for a distance of 414.72 feet;

Thence, N 26° 54' 08.5" E for a distance of 1034.17 feet;

Thence, N 26° 55' 44.0" E for a distance of 990.97 feet;

Thence, N 26° 57' 26.0" E for a distance of 331.03 feet;

Thence, N 12° 01' 01.0" E for a distance of 897.01 feet;

Thence, N 21° 57' 39.0" E for a distance of 876.61 feet;

Thence, N 22° 12' 38.0" E for a distance of 688.52 feet;

Thence, N 22° 22' 15.0" E for a distance of 485.22 feet;

Thence, N 21° 50' 51.0" E for a distance of 554.61 feet;

Thence, N 22° 10' 24.0" E for a distance of 743.19 feet;

Thence, N 21° 40' 48.0" E for a distance of 370.89 feet;

Thence, N 07° 19' 31.0" E for a distance of 290.96 feet;

Thence, N 08° 48' 13.0" E for a distance of 459.33 feet;

Thence, N 26° 03' 34.0" E for a distance of 301.25 feet;

Thence, N 29° 38' 56.0" E for a distance of 263.26 feet;

Thence, N 38° 12' 58.0" E for a distance of 348.18 feet;

Thence, N 49° 58' 08.0" E for a distance of 427.72 feet;

Thence, N 31° 45' 55.0" E for a distance of 359.94 feet;

Thence, N 22° 39' 43.0" E for a distance of 407.19 feet;

Thence, N 11° 28' 25.0" E for a distance of 579.49 feet;

Thence, N 06° 25' 05.3" W for a distance of 560.85 feet;

Thence, N 07° 18' 43.0" E for a distance of 351.10 feet;

Thence, N 04° 25' 59.0" W for a distance of 324.23 feet;

Thence, N 00° 00' 00.0" E for a distance of 264.65 feet;

Thence, N 42° 31' 11.0" E for a distance of 209.81 feet;

Thence, N 36° 34' 49.0" E for a distance of 451.05 feet;

Thence, N 41° 40' 03.0" E for a distance of 185.52 feet;

Thence, N 25° 51' 20.0" E for a distance of 376.33 feet;

Thence, N 42° 02' 06.0" E for a distance of 163.66 feet;

Thence, N 17° 35' 43.0" E for a distance of 318.05 feet;

Thence, N 05° 39' 37.0" E for a distance of 166.12 feet;

Thence, N 20° 34' 18.0" E for a distance of 273.00 feet;

Thence, N 19° 11' 44.0" E for a distance of 171.21 feet;

Thence, N 26° 22' 02.0" E for a distance of 247.21 feet;

Thence, N 47° 25' 35.0" E for a distance of 295.27 feet;

Thence, N 33° 15' 22.0" E for a distance of 370.78 feet;
Thence, N 17° 29' 40.0" E for a distance of 290.81 feet;
Thence, N 22° 05' 51.0" E for a distance of 204.65 feet;
Thence, N 29° 57' 08.0" E for a distance of 235.89 feet;
Thence, N 46° 45' 25.0" E for a distance of 97.60 feet;
Thence, N 63° 01' 19.0" E for a distance of 176.82 feet;
Thence, N 55° 48' 50.0" E for a distance of 203.94 feet;
Thence, N 69° 36' 00.0" E for a distance of 174.54 feet;
Thence, N 37° 16' 16.0" E for a distance of 156.45 feet;
Thence, N 54° 22' 29.0" E for a distance of 191.65 feet;
Thence, N 53° 18' 38.0" E for a distance of 164.32 feet;
Thence, N 74° 36' 21.0" E for a distance of 158.77 feet;
Thence, N 54° 35' 26.0" E for a distance of 162.30 feet;
Thence, N 71° 48' 30.0" E for a distance of 274.27 feet;
Thence, N 44° 02' 01.0" E for a distance of 253.66 feet;
Thence, N 42° 21' 00.0" E for a distance of 156.05 feet;
Thence, N 02° 33' 02.0" W for a distance of 162.83 feet;
Thence, N 34° 47' 25.0" E for a distance of 278.49 feet;
Thence, N 19° 23' 30.0" E for a distance of 148.11 feet;
Thence, N 53° 42' 29.0" E for a distance of 224.66 feet;
Thence, N 51° 08' 22.0" E for a distance of 485.74 feet;
Thence, N 06° 50' 39.0" W for a distance of 1640.68 feet to a point on the south right of way line of Grand County Road No. 3, a non tangent point of curvature to the left, having a radius of 1631.48 and a central angle of 07°50'01", from which point the radius point bears N 13°29'09" W;
Thence, run along the arc of said curve and right of way a distance of 223.06 feet;
Thence, N 65° 58' 21.0" E along said right of way for a distance of 96.02 feet to the beginning of a non tangent curve to the left, said curve having a radius of 1635.54 feet, a central angle of 04°16'09" and from which the radius point bears N 19° 05' 18" W;
Thence, run along said right of way and curve a distance of 121.87 feet to a point on the North line of the Southwest Quarter of the Southwest Quarter of said Section 28;
Thence, S 87° 35' 56.7" E along said line for a distance of 135.36 feet to the Northeast corner of said Southwest Quarter of the Southwest Quarter;
Thence, S 00° 14' 56.8" E along the east line of said Southwest Quarter of the Southwest Quarter for a distance of 1353.63 feet to the Southeast corner of said Southwest Quarter of the Southwest Quarter; Thence, S 87° 36' 11.4" E along the south line of the Southeast Quarter of the Southwest Quarter for a distance of 1324.40 feet to the Southeast corner of said Southeast Quarter of the Southwest Quarter; Thence, N 00° 14' 57.2" W along the east line of said Southeast Quarter of the Southwest Quarter for a distance of 889.08 feet to a point on the southwesterly right of way of the aforementioned Grand County Road No. 3; Thence, S 58° 18' 50.0" E along said right of way for a distance of 249.66 feet to the beginning of a curve to the right, said curve having a radius of 1297.36 feet and a central angle of 26° 43' 14"; Thence, run along the arc of said curve and right of way a distance of 605.04 feet;
Thence, S 31° 35' 36.0" E along said right of way for a distance of 1318.02 feet to a point on the west line of the Northeast Quarter of the Northeast Quarter of said Section 33; Thence, S 00° 24' 40.0" W along said west line for a distance of 604.82 feet to the Southwest corner of said Northeast Quarter of the Northeast Quarter; Thence, S 87° 52' 30.0" E along the south line of said Northeast Quarter of the Northeast Quarter for a distance of 337.53 feet to a point on the aforementioned southwesterly right of way line of Grand County Road No. 3, a non tangent point of curvature to the left, having a radius of 1031.78 feet and a central angle of 02°49'10", from which point the radius point bears N 48°33'23" E; Thence, run along the arc of said curve and right of way a distance of 50.77 feet; Thence, S 45°14'38.0" E along said right of way for a distance of 212.83 feet to the beginning of a curve to the right, having a radius of 5762.26 feet and a central angle of 02°46'51"; Thence, run along the arc of said curve and right of way a distance of 296.43 feet;
Thence, S 42° 17' 47.0" E along said right of way for a distance of 854.97 feet to a point on the east line of the Southeast Quarter of the Northeast Quarter of said Section 33;
Thence, S 00° 34' 19.9" W along said east line for a distance of 329.42 feet to the Southeast corner of said Southeast Quarter of the Northeast Quarter; Thence, S 89° 31' 36.1" E along the north line of the Northwest Quarter of the Southwest Quarter of said Section 34 for a distance of 304.66 feet to a point on the aforementioned southwesterly right of way of Grand County Road No. 3; Thence, S 42° 14' 14.4" E along said right of way for a distance of 1360.94 feet to the beginning of a curve to the right, said curve having a radius of 1705.93 feet and a central angle of 04°35'12"; Thence, run along the arc of said curve and right of way for a distance of 136.57 feet to a point on the west line of the Northeast Quarter of the Southwest Quarter of said Section 34; Thence, S 00°24' 40.0" W along said west line for a distance of 214.98 feet to the Southwest corner of said Northeast Quarter of the Southwest Quarter;
Thence, continue S 00° 24' 40.0" W along the west line of the Southeast Quarter of the Southwest Quarter of said

Section 34 for a distance of 1325.91 feet to the Southwest corner of said Southeast Quarter of the Southwest Quarter; Thence, N 89° 13' 06.1" W along the south line of the Southwest Quarter of the Southwest Quarter of said Section 34 for a distance of 1324.59 feet back to the POINT OF BEGINNING. Subject parcel contains 4,423.8 acres more or less including any easements of record.

AND

A parcel of land located within Section 33, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at the Northeast corner of the Southeast Quarter of the Northeast Quarter of said Section 33; Thence, S 00° 23' 40.0" W along the east line of said Southeast Quarter of the Northeast Quarter for a distance of 856.39 feet to a point on the northerly right of way line of the aforementioned Grand County Road No. 3; Thence, N 42° 17' 47.3" W along said right of way line for a distance of 744.14 feet to the beginning of a curve to the left, having a radius of 5862.26 feet and a central angle of 02°57'24"; Thence, run along the arc of said curve and right of way a distance of 302.51 feet; Thence, N 45° 14' 38.1" W along said right of way for a distance of 169.35 feet to a point on the north line of said Southeast Quarter of the Northeast Quarter;

Thence, S 87° 49' 37.2" E along said line for a distance of 836.76 feet back to the POINT OF BEGINNING. Subject parcel contains 8.06 acres more or less including any easements of record.

AND

A parcel of land located within Section 34, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

BEGINNING at the Northeast corner of the Northwest Quarter of the Southwest Quarter of said Section 34; Thence, S 00° 24' 40.0" W along the east line of said Northwest Quarter of the Southwest Quarter for a distance of 934.29 feet to a point on the northerly right of way line of the aforementioned Grand County Road No. 3; Thence, N 42° 17' 47.1" W along said right of way line for a distance of 1271.51 to a point on the north line of said Northwest Quarter of the Southwest Quarter; Thence, S 89° 31' 36.1" E along said line for a distance of 861.44 feet back to the POINT OF BEGINNING. Subject parcel contains 9.23 acres more or less including any easements of record.

AND

A parcel of land located within Section 28, Township 1 South, Range 78 West of the Sixth Principal Meridian, Grand County, Colorado, described as follows:

Commencing for reference at the Northeast corner of the Southeast Quarter of the Southwest Quarter of said Section 28; Thence, N 87° 35' 57.2" W along the north line of said Southeast Quarter of the Southwest Quarter for a distance of 515.90 feet to a point on the southwesterly right of way of said Grand County Road No. 3, the POINT OF BEGINNING;

Thence, continue N 87° 35'57.2" W along said north line for a distance of 716.96 feet to a point on the easterly line of that parcel of land described in Bk. 175, Pg. 697, G.C.R.O.;

Thence, N 30° 36' 03.1" E along said easterly line for a distance of 233.35 feet to a point on the aforementioned southwesterly right of way line of said Grand County Road No. 3, a non tangent point of curvature to the right, having a radius of 386.83 feet and a central angle of 47°26'02", from which the radius point bears S 25° 55' 51.2" E; Thence, run along the arc of said curve and right of way a distance of 320.25 feet; Thence, S 68° 29' 50" E along said right of way for a distance of 39.05 feet to the beginning of a curve to the right, having a radius of 466.89 feet and a central angle of 38°24'00"; Thence, run along the arc of said curve and right of way a distance of 312.91 feet; Thence, S 31° 37' 20.1" E along said right of way a distance of 33.28 feet back to the POINT OF BEGINNING. Subject parcel contains 2.93 acres more or less including any easements of record.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide an opinion of Market Value of the subject property. As it relates to this analysis, Market Value is defined as:

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;*
- Both parties are well informed or well advised, and acting in what they consider their best interests;*
- A reasonable time is allowed for exposure in the open market;*
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*

- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)" (Source: The above definition of Market Value was taken from The Dictionary of Real Estate Appraisal 7th Edition, page 118).

This appraisal is made based on a cash market value or terms equivalent of cash.

DATE OF VALUE AND DATE OF REPORT

The effective date of this appraisal is July 15, 2024, the date of the most recent inspection. The property was inspected with Miguel Hamarat, Environmental Manager at Freeport McMoran - Henderson Mill in 2020. The appraisal report is being completed on August 8, 2024.

CLIENT, USE AND USER OF THE APPRAISAL

Miguel Hamarat, representative for Climax Molybdenum Company Henderson Operations, is the client of this report.

Climax Molybdenum Company - Henderson Operations, along with the Colorado Mined Land Reclamation Board, are the intended users and may use this appraisal as supportive evidence of the market value of the subject property as reclamation collateral with the State of Colorado.

This appraisal cannot be used for any other purpose, or by any other use without the written consent by Arnie Butler & Associates.

PROPERTY RIGHTS APPRAISED

This appraisal assumes that the subject includes all rights that may be lawfully owned, and title, therefore, is held in "fee simple." The fee simple estate is appraised in the analysis of the unencumbered portion of the Subject Property. The fee simple estate is defined as:

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat. Source: The Dictionary of Real Estate Appraisal, 7th Edition, Page 73. Appraisal Institute.

OWNERSHIP AND HISTORY OF THE PROPERTY

The property is under the ownership of Climax Molybdenum - Henderson Operations under Freeport McMoran Incorporated. The property has been under this ownership for more than 20 years.

The property has not been listed for sale, under contract or sold, other than described above, in the past 3 years.

TAX AND ASSESSMENT INFORMATION

The subject property is filed under several Tax Schedule Numbers by the Grand County Assessor's office. "Actual" values, assessed values, and estimated tax liabilities for 2024 are illustrated below.

Parcel	Actual Improvement Land (Actual)	Assessed Improvements Land	Mill Levy	Taxes
1593-343-00-032	\$0 \$310	\$0 \$80	64.431	\$5.16
1593-332-00-046	\$368,150 \$30,190	\$24,670 \$7,970	64.431	\$2,253.80
1593-324-00-055	\$162,340 \$0	\$10,870 \$0	54.678	\$594.36
1539-283-00-009	\$0 \$25,520	\$0 \$7,400	64.431	\$439.36
A portion of 1699-153-00-002	\$53,552,190 \$222,720	\$15,529,850 \$58,800	64.431	\$1,004,392.32
TOTAL				\$1,007,685.00

Industrial lands are assessed at 29%, and the agricultural lands are assessed at 26.4% of the "Actual" Value. The residential improvements are assessed at 6.7% of the "Actual" Value. There are several parcels that are being re-organized and new parcel sizes and parcel numbers are being established. Thus, the taxes are estimated for the entire Henderson Mill ownership as the exact acreage cannot be extracted from the parcels. The total estimated tax bill for the subject ownership is \$1,007,685.00.

There are no past-due taxes on any of the subject parcels.

WATER RIGHTS

The water rights for the two subject parcels were not provided. According to Mr. Hamarat the water rights associated with the parcels are being utilized for the mining operations and are not utilized for agricultural or recreational uses of the subject parcels. The water rights are not valued separately within this analysis, but rather as part of the irrigated land or water features within the Subject Property. It is unknown if there are any excess water rights, and that analysis is beyond the scope of this appraisal.

MINERAL RIGHTS

The mineral rights are appraised as an inherent part of the land value. No attempt is made to value the mineral rights separately from the land. This requires analyses by mineral engineers and legal experts. Those types of analyses are beyond the scope of this appraisal.

SOIL CONDITIONS - HAZARDOUS WASTE

The presence of substances such as asbestos, urea-formaldehyde foam insulation, petroleum, contaminants, or other potentially hazardous materials may affect the value of the property. The appraisers are not qualified to detect such substances.

FLOOD HAZARD

According to FEMA mapping, the subject property is located within four FEMA Maps - 08049C0950C, 08409C0925C, 08049C1050C, 0849C1075C. None of the maps are printed and it does not appear that any of the subject parcels are within the one-hundred-year flood plain or floodway. The property is comprised of high mountain land, with small intermittent and seasonal drainages. While the banks along the drainages may temporarily flood, due to the size and configuration of the property, there is no flood hazard on the property.

SCOPE OF WORK

The appraisal and report conforms to the appraisal guidelines of Uniform Standards of Professional Appraisal Practice (USPAP), Code of Professional Ethics and Standards of Professional Practices of the ASFMRA.

The Cost, Sales Comparison and Income Approaches were considered in the appraisal of the subject property. This appraisal consists of valuing the land and improvements, based on its Highest and Best Use. The Income Approach was not incorporated into a value indication because it is not typically used for a vacant land analysis.

The Cost Approach is only utilized to determine the contributory value of the improvements. There are improvements on the subject property, however they are older and these types of improvements are typically valued utilizing the sales comparison approach.

Thus, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales and listings of properties similar to the subject.

The market data used in the analysis of the subject includes the examination and analysis of the local economy and conditions of the real estate market within the subject neighborhood. The Highest and Best Use analysis of the subject property has various components, including a local market analysis, review of supply and demand, and examination of sale prices of comparable properties.

The information that was acquired for use in the market data and the Highest and Best Use analysis was obtained from Grand County records, other appraisers, real estate brokers, local land trusts, and available public data. This appraisal is specifically subject to the Certification, Assumptions and Limiting Conditions provided within this report. If there are any other unusual assumptions or conditions, they will be noted throughout the report.

Comparable sales throughout Grand County and the subject neighborhood were researched. These sales vary from larger parcels to smaller parcels, some with year-round access, while others have seasonal access. The local MLS was researched, along with research of County records, and discussions with local real estate agents. Due to the limited number of sales similar in size to the subject, sales throughout north-central and northwestern Colorado were researched and utilized. These sales can be utilized as the market participants search for comparable properties throughout the same portions of Colorado.

The date of value is July 15, 2024, the date of the most recent inspection. The property was originally inspected with a representative of Henderson Operations Miguel Hamarat in 2020.

The property was previously analyzed in a market analysis in July of 2023. Updates respecting the valuations of each of the properties (the annual market conditions updates and the every five year full appraisals) were timely provided to the Division.

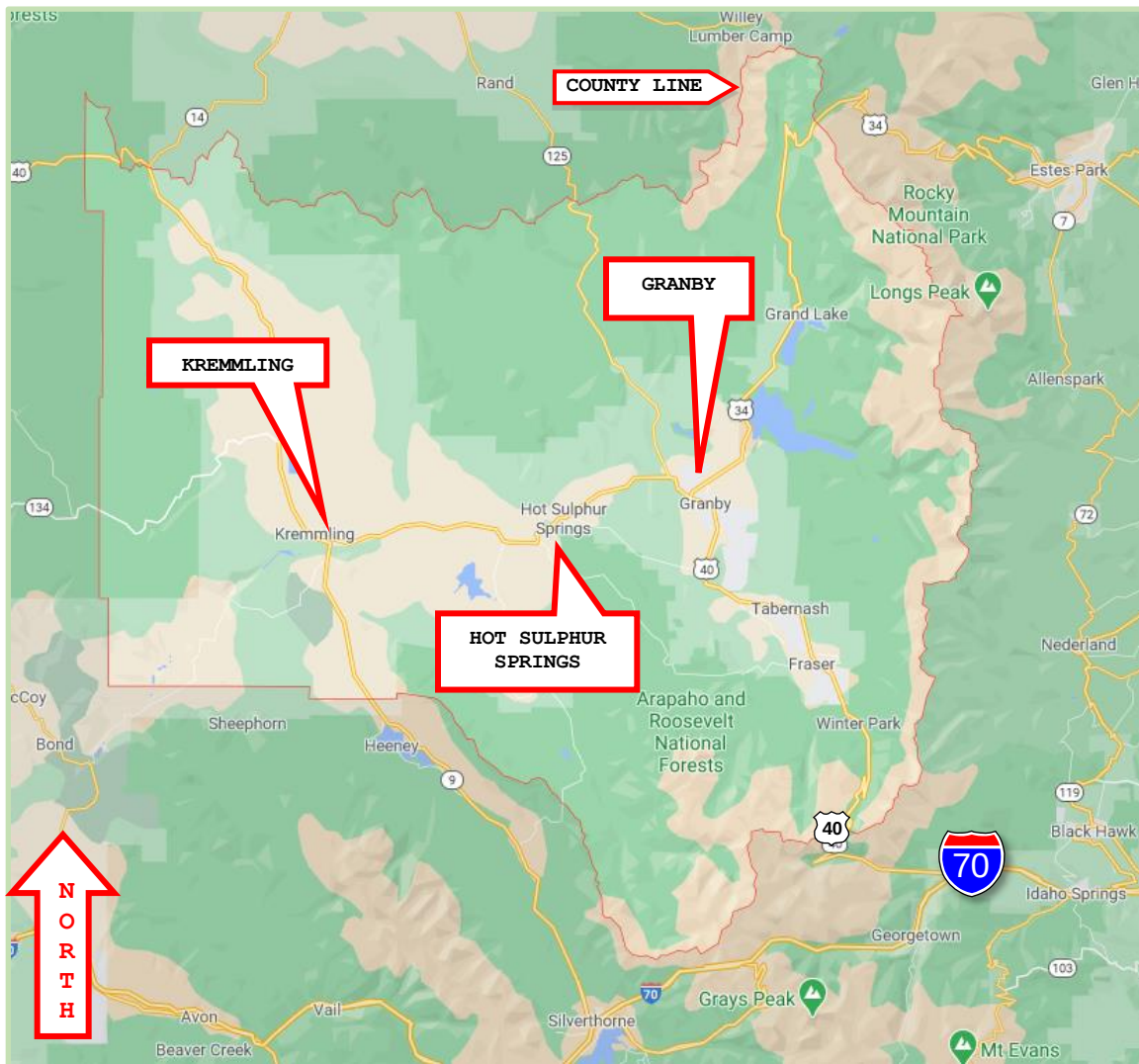
There were no past due property taxes on the subject property.

No circumstances have occurred to adversely affect the valuation of the property, such as loss of public access to the property, a condemnation of some or all of the property by a government body, or a decrease in value.

Grand County Data

Introduction

Grand County is located on the west side of the Rocky Mountains and was carved out of Summit County in 1874. It was named after Grand Lake and the Grand River, an old name for the Colorado River, with headwaters in the County. Grand Lake is the largest natural body of water in Colorado. Grand Lake is the western entrance to Rocky Mountain National Park. It was the county seat in the early 1880s, but after the mines ceased operations and the once bustling economy diminished, the county seat moved to Hot Sulphur Springs. The map below shows the location of Grand County and the main towns within it:



About 62 percent of Grand County is public land administered by the Bureau of Land Management, Arapaho and Routt National Forest, Rocky Mountain National Park, Shadow Mountain National Recreation Area, and Bureau of Reclamation. Grand County has a total area of 1,869.60 square miles, of which 22.93 square miles is water.

Education

Public elementary, junior high, and high schools are located throughout Grand County. There are two high schools, two middle schools, four elementary schools, and one charter school. These nine schools serve 1,704 students.

Grand County does not have any colleges or universities within the County. However, a few within a 50-mile radius include Colorado State University in Ft. Collins, the University of Colorado in Boulder, Colorado School of Mines in Golden, and Front Range Community College. Almost 35% of residents in Grand County have a bachelor's degree or higher.

Culture

Cultural activities in Grand County include concerts, art exhibits, classes, craft fairs, theatrical performances, and other events that integrate cultural arts into the community throughout the year. The Grand Arts Council in Grand Lake provides free concerts, art shows, opening receptions, Grand Lake and Winter Park Art Walks, Annual Tombstone Tales on Labor Day weekend, and the December Holiday Melodrama (Winter Park guide). The acclaimed Rocky Mountain Repertory Theatre offers a rousing summer musical theatre season.

Grand County has numerous churches of different denominations. More than half of adherents are affiliated with the Catholic Church. Around 25% claim Mainline Protestant dominations, about 15% claim evangelical dominations, and 6.4% claim other dominations.

Health

Health and medical facilities include Estes Park Medical Center, Boulder Community Hospital, and Middle Park Medical Center. Middle Park Medical Center is a Level IV Trauma Center with physicians staffing the E.R. 24 hours a day, seven days a week. It also offers flight-for-life helicopter service to several Front Range Hospitals (www.mpmc.org).

News Sources

The radio station Colorado Mountain Voice, KRKY-KRKM, broadcasts from Granby, Grand County bases. Several other F.M. and AM radio stations are located near the County, such as KRKY "Colorado Country" and K-CMV "Colorado's Mountain Voice" located in Breckenridge. The *Grand Lake Prospector*, *Monday Daily Tribune*, and *Ski-Hi News* are the major newspapers in Grand County.

Transportation

Two major highways, U.S. Highway 40 and U.S. Highway 34, serve Grand County's transportation needs. Colorado Highway 9, which goes into Granby, has been an issue with motorcycle collisions

and wildlife, so Blue Valley Ranch made an \$805,000 donation to help Grand County fund the planning and design engineering for roadway improvements to Colorado Highway.

Recreation

Recreation opportunities abound. Grand County has been dubbed the snowmobile capital of Colorado. Dog sled racing and rides are also popular favorites in the winter, along with sleigh riding. Summertime allows for hay riding, horseback riding, and amazing golfing. Grand County also offers mountain biking, hiking, rafting, fishing, boating, ski vacation, sledding or tubing, snowshoeing, snowcat tours, ice skating, and many other summer and winter outdoor activities.

Grand County has the largest natural body of water in Colorado, Grand Lake, which offers plenty of scenic shorelines and amazing water recreation opportunities. Other man-made lakes, Lake Granby and Shadow Mountain Lake, as well as many reservoirs in Grand County, also present great fishing, boating, swimming, and sailing.

The north edge of Grand Lake backs up against Rocky Mountain National Park. It contains 265,769 acres of wilderness with 359 miles of trails, 150 lakes, and 476 miles of creeks and streams.

The Fraser and Colorado Headwaters are located within Grand County. These waterways provide agricultural water throughout the County. Additionally, these rivers provide excellent recreational opportunities and gold-medal fishing. This increases the demand for residential properties along the river and busy areas that allow public use.

Climate

The average temperature in Grand County in the summer ranges from 50 to 85 degrees. Average winter temperatures are in the mid-teens. The average precipitation is about 12 inches of rain and 128 inches of snow.

Population Growth

Over the past 40 years, population growth in Grand County has outpaced most of the rest of the State and Nation. The population for the entire County in 1970 was a little over 4,000 people to 15,795 in 2023. Population growth has remained steady over the past four years within the County with no significant increase or decrease.

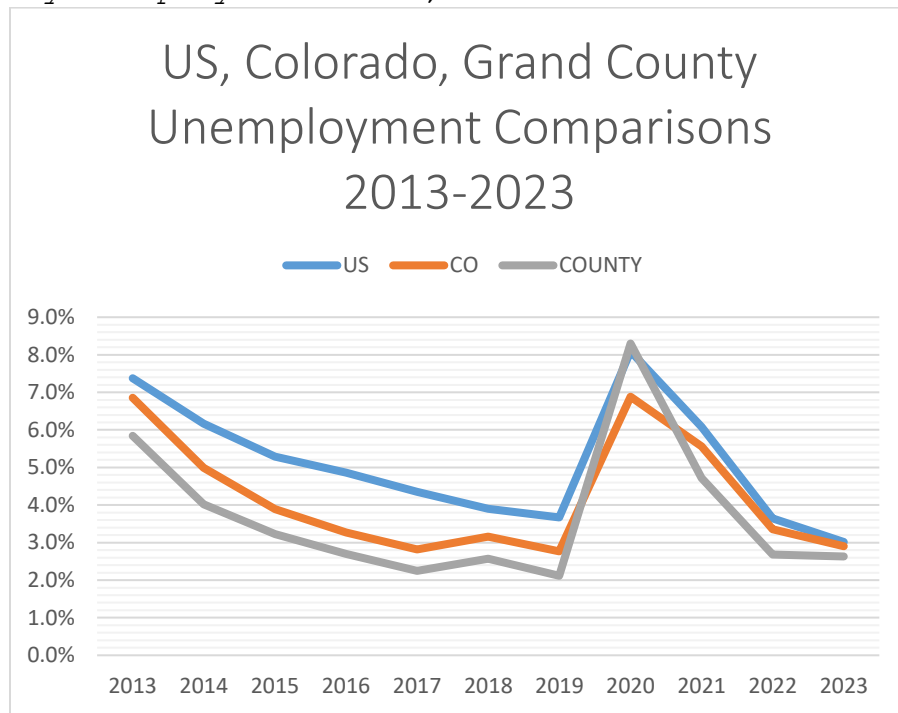
Employment/Unemployment

Total employment in Grand County, Colorado, has steadily increased. Over the past three decades, job growth has outpaced that of the state and nation. Income growth has also outpaced the

state and the nation. The services industry and retail trade industry experienced the largest growth. The government continues to be a significant employer.

According to the U.S. Bureau of Labor Statistics, as of December 2023, there was an unemployment rate of 2.6. There has been a steady decline in unemployment since April 2020, at the peak of the pandemic unemployment crisis. Grand County and western Colorado, in general, are recovering better than the country as a whole.

Grand County Unemployment Rates, 2013 to December 2023



(Source: U.S. Bureau of Labor Statistics)

Economic Development

The County's main function is service; important industries such as tourism and real estate development that create jobs and prosperity for local businesses have improved with current conditions. The economy significantly impacts the County's tax revenue, and as the sales improve, so does the local economy.

Several Grand County towns have established economic sustainability based on the industry they serve. For example, Winter Park and Fraser serve the ski industry and host summer concerts. Granby is a service industry and summer resort. Grand Lake is a summer resort and supports tourism and the snowmobiling industry.

Real Estate Sales

The charts below illustrate the some market segment statistics and current trends in Grand County between January 1, 2023 and the date of value within this report:

Vacant Land	Listing	Sales
Number of Active Listings/Sales	231	284
Avg List/Sale Price	\$441,922	\$238,266
Avg Day on Market	224	180
Ranch/Commercial	Listing	Sales
Number of Active Listings/Sales	36	19
Avg List/Sale Price	\$1,100,940	\$1,272,416
Avg Day on Market	275	353

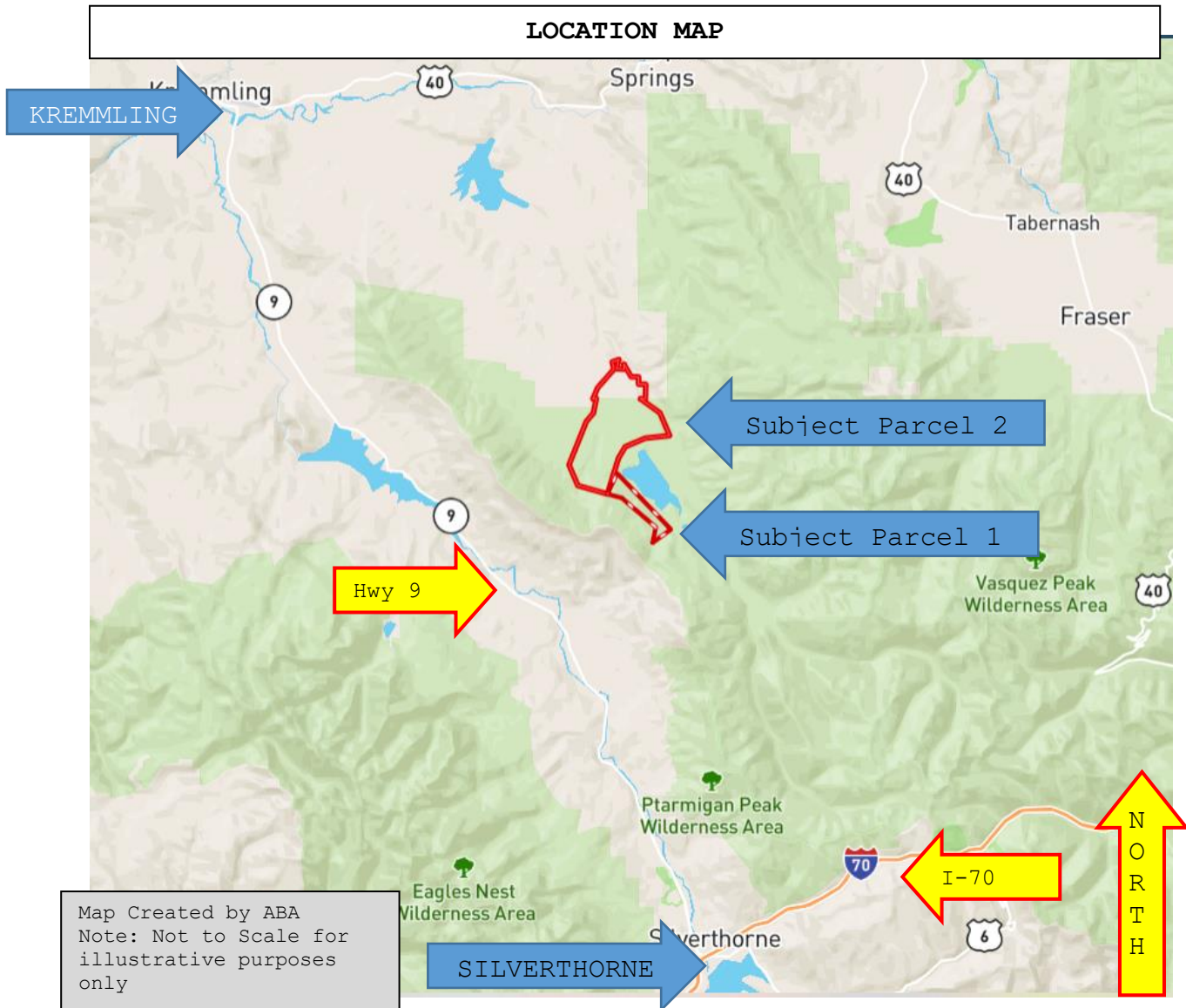
(Grand County MLS)

Ranch Sales 30 to 15,000 acres	# of Sales	Avg Sales Price	DOM
2020	13	\$890,538	267
2021	22	\$649,704	233
2022	14	\$1,885,939	228
2023	13	\$1,271,000	328
1/1 to 7/15/2024	5	\$380,800	304
Current Listed	33	\$2,147,606	407

*2020 through 2023 included improved properties. There have been no improved ranch sales in Grand County in 2024. Thus, the average sales price is significantly different.

Conclusion

In conclusion, the economy in Grand County has fluctuated recently in the wake of the pandemic but shows signs of the of recovery. General real estate statistics show negative trends in sale prices. While Grand County has seen a slow and steady increase in population in the recent past, trends of in-migration will likely have an effect on more rural areas such as Grand County, with a larger population increase in the next few years.



PROPERTY DESCRIPTION

Location and Access

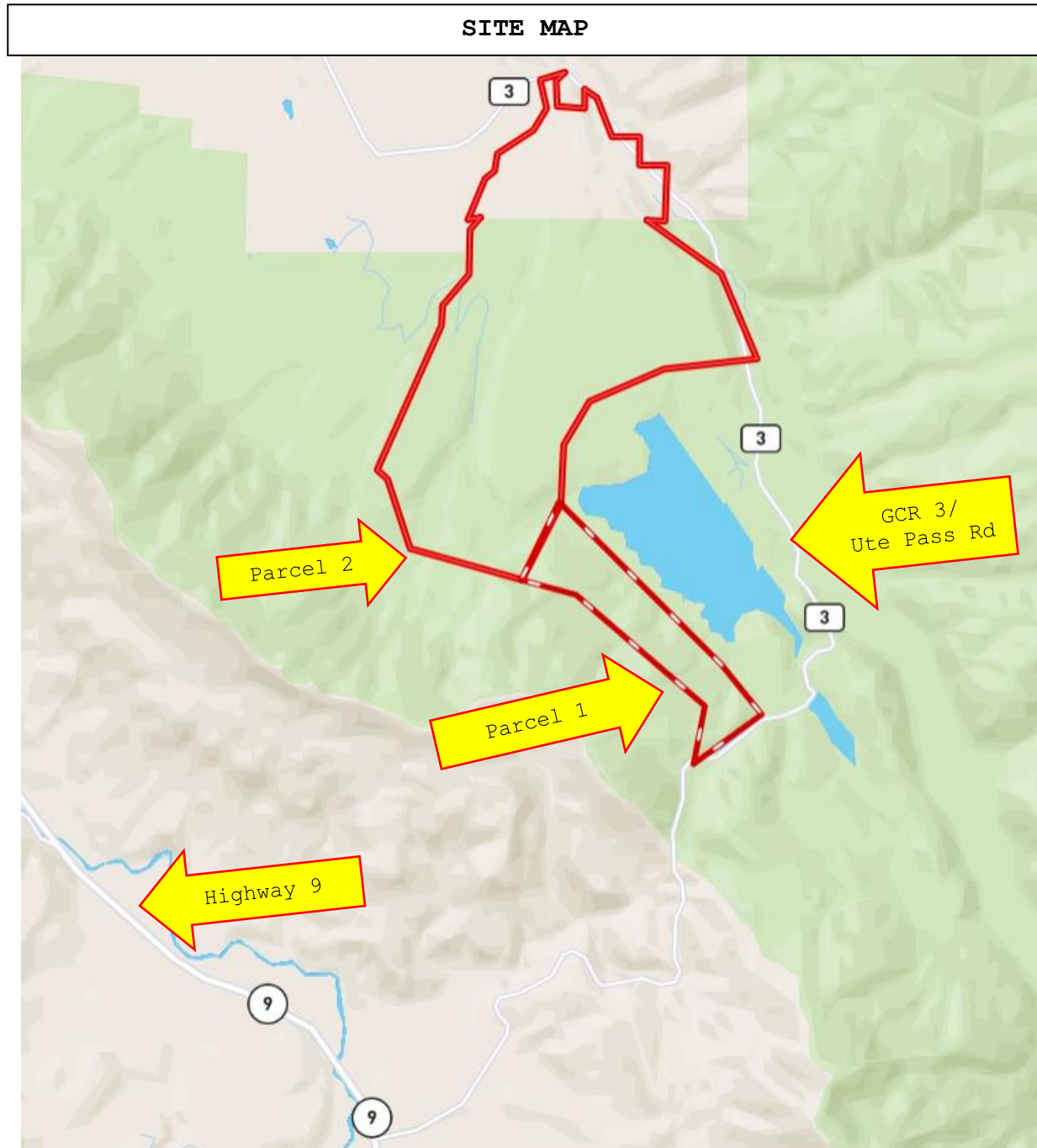
Subject Parcel 1 - The subject is located on the north side of Grand County Road 3. There is no on-site access on the subject parcel.

This parcel is located on the west side of the Henderson Mill property. This places the property approximately 12 miles south of Parshall and U.S. Highway 40, on the north side of Grand County Road 3, just west of the Henderson Tailings pond. It is five miles north of Highway 9 and Ute Pass Road intersection, and 1 mile north of the Summit/Grand County lines.

Subject Parcel 2 - Is located on both sides of Grand County Road 3 for approximately 1.75 miles. There are ranch roads that extend through the property. These roads vary from graded gravel

to two-track and may require 4-wheel drive. Access on the property is seasonally maintained.

Parcel 2 is located approximately 10 miles south of Parshall and U.S. Highway 40, on both sides of Grand County Road 3. It is located adjacent west of Keyser Creek Road and Ute Pass Road.



County Road 3, also known as Ute Pass Road, extends from Highway 9 through Arapaho National Forest northeasterly then turns north extending to Highway 40 at Parshall.

County Road 3 varies from a graded gravel road to a paved two lane road. It is maintained year-round. Highway 9 extends north from Interstate No. 70 at Silverthorne to 70 to Kremmling and Highway 40, west of the subject. Highway 40 is a main east/west thoroughfare through northern Colorado. Interstate No. 70 is a four-lane west/east thoroughfare through the center of the State of Colorado.

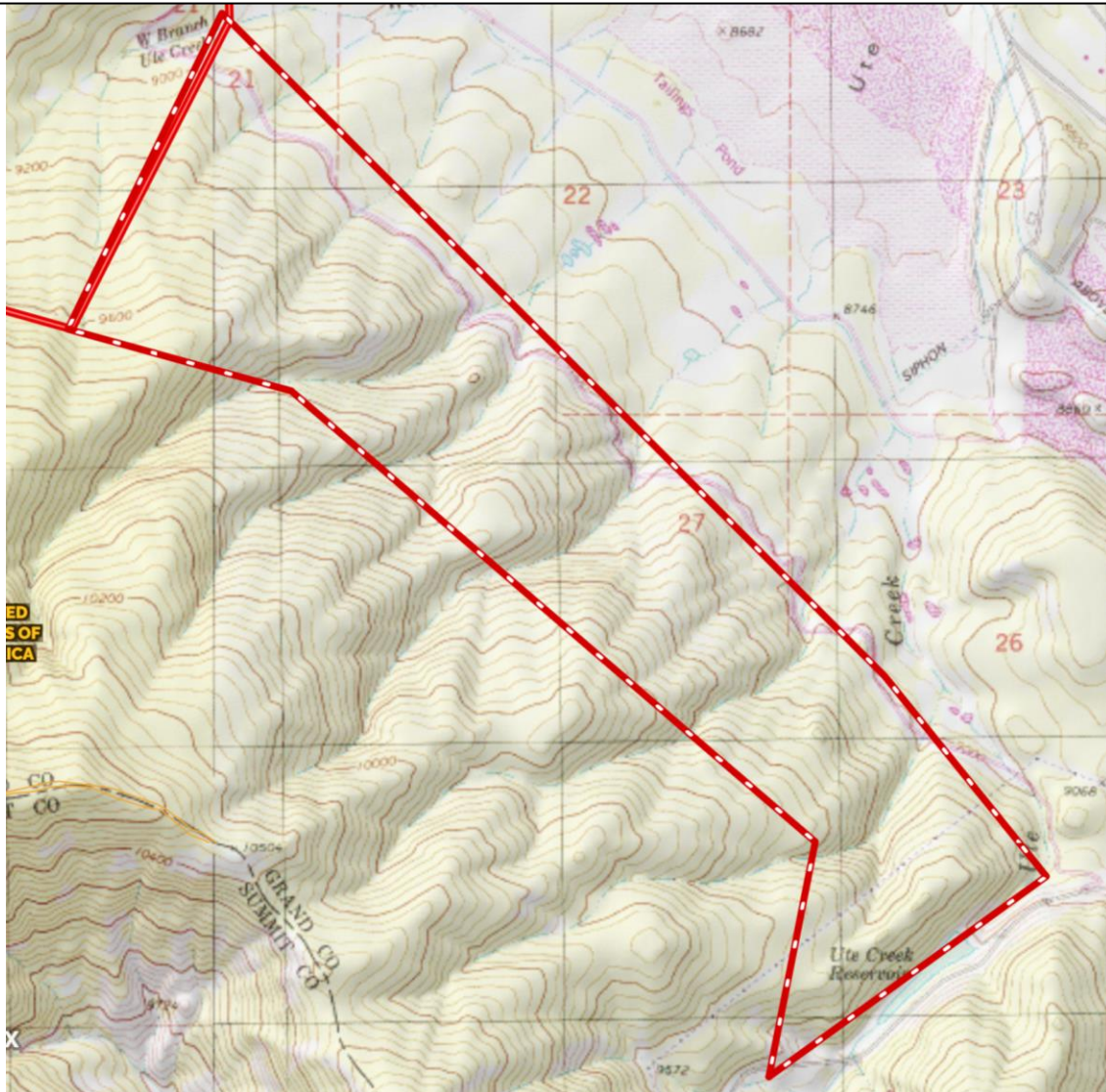


Size and Shape

Subject Parcel 1 contains 487.8 acres and is rectangular in shape. At the extremes it extends northwest to southeast approximately 2.6 miles, and from southwest to northeast 0.75 miles. The southeast boundary abuts County Road 3. The northeast and northwest boundaries abut land under Henderson Mill ownership, and the southwest boundary adjoins Arapaho National Forest.

Subject Parcel 2 primarily adjoins Arapaho National Forest on the northwest and southeast boundaries, and also abuts a few private ownerships. The south boundary is adjacent to Henderson Mill ownership. The property contains 4,444.02 acres. It is triangular in shape.

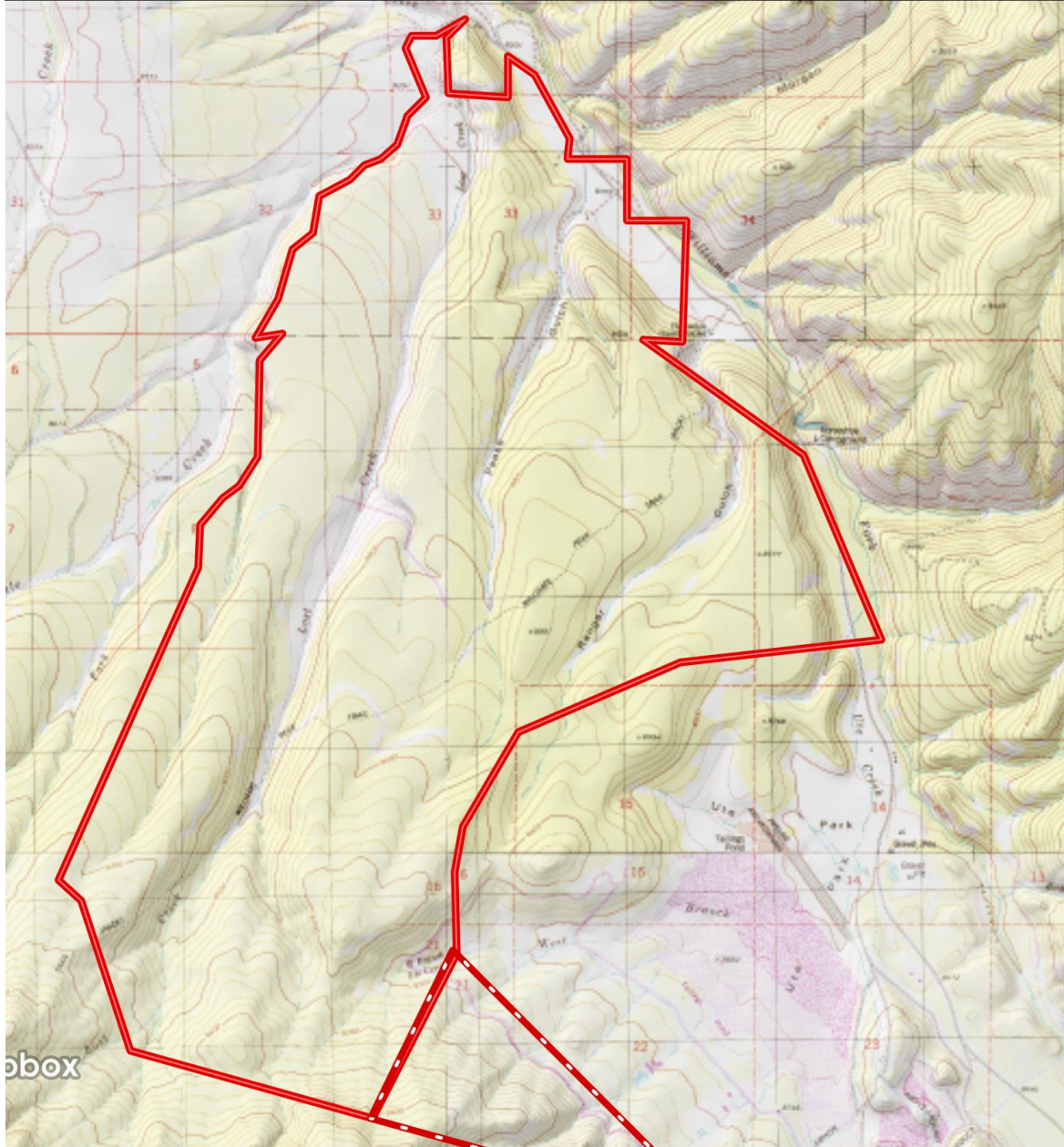
TOPOGRAPHY MAP - PARCEL 1



Topography and Ground Cover

Subject Parcel 1 is comprised of steep to rolling hillsides. The property slopes downward from the southwest to the northeast. The highest portion of this parcel is along the southwest boundary at approximately 9,600 feet Above Sea Level (ASL). The lowest portion is along the northeast boundary at approximately 9,000 Feet ASL. The southeast boundary includes the Ute Creek Reservoir. There are intermittent and seasonal drainages that flow through the valleys of the subject.

TOPOGRAPHY MAP - PARCEL 2



Subject Parcel 2 decreases in elevation from the south to the north. It is primarily comprised of rolling hills and generally gently sloping pastures. The highest portion of the property is in the southeast corner at approximately 9,600 feet ASL. The lowest portion is along the north boundary at approximately 8,400 feet ASL.

Williams Fork Creek flows along the northeast boundary east of County Road 3. The Ranger Gulch, Pease Gulch and Lost Creek flow northerly through the property and into Williams Fork Creek. These are seasonal and intermittent creeks that provide some agricultural water but do not have any recreational uses.

Utilities

Electricity and telephone are extended and in use on Parcel 2. They are available to Parcel 1 along County Road 3. Well water, septic sewer and propane are required.

Ground Cover and Wildlife

Subject Parcel 1 is comprised of steep topography covered in aspen and pine trees with oak brush and native grasses.

Subject Parcel 2 is comprised of generally flat to gently sloping topography covered in sagebrush and pasture grasses at the lower elevations, pinion and juniper at the mid to higher-elevations with groves of aspen and pine trees at the southern end and at high elevation.

Henderson has worked with the Forest Service and has utilized a forestry plan to thin out the trees and overgrowth. The property is leased for cattle grazing. The dead lodgepole trees have been cutdown and removed. There is riparian vegetation along the creek banks.

The property is covered in native mountain grasses, with groves of aspen and pine trees. There is riparian vegetation along the creek banks that include willows and large trees.

Zoning

The subject property is zoned Forestry/Open District by Grand County Planning and Zoning Department. The Forestry/Open District is defined and described below:

SECTION VI

F - FORESTRY AND OPEN DISTRICT

6.1 DECLARATION OF INTENT - FORESTRY AND OPEN ZONE DISTRICT

The purpose of the Forestry and Open Zone District is to protect lands suitable for agricultural and related uses including uses related to forestry, mining and recreation after additional permitting. Higher impact uses are allowed when permitted and mitigated properly. Low density single-family residential uses are permitted in this zone district.

USES PERMITTED

- (1) Single-family dwellings;
- (2) Schools, churches and hospitals;
- (3) Offices and Clinics and other structures in which a professional occupation is located, provided the uses generate twenty (20) or less ADT's and that the uses are not obnoxious, offensive, or objectionable because of excessive noise, odors, dust or vibration;
- (4) Parks and playgrounds;
- (5) Outdoor recreational areas and incidental facilities, provided all such uses retain natural environmental conditions, do not involve the storage of equipment outside of a building and are not obnoxious, offensive or objectionable because of excessive noise, odors, dust or vibration;
- (6) Accessory uses and structures as defined in Section XIII;
- (7) Lodges and resort cabins, including incidental business within the principal building; incidental businesses may include conference facilities

provided that said conference facilities are clearly incidental to the primary use. Bed and breakfasts with no more than five (5) total bedrooms; must be constructed or modified to meet R-1 requirements of the current County Building Code); provided a commercial well or municipal owner water system is available for service;

- (8) Private riding stables;
- (9) Commercial feed yards, fur farms, kennels, veterinary hospitals, and commercial riding stables, provided all such uses are located at least five hundred feet (500) from schools, churches, and dwellings on other lots;
- (10) Reservoirs and dams engineered to contain one hundred (100) acre feet of water or less;
- (11) Water diversion structures, ditches and pipeline structures engineered to convey fifteen (15) cubic feet of water per second of time or less;
- (12) Small Wind Energy System thirty five (35) feet in height and below that comply with the provisions contained within Section 11.8 (10).

6.2 MINIMUM AREA OF LOT

- (1) Located Outside the Growth Boundary as defined in the Grand County Master Plan; Five (5) acres
- (2) Located Inside the Growth Boundary as defined in the Grand County Master Plan; Two (2) acres

6.3 MINIMUM LOT WIDTH 200 feet

6.4 MINIMUM FRONT YARD 30 feet

6.5 MINIMUM SIDE YARD 10 feet

6.6 MINIMUM REAR YARD 20 feet

6.7 MAXIMUM HEIGHT OF BUILDING 35 feet

6.8 WATER QUALITY SETBACK Setback from the edge of a water body shall be a minimum of 30 feet.

The Subject Property is outside the Growth Boundary, so the Forestry/Open zoning district permits the property to be subdivided into 5-acre house sites and various other agricultural and recreational developments with approval from the planning department. In addition, any parcel that is 40 acres or larger can be developed with up to three houses, as long as domestic water is available.

Improvements

Subject Parcel 2 is improved with a residence that was constructed in 1930 and contains approximately 2,676 square feet. There are several older outbuildings located near the farmstead including a barn, equipment shed and several outbuildings.

Conclusion

The subject property is comprised of two parcels. The south parcel, Parcel 1 contains 487.8 acres and is comprised of steep sloping hillsides. It has access along the southern boundary from County Road 3.

Subject Parcel 2 is the northern 4,444.02 acres of the subject ownership. It has gently sloping topography and good access along the northern and eastern boundaries to County Road 3. It includes frontage to Williams Fork and other small creeks. It is improved with a residence and outbuildings.

HIGHEST AND BEST USE ANALYSIS

Real estate is defined in terms of its Highest and Best Use:

The reasonably probable and legal use that will support the highest present value of the property, as defined, as of the effective date of the appraisal. Alternatively, it is that use, from among reasonably probable or legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value. Source: The Dictionary of Real Estate Appraisal. (The American Institute of Real Estate Appraisers).

Subject Parcel 1

Subject Parcel 1 contains 487.8 acres of mountain agriculture and recreation land. It is located on the western side of Henderson Mill, on the northern side of County Road 3.

Legally Permissible

The subject property is comprised of one steep sloping property. Legally it can be divided into parcels as small as 35 acres without county approval and 5 acres with county approval. The 35+ acre sites could potentially have 3 houses each, if there is sufficient domestic water. There is legal access to the south boundary.

Physically Possible

The subject property is comprised of steep sloping topography. While this makes the property good for agricultural and recreational uses, it can limit the residential uses.

There is demand for hillside house sites; however, the property overlooks the Henderson retention ponds. Additionally, with only a small amount of frontage to County Road 3 and steep topography, physical access to the northern portion of the property may be limited.

Financially Feasible and Maximally Productive

As mentioned above, the topography of the property may limit some development and uses. The cost to construct a road from County Road 3 to potential cabin sites would significantly offset any income from the development.

Additionally, there are 15 vacant land parcels listed for sale that range from 30 to 69 acres. There are 4 parcels listed for sale between 100 and 5,000 acres, of which three are encumbered by Conservation Easements and have limited development potential or uses beyond agricultural and recreational. This can be attributed to the development of most of the large unencumbered ranches, a high percentage of encumbered ranches with limited development potential, and a large amount of public lands. As

well as strong demand for ranch parcels, and limited supply of available ranches.

Additionally, there have been multiple ranch sales in surrounding counties indicating demand for these types of properties. Although smaller parcels typically command higher unit prices, the lack of supply of larger ranch parcels, an oversupply of cabin sites, and the topography of the subject and adjacency to public lands supports a larger parcel use for this property.

Thus, the Highest Best and Use of the subject is as one 487.8-acre agricultural and recreational ranch, with the potential for future development as demand warrants.

Subject Parcel 2

Subject Parcel 2 contains 4,444.02 acres of agricultural and recreational land. It is located on the north side of Henderson Mill, on the south and west sides of County Road 3. It has creek frontage and gently sloping to rolling topography.

Legally Permissible

The subject property can legally be divided into parcels as small as 35 acres without county approval and 5 acres with county approval. The 35+ acre sites could potentially have 3 house each, provided there is sufficient domestic water.

At the maximum, the property could legally be subdivided into 126 35-acre cabin sites.

The property may be used for limited commercial and industrial uses, as allowed by the zoning.

Physically Possible

The subject property is comprised of rolling to gently sloping terrain. The topography of this parcel does not limit the functional utility or development potential. The property has good legal access from County Road 3.

Financially Feasible and Maximally Productive

There are residential developments located adjacent north of the subject parcel that range from 2 to 10-acre house sites and 35+ acre agricultural house sites. The ranch adjacent west of the subject is partially encumbered by a Conservation Easement, and the remaining boundaries abut National Forest lands.

Additionally, there are 15 vacant land parcels listed for sale that range from 30 to 69 acres. There are 4 parcels listed for sale between 100 and 5,000 acres, of which three are encumbered by Conservation Easements and have limited development potential or uses beyond agricultural and recreational. This can be

attributed to the development of most of the large unencumbered ranches, a high percentage of encumbered ranches with limited development potential, and a large amount of public lands. As well as strong demand for ranch parcels, and limited supply of available ranches.

There have been three unencumbered ranches that have sold within Grand County, none of which are as large as the subject. There have been several unencumbered ranches throughout western Colorado that contain more than 2,000 acres that have sold within the past year. The majority of the private land in Grand County has been developed into smaller cabin sites or ranchettes, or into executive ranches with a 35 acre house/cabin site and thousands of acres of shared open space. These are all potential uses of the subject.

Based upon the location near Henderson Mill, the potential for executive ranch parcels is limited. There has been 10 vacant land sales in Grand County from January 1, 2023 through August 1, 2024, and 15 sales during that same time. Thus, indicating a stronger demand than current supply. However, the market appears to have slowed in 2024 compared to 2023. The development of the subject's 4,444.02 acres into an additional 160+ sites would significantly oversupply the market. Due to the size of the ranch, development of the entire property into 100+ acre ranchettes would add 40+ parcels to the market, which would also oversupply the market. However, there are very few parcels 100 acres and larger that are currently available in the subject neighborhood.

There have been multiple ranch sales in surrounding counties indicating demand for these types of properties. Although smaller parcels typically command higher unit prices, the lack of supply of larger ranch parcels, an oversupply of cabin sites, along with the topography of the subject and adjacency to public lands makes the property ideal for use as one large ranch or a few ranchettes, or a variety of small cabin sites, a few ranchettes or one or two large executive ranch parcels.

Thus, the Highest and Best Use of the subject is for development into smaller parcels, ranging from 5-acre house sites to 35+ acre cabin sites, to 100+ acre gentlemen ranches and even larger 1,000+ acre ranch parcels, as illustrated by the current market demands.

METHODS OF APPRAISAL

In order to arrive at an accurate estimate of Market Value there are three commonly accepted approaches to establish value: The Cost Approach, the Sales Comparison Approach, and the Income Approach. They are described as follows:

The Cost Approach to value establishes the current market value of the site, as if vacant, then adds the current reproduction cost new, less accrued depreciation of the improvements.

The Sales Comparison Approach to value relates the subject property to similar properties that have sold or are currently offered for sale. This approach has the greatest application when sufficient comparable information is available.

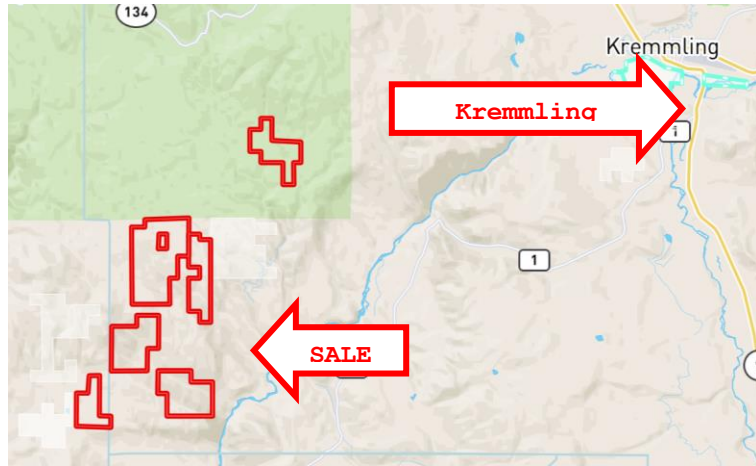
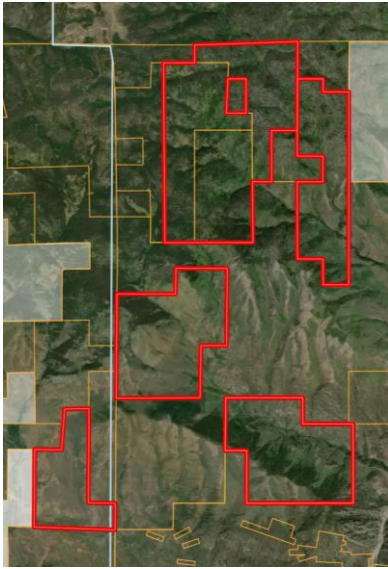
The Income Approach to value is the conversion of net income produced by the property into an indication of property value by use of a capitalization rate.

LAND SALES COMPARISON APPROACH

As discussed in the Scope of Work, the Sales Comparison Approach was deemed the most appropriate method for valuing the subject. This process involved researching and confirming the sales and listings of properties similar to the subject.

The Land Sales Comparison Approach involves the analysis of the sales of similar properties to the subject. The sales are then analyzed and adjustments are made to the comparable sales. The sales are as follows:

COMPARABLE SALE NO. 1



LOCATION: Yamony Mountain Ranch, 41355 Routt County Road 2, 4 non-contiguous ranch parcels west of Radium, along Grand County Road and Routt County Road 2, Grand and Routt Counties

SCHEDULE NO: Routt County - R4655831
Grand County - R012900, R008103, R008102, R008108, R008070, R000030

SALE DATE: November 22, 2023

SALE PRICE: \$6,903,000

RECORDING: Grand County - 6903000
Routt County - 2023008197

GRANTOR: Transpur Corporation

GRANTEE: RCR Limited Liability, CO

FINANCING: Cash to Seller

PRICE/ACRE: \$1,938.50/acre

SITE ANALYSIS:

SIZE: 3,561 acres

SHAPE: Non-contiguous, all irregular in shape

TOPOGRAPHY: Rolling to steep 7,400' ASL to 9,400' ASL

UTILITIES: Well, Septic, propane and generator or solar required

WATER RIGHTS: None

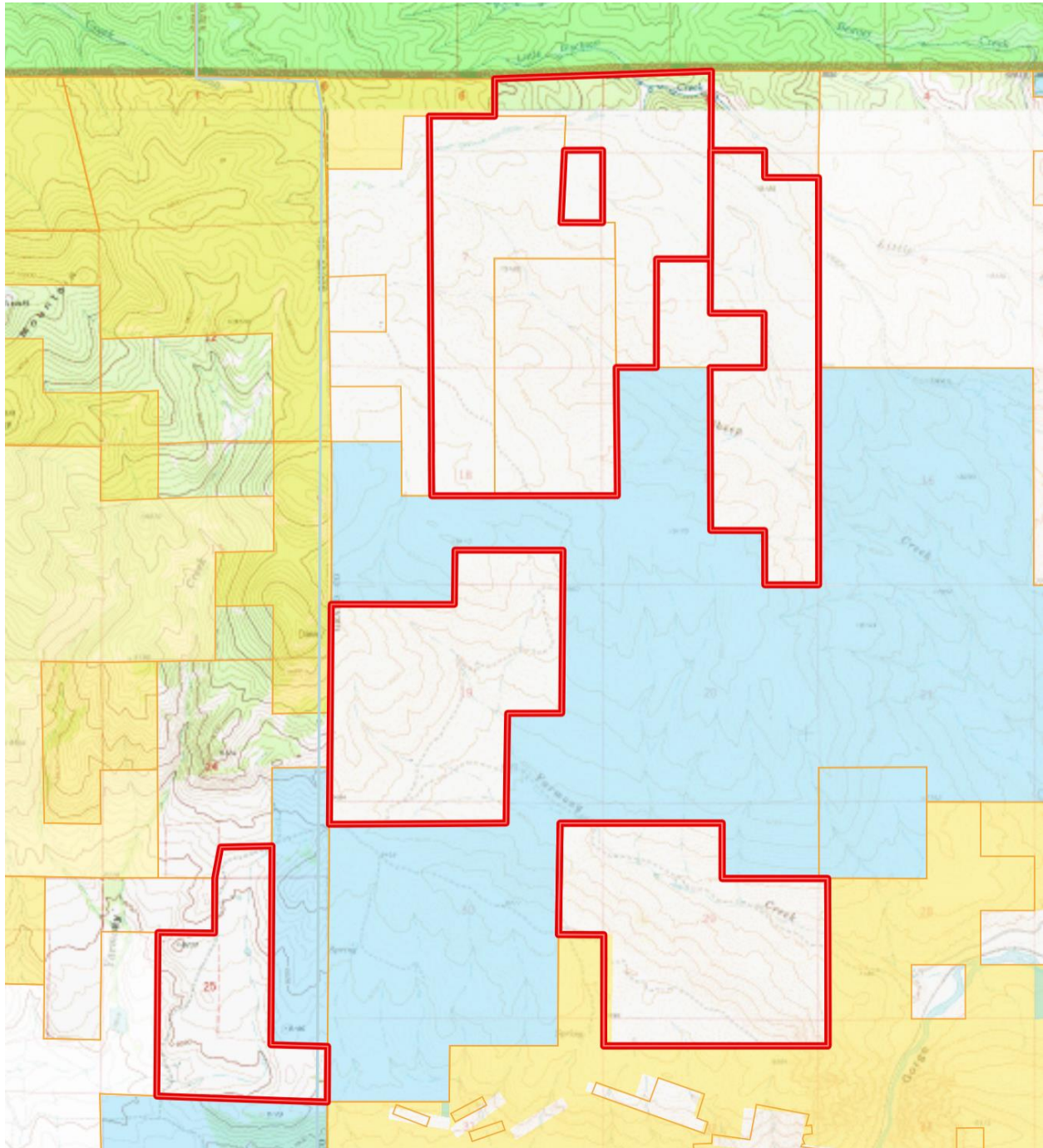
WATER FRONTAGE: Yarmony Creek, Little Blacktail Creek, Trail Creek, Sheep Creek, small ponds

ACCESS: Seasonal - RCR 2 & GCR 111

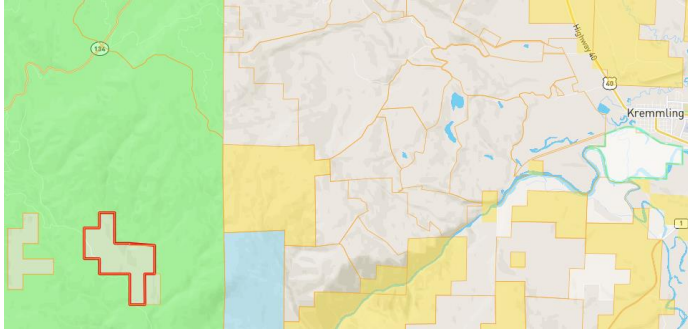
IMPROVEMENTS: Vacant

COMMENTS: Mountain Ranch that extends from lower elevations above the Colorado River to upper elevations adjacent to National Forest.

The northeastern 944 acres of this ranch were listed separately for \$2,360,000, or \$2,500 per acre.



COMPARABLE SALE NO. 2



LOCATION: Blacktail Creek Ranch. 11394 Grand County Road 11, approximately 3 miles south of Highway 134, and 10 miles west of Kremmling, Grand County

SCHEDULE NO: 1433-262-00-007

SALE DATE: February 12, 2024

SALE PRICE: \$4,225,000 Overall
\$1,750,000 Improvements
\$2,475,000 Land only

RECORDING: 2024001153

GRANTOR: Four H Properties, LLC

GRANTEE: Aspen Ridge Properties, LLC

FINANCING: Cash to seller

PRICE/ACRE: \$8,125/ac overall, \$4,760/ac land only

SITE ANALYSIS:

SIZE: 520 Acres

SHAPE: Irregular

TOPOGRAPHY: Rolling to steep mountain side

UTILITIES: Propane, septic, well, & generator or solar required

WATER RIGHTS: None

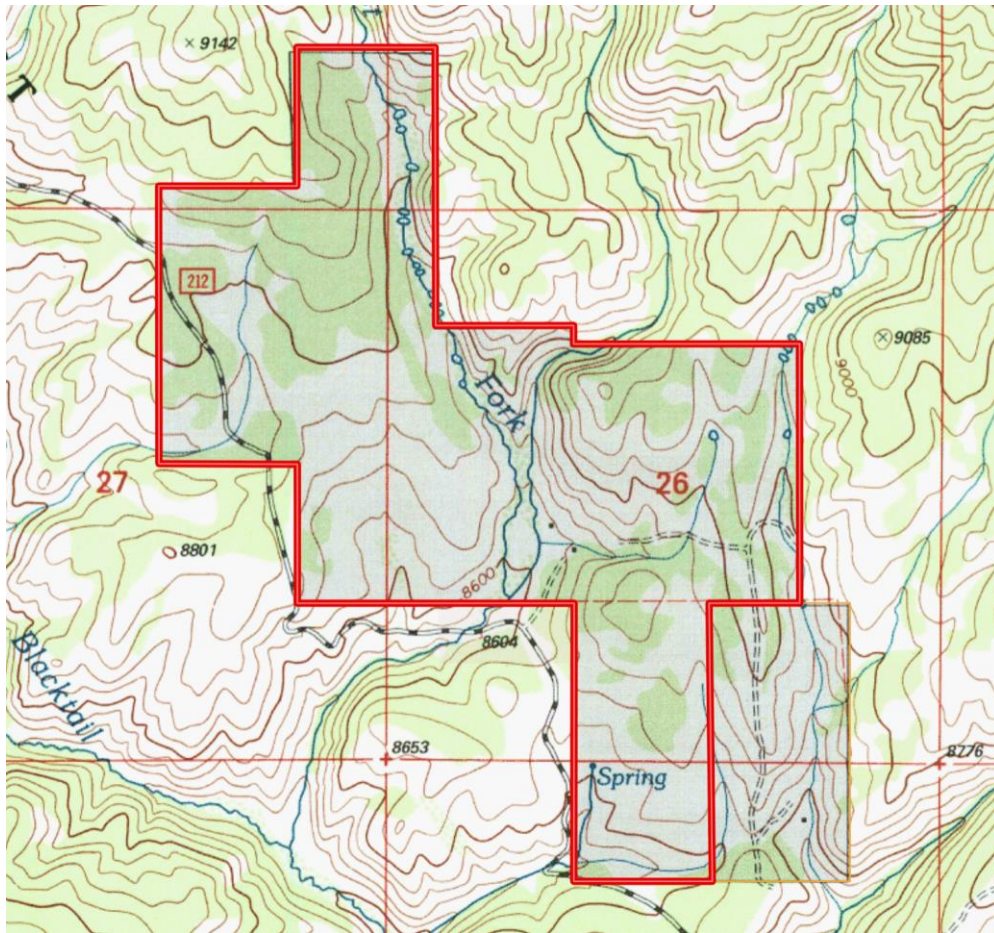
WATER FRONTAGE: East Fork Creek, & other unnamed creeks, several ponds

ACCESS: Seasonal - County Road 11

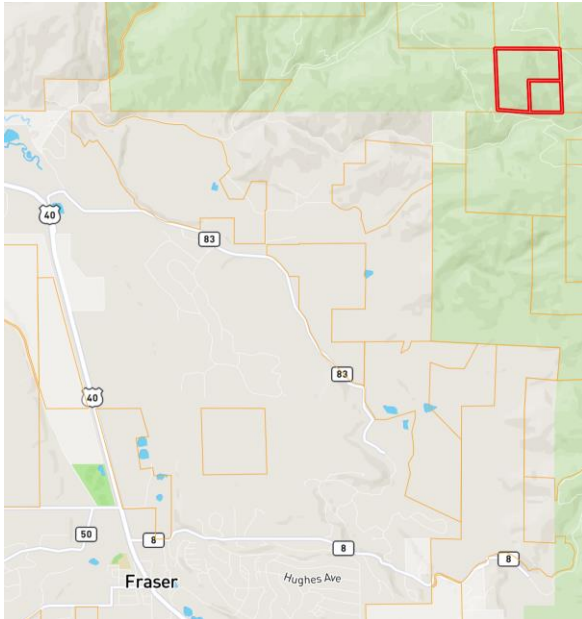
IMPROVEMENTS: Residence - YOC 2005, 3,936 sf, 4 bedrooms, 4 Bathrooms, 2 car garage.
Residence - YOC 2007, 1,164 sf, 1 bedroom, 1 bathroom
Yurt and cabin
Several agricultural outbuildings.

COMMENTS: Located north of Sale 1. National Wildlife area in-
holding.

Good hunting and fishing ranch.

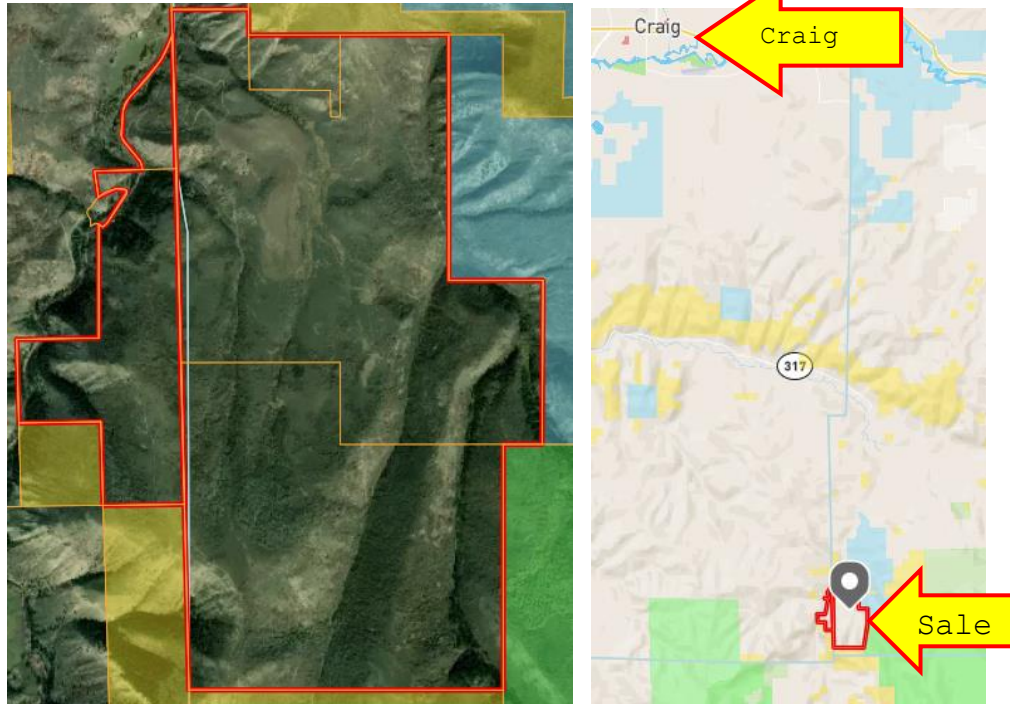


SALE NO. 3



LOCATION: Water Board Road 128, Tabernash, Grand County
GRANTOR: Hurd Creek Ranch Company/Mountbridge Farm
Limited Partnership, LLLP
GRANTEE: Redfield
PARCEL NUMBERS: 1453-353-00-039 & 1453-353-00-040
RECORDING: 2024000384
SALE PRICE: \$300,000 Overall
SALE DATE: January 19, 2024
UNIT PRICE: \$1,911/ac
PROPERTY DESCRIPTION:
SIZE: 157 ACRES
SHAPE: Square
TOPOGRAPHY: Rolling hills 9,400 to 10,000 ASL
UTILITIES: Propane, septic, well, & generator or solar
required
WATER RIGHTS: None
WATER FRONTAGE: Intermittent stream
ACCESS: Seasonal - County Road 81
IMPROVEMENTS: Vacant
COMMENTS: Northeast of Fraser

SALE NO. 4



LOCATION: 2430 Moffat County Road 65, Hamilton, Routt County.

TAX SCHEDULE NO.: Routt - 956072001, 956073001, 956063001
Moffat - R002421, R002430

SALE PRICE: \$2,547,000

SALE DATE: March 31, 2021

GRANTOR: Colorado Corona Ranch LLC

GRANTEE: CBC Ranch LLC

PRICE PER ACRE: \$1,733 per acre

SITE DESCRIPTION:

SIZE: 1,470 Acres

TOPOGRAPHY: Sloping and rolling to steep sloping. 7,000-7,600 feet ASL

GROUND COVER: Grazing hillside, sagebrush, juniper, pinon, some pine

ACCESS: Year-round

WATER FRONTAGE: One mile of frontage on Indian Run, seasonal streams/drainages.

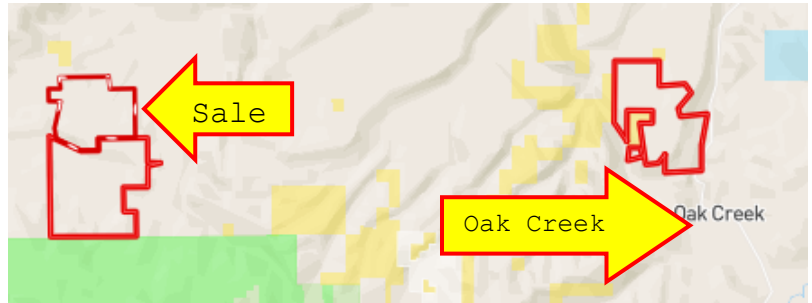
UTILITIES: Electricity, propane

IMPROVEMENTS: Residence, 1,928 sq. ft., YOC 2012, 4 bedrooms, 4 bathrooms
Residence, 544 sq. ft., YOC 1920, 1 bathroom
Four outbuildings from 108 s.f.- 704 s.f.

WATER RIGHTS: Unknown

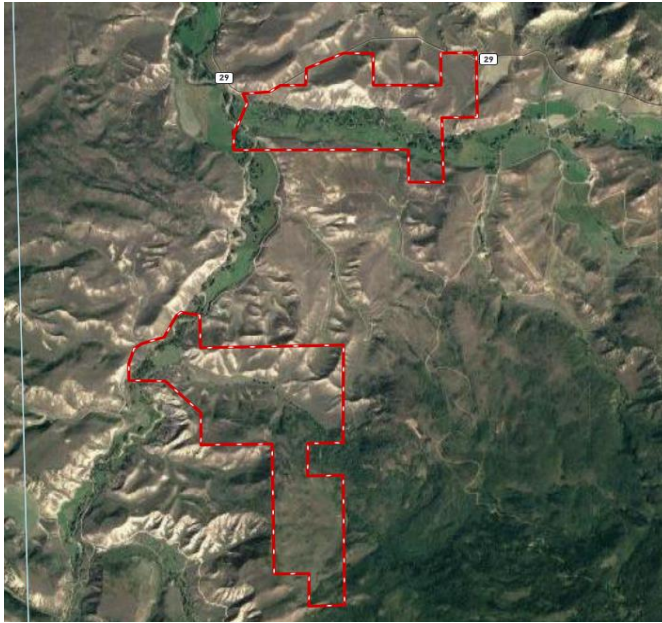
COMMENTS: Small amount of irrigated land.

SALE NO. 5



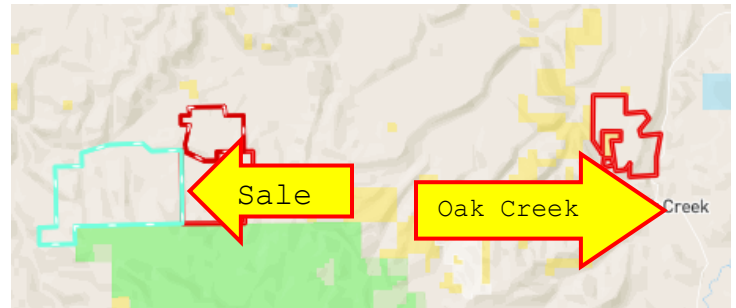
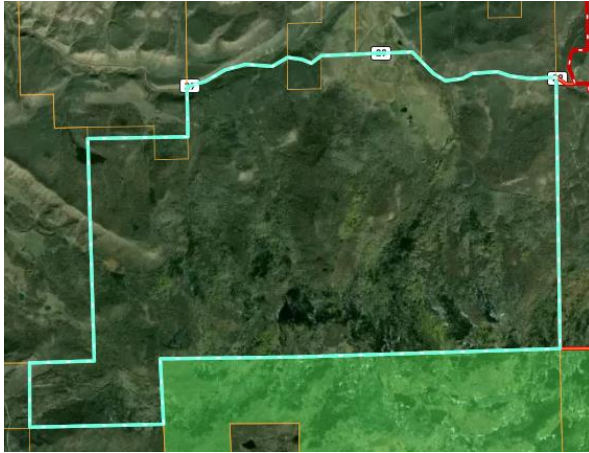
LOCATION: 26105 County Road 37B, Hayden, Routt County.
TAX SCHEDULE NO.: 953191001
SALE PRICE: \$3,325,000
SALE DATE: August 3, 2021
GRANTOR: Camilletti
GRANTEE: Feathered Elk Ranch LLC
PRICE PER ACRE: \$2,621 per acre
SITE DESCRIPTION:
SIZE: 1,268.4 Acres
TOPOGRAPHY: Gently rolling and sloping with small sections of steep sloping hillsides. 7,400-7,800 feet ASL
GROUND COVER: Irrigated crop land, dry graze, native grasses, bushes, pinon, juniper, aspen and pine.
ACCESS: Year-round
WATER FRONTAGE: Over one mile of frontage on Salt Creek, James Marion Yoast Reservoir, seasonal streams/drainages.
UTILITIES: Electricity
IMPROVEMENTS: Residence, 928 sq. ft., YOC 1909, 2 bedrooms, 1 bathroom
Hay Shed, 4,000 sq. ft., YOC 2015
Utility Shed, 2,500 sq. ft., YOC 2015
Several older outbuildings in fair to poor condition from 80 sq. ft.- 3,920 sq. ft.
WATER RIGHTS: Unknown
COMMENTS: Approximately 160 irrigated acres.

SALE NO. 6



LOCATION: 27632 County Road 67, Hamilton, Routt County.
TAX SCHEDULE NO.: 955161001, 955291001
SALE PRICE: \$4,405,841
SALE DATE: September 15, 2021
GRANTOR: Veda L Wyman Revocable Trust
GRANTEE: Gallogly GP, LLC
PRICE PER ACRE: \$2,827 per acre
SITE DESCRIPTION:
SIZE: 1,558.47 Acres
TOPOGRAPHY: Generally flat to sloping and rolling to hilly and steep sloping. North parcel 6,600-6,800 feet ASL; south parcel 6,700 - 7,800 feet ASL.
GROUND COVER: Irrigated crop land, dry graze, native grasses, bushes, pinon, juniper, and pockets of aspen and pine.
ACCESS: Year-round
WATER FRONTAGE: East Fork Williams Fork runs through entire north parcel, Highland Ditch; South Fork Williams Fork and Butler Creek run through south parcel, along with seasonal streams and ponds.
UTILITIES: Electricity
IMPROVEMENTS: Three older outbuildings in fair to poor condition from 540 sq. ft.- 1,920 sq. ft.
WATER RIGHTS: Unknown
COMMENTS: Approximately 120 irrigated acres.

SALE NO. 7



LOCATION: 10625 County Road 29, 10755 County Road 29,
10775 County Road 29, Hayden, Routt County.

TAX SCHEDULE NO.: 954251001

SALE PRICE: \$12,000,000 overall
\$ 3,500,000 improvements
\$ 8,500,000 land only

SALE DATE: December 11, 2020

GRANTOR: Cross Mountain Ranch Limited Partnership

GRANTEE: North Face Ranch, LLC

PRICE PER ACRE: \$2,500/ac overall \$1,771/ac

SITE DESCRIPTION:

SIZE: 4,800 Acres

TOPOGRAPHY: Gently rolling to rolling, to sloping and
hilly, to steep sloping hillsides. 7,400-
8,800 feet ASL

GROUND COVER: Irrigated crop land, dry graze, native
grasses, bushes, pinon, juniper, aspen and
pine.

ACCESS: Year-round

WATER FRONTAGE: Willow Creek, Salt Creek, seasonal
streams/drainages, and multiple ponds.

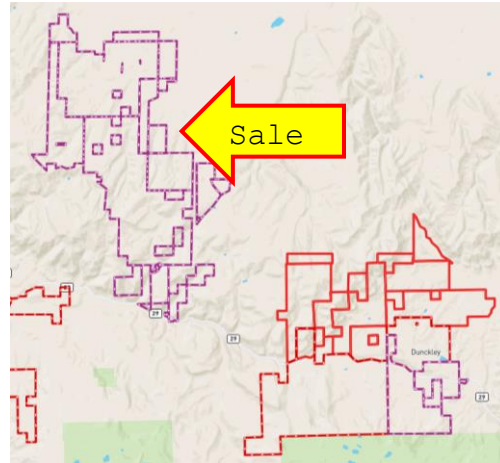
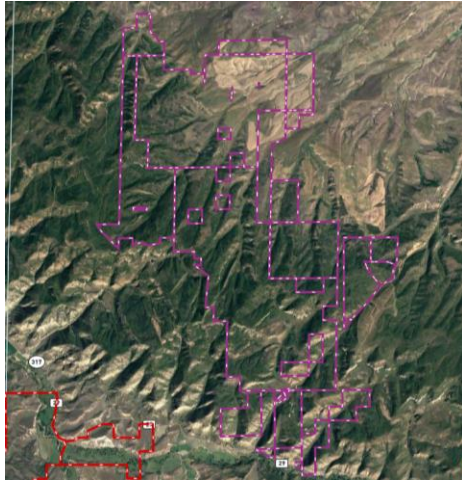
UTILITIES: Electricity, propane

IMPROVEMENTS: Log Cabin/Lodge, 13,089 sq. ft., YOC 1992, 9
bedrooms, 11 bathrooms, excellent quality
Residence, 900 sq. ft., YOC 2005, 2 bedrooms,
1 bathroom, fair condition
Residence, 1,246 sq. ft., YOC 1928, 2
bedrooms, 1 bathroom, fair condition
Residence, 560 sq. ft., YOC 1926, 2 bedrooms,
1 bathroom, fair/poor condition
Several older outbuildings in fair to poor
condition from 64 sq. ft.- 2,048 sq. ft.

WATER RIGHTS: Unknown

COMMENTS: Approximately 330 irrigated acres.

SALE NO. 8



LOCATION: 6405 County Road 29, 30857 County Road 53,
Hayden, Routt County.

TAX SCHEDULE NO.: R4355311 R4355351 R4355346 R6358633 R3529512
R3119465 R3127751 R3315650 R4315350 R4316116
R4316124 R3315755 R3311636 R4356075 R8179524
R4316410 R4315348 R4315315 R4315349 R8179440
R8180643

SALE PRICE: \$25,000,000 Overall
\$ 304,000 Improvements
\$24,696,000 Land Only

SALE DATE: February 17, 2021

GRANTOR: Moran GST Trust & Lonesome Quail, LTD

GRANTEE: JMS Bear Creek Ranch LLC

PRICE PER ACRE: \$1,764 per acre

SITE DESCRIPTION:

SIZE: 14,000 +/- Acres

TOPOGRAPHY: Gently rolling to rolling, to sloping and
hilly, to steep sloping hillsides. 6,600 in
the northeast to 8,000 feet ASL in the
southwestern corner.

GROUND COVER: Irrigated crop land, dry graze, native
grasses, bushes, pinon, juniper, aspen and
pine.

ACCESS: Year-round

WATER FRONTAGE: Short distance of the East fork of the
Williams Fork River, seasonal streams/
drainages and ponds

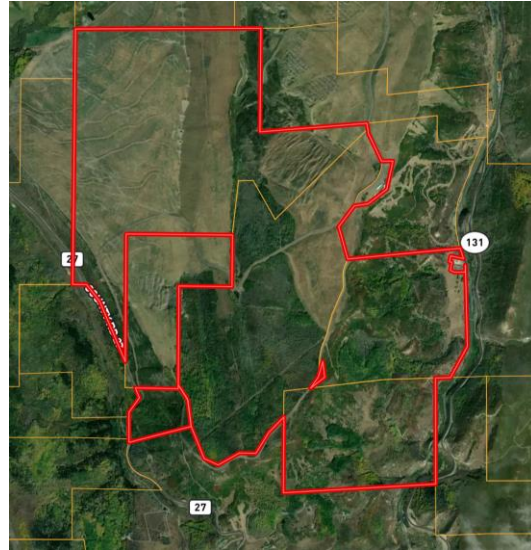
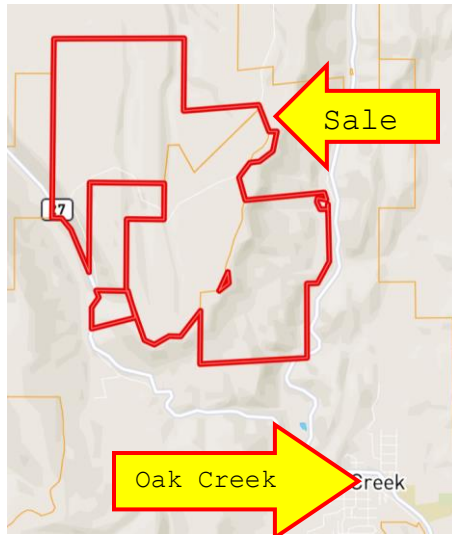
UTILITIES: Electricity and propane are typical

IMPROVEMENTS: Residence - YOC 1997, 1,120 sf
Residence - YOC 2019, 2,815 sf

WATER RIGHTS: Unknown

COMMENTS: Information obtained from Ken Mirr, Mirr Ranch Group,
and Routt County.

SALE NO. 9



LOCATION: Along County Road 27, west of Highway 131, northwest of Oak Creek, Routt County

TAX SCHEDULE NO.: R8171758 - 541.34 ac
R8171976 - 700.09 ac
R8172206 - 252.10 ac
R8172537 - 240.00 ac
R8180626 - 38.63 ac
R8181008 - 9.81 ac (improved)
R8181009 - 0.19 ac

SALE PRICE: \$4,600,000 Overall
\$ 150,000 Improvements
\$4,450,000 Land Only

SALE DATE: January 20, 2023

GRANTOR: High Country Lamb, LLC

GRANTEE: Haybro, LLC

PRICE PER ACRE: \$2,581/ac overall \$2,497/ac land only

SITE DESCRIPTION:

SIZE: 1,782 +/- Acres

TOPOGRAPHY: Rolling to steep. 7,200 to 8,200' ASL

ACCESS: Year-round County Road 27

WATER FRONTAGE: Intermittent drainages

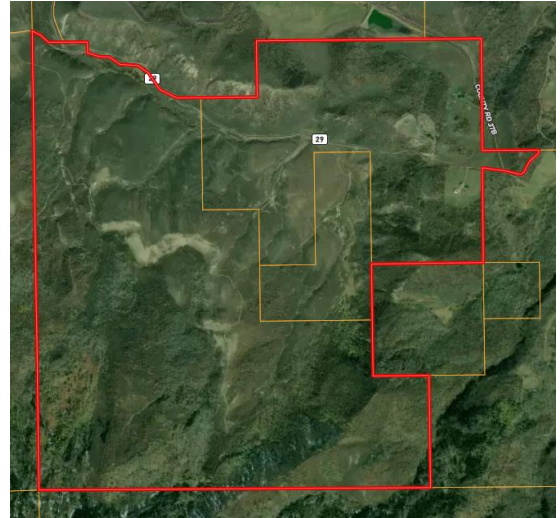
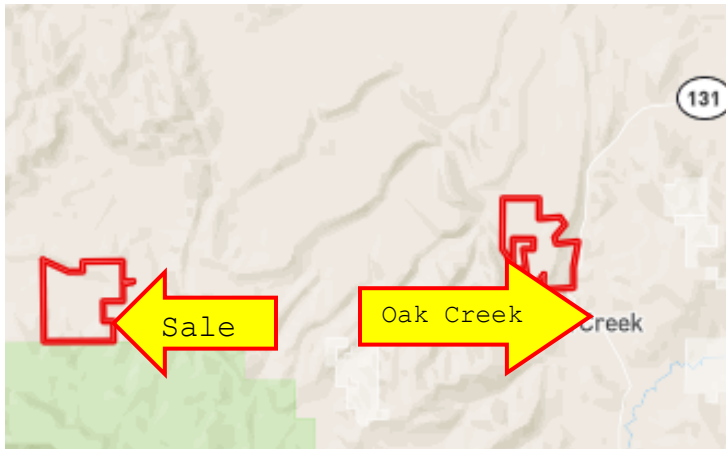
UTILITIES: Electricity available. Well, septic, propane are typical of the area

IMPROVEMENTS: Warehouse - YOC 1950, 1,482 sf
Utility Shed - YOC 1950, 6,000 sf
Utility Shed - YOC 1950, 13,975 sf
Utility Shed - YOC 1955, 7,200 sf

WATER RIGHTS: Unknown

COMMENTS: Partially irrigated, mid-mountain ranch. No residential structures.

SALE NO. 10



LOCATION: 13790 CR 29, 13825 CR 29, 25815 CR 29,
approximately 12 miles west of Oak Creek,
Routt County

TAX SCHEDULE NO.: R6314245 - 646.81 ac
R8181377 - 1,420.91 ac
R3121600 - 160 ac

SALE PRICE: \$5,900,000 Overall
\$1,000,000 Improvements
\$4,900,000 Land Only

SALE DATE: February 2, 2023

GRANTOR: Cross Mountain Ranch LP

GRANTEE: West Fish Creek Ranch, LLC

PRICE PER ACRE: \$2,648/ac overall \$2,200/ac land only

SITE DESCRIPTION:

SIZE: 2,227.72 Acres

TOPOGRAPHY: Rolling to steep 7,600 to 8,800' ASL

ACCESS: Year-round County Road 29

WATER FRONTAGE: Salt Creek, Several unnamed streams, ponds

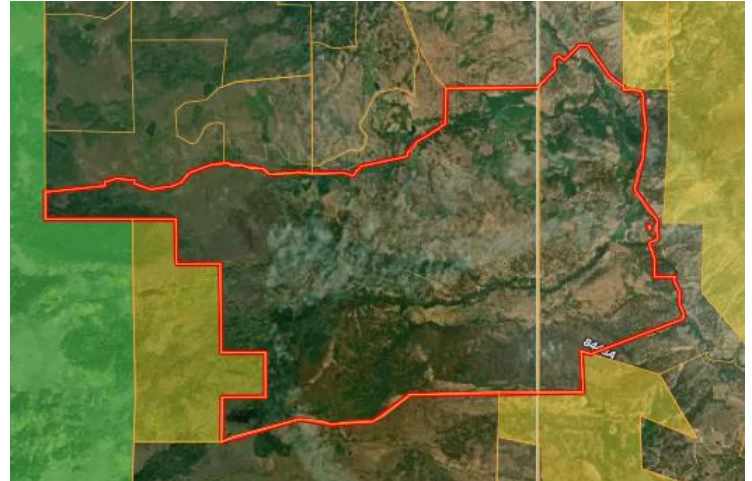
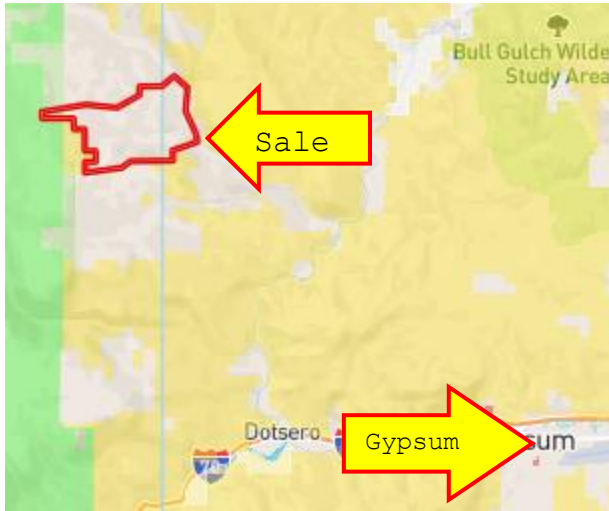
UTILITIES: Electricity, well, septic and propane in use

IMPROVEMENTS: Residence - YOC 1934, 1,288 sf
Residence - YOC 1914, 1,153 sf
Lodge - YOC 1997, 4,020 sf
Residence - YOC 1997, 1,300 sf
Multiple agricultural outbuildings

WATER RIGHTS: Unknown

COMMENTS: Mountain ranch. Adjacent to Flat Tops Wilderness Area.

SALE NO. 11



LOCATION: 5798 Sweetwater Road, 10.5 miles northwest of Gypsum and 5 miles west of County Road 301 (Colorado River Road) Garfield and Eagle Counties

TAX SCHEDULE NO.: Eagle County - R069326
Garfield County - R300042

SALE PRICE: \$19,950,000 Overall
\$ 1,000,000 Improvements
\$18,950,000 Land only

SALE DATE: November 8, 2023

GRANTOR: Ingalls Trust

GRANTEE: Heathcote West LLC

PRICE PER ACRE: \$7,757/ac overall \$7,368/ac land only

SITE DESCRIPTION:

SIZE: 2,572 Acres

TOPOGRAPHY: Rolling to steep 7,000 to 9,600' ASL

ACCESS: Year-round - Sweetwater Road

WATER FRONTAGE: Sweetwater Creek, Mason Creek, Morris Creek,

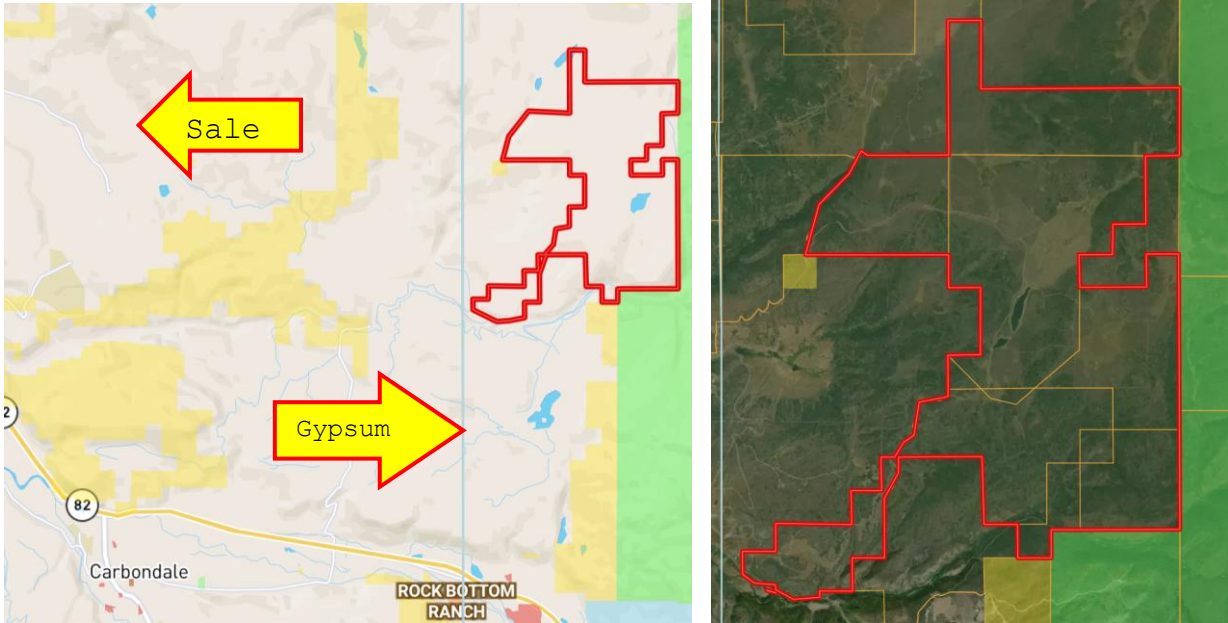
UTILITIES: Electricity, well, septic and propane in use

IMPROVEMENTS: Residence - 3,565 sf, YOC 2000
Residence - 1,616 sf, YOC 2000
Cabin - YOC 1929, 470 sf
Multiple agricultural outbuildings

WATER RIGHTS: Unknown

COMMENTS: Mountain ranch. Adjacent to National Forest and BLM lands.

SALE NO. 12



LOCATION: 7.75 miles northeast of Carbondale, Eagle County

TAX SCHEDULE NO:

R024155 - 115 ac	R024560 - 140.21 ac
R024890 - 640 ac	R032783 - 67.27 ac
R043264 - 34.09 ac	R043265 - 54.88 ac
R043266 - 1,185 ac	R043267 - 22.92 ac
R043268 - 55.91 ac	R043269 - 44.25 ac
R043270 - 37.63 ac	R043271 - 43.67 ac
R043272 - 45.20 ac	R043273 - 10.18 ac
R043274 - 39.36 ac	R043275 - 55.94 ac
R043301 - 36.59 ac	R043302 - 36.54 ac
R043303 - 36.44 ac	R043304 - 35.54 ac
R043305 - 36.94 ac	R043306 - 36.54 ac
R043307 - 38.50 ac	R043308 - 40.92 ac
R043309 - 38.08 ac	R043310 - 37.39 ac
R043322 - 35.20 ac	R043312 - 35.19 ac
R045355 - 563.37 ac	R045356 - 40.89 ac
R049030 - 80.00 ac	R049707 - 221.99 ac
R049708 - 320 ac	

SALE PRICE: \$15,916,300 Overall
\$ 500,000 Improvements
\$15,416,300 Land Only

SALE DATE: August 23, 2021

GRANTOR: NJ Partners 23 LLC

GRANTEE: Three Meadows Ranch LLC

PRICE PER ACRE: \$3,734/ac overall \$3,617/ac land only

SITE DESCRIPTION:

SIZE: 4,262 Acres

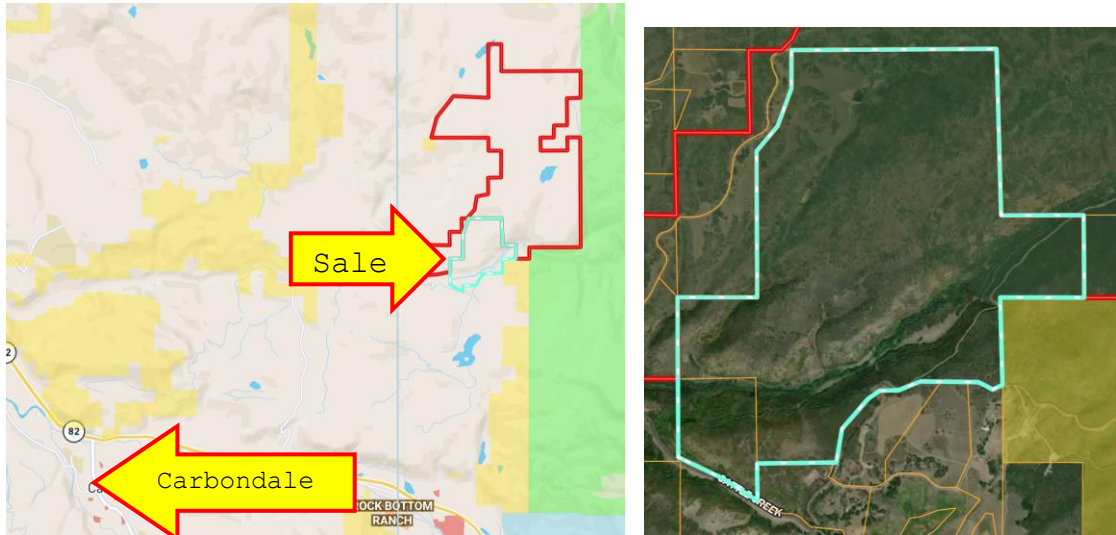
TOPOGRAPHY: Rolling to steep 8,000 to 9,000' ASL

ACCESS: Year-round - Castle Creek Road

WATER FRONTAGE: Sheep Creek, Shippees Draw

UTILITIES: Electricity, well, septic and propane in use
IMPROVEMENTS: Residence - modular - YOC - 2003, 2,184 sf
Residence - 912 sf, YOC 2000
Residence - YOC 2005, 1,572 sf
Multiple agricultural outbuildings
WATER RIGHTS: Unknown
COMMENTS: Mountain ranch and development parcel. Several smaller house sites, and large ranch parcel adjacent to National Forest.

SALE NO. 13



LOCATION: 7 miles northeast of Carbondale, Eagle County

TAX SCHEDULE NO: R045461 - 45 ac, R045866 - 603.26 ac

SALE PRICE: \$3,850,000 Overall

SALE DATE: February 23, 2021

GRANTOR: Oscar Cerise Investments CO

GRANTEE: Hoople

PRICE PER ACRE: \$5,939/ac overall

SITE DESCRIPTION:

SIZE: 648.26 Acres

TOPOGRAPHY: Rolling to steep 8,000 to 9,000' ASL

ACCESS: Year-round - Castle Creek Road

WATER FRONTAGE: Sleepy Creek, Cattle Creek

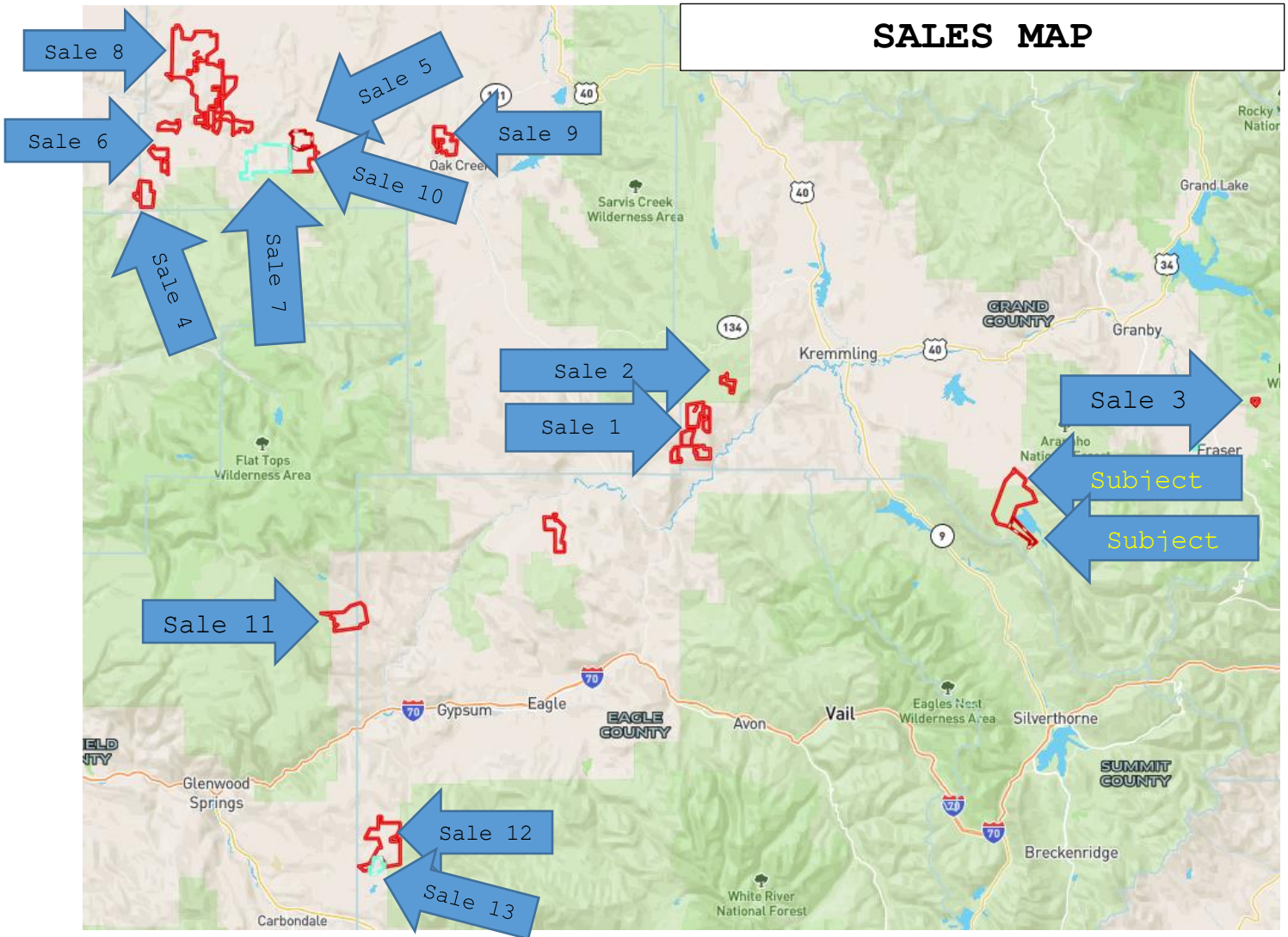
UTILITIES: Electricity, well, septic and propane available

IMPROVEMENTS: Vacant

WATER RIGHTS: Unknown

COMMENTS: Mountain ranch. Frontage to BLM lands. Adjacent south of Sale No. 12

SALES MAP



Sales Summary Spreadsheet

COMP NO.	LOCATION	SALE PRICE SALE DATE	SITE SIZE	PRICE PER ACRE	COMMENTS
1.	Yamony Mountain Ranch - 41355 RCR 2, 4 mile west of Radium, Routt & Grand Counties	\$6,903,000 11/22/23	3,561	\$1,938/ac	4 non-contiguous parcels. Ranges from lower to higher elevations.
2.	Black Tail Ranch - 11394 GCR 11, 3 miles south of Hwy 134, Grand County	\$4,225,000 2/12/24	520	\$8,125/ac overall \$4,760/ac land only	National wildlife in-holding. Several improvements. Good hunting/fishing
3.	Water Board Road 128, east of Tabernash, Grand County	\$300,000 1/19/24	157	\$1,911/ac	Rolling to steep topography, stream through property.
4	2430 Moffat CR 65, Hamilton, Routt & Rio Blanco County	\$2,547,000 2/26/21	1,470	\$1,733/ac	Residence - YOC 2012, 1,928 sf, small residence - YOC 1920, 544 sf

5	26105 CR 37B, Hayden, Routt County	\$3,325,000 8/3/21	1,268.4	\$2,621/ac	Residence - YOC 1909, 928 Sf 160 acres irrigated
6	27632 CR 67, Hamilton, Routt County	\$4,405,841 9/15/21	1,558.47	\$2,827/ac	No significant improvements. East Fork of the Williams Fork River
7	10625 CR 29, Hayden, Routt County	\$12,000,000 12/11/20	4,800	\$2,500/ac Overall \$1,771/ac land only	Log cabin/lodge, 3 residences & several outbuildings 330 acres irrigated
8	6405 CR 29 & 30857 CR 53, Hayden, Routt County	\$25,000,000 2/17/21	14,000	\$1,764/ac	Two residences & agricultural outbuildings
9.	CR 27, west of Hwy 131, NW of Oak Creek, Routt County	\$4,600,000 1/20/23	1,782	\$2,581/ac	Warehouse & utility sheds Partially irrigated, mid-mountain ranch
10.	13790 CR 29, 13825 CR 29, 25815 CR 29 12 miles west of Oak Creek, Routt County	\$5,900,000 2/2/23	2,227.72	\$2,648/ac overall \$2,200/ac land only	Year-round access. 3 residences, lodge & several outbuildings. Adjacent to Flat Tops Wilderness
11.	5798 Sweetwater Rd, 10.5 miles NW of Gypsum, Garfield & Eagle County	\$19,950,000 11/8/23	2,572	\$7,757/ac Overall \$7,368/ac land only	Year-round access. Adjacent to National Forest and BLM lands. 2 residences, a cabin & ag buildings
12.	7.75 miles NE of Carbondale, Eagle County	\$15,916,300 8/23/21	4,262	\$3,734/ac overall \$3,617/ac land only	3 residences Multiple 35-40 acre house sites. Adjacent to National Forest
13.	7 miles NE of Carbondale, Eagle County	\$3,850,000 2/23/21	648.26	\$5,939/ac	Adjacent south of Sale 12. Adjacent to BLM.

Sales Summaries

The comparable sales are compared and adjusted to the Subject Parcels as follows. The sales range from 157 acres to 14,000 acres and are located throughout northwestern and north-central Colorado. The subject parcels vary significantly in size from 487.8 and 4,444.02 acres, and the comparable sales are compared to the subject parcel most similar in size. Thus, all of the sales are not compared to both of the subject parcels.

Improvements

Some of the sales include a residence(s) and agricultural improvements. Subject parcel 1 is vacant, Subject Parcel 2's improvements are valued after the contributory value of the land is established. Any improvement value associated with the

comparable sale is allocated and deducted from the sales price so a value of the land as vacant is determined.

Condition of the Sales

Most of the sales are considered arms-length transactions and no adjustments are warranted. Sale Nos. 8 and 10 were purchased as assemblage to other parcels, a premium price can be paid for these parcels as the buyer was motivated. Each sale is analyzed individually and adjusted accordingly.

Cash Equivalency

The sales were either cash or equivalent to cash and no adjustments are warranted.

Market Conditions

As illustrated in the Neighborhood Description the market has been steady to improving. Some of the market data indicates strongly appreciating prices, while other data indicates fairly steady market values. The two Subject Parcels compete in different market segments.

Typically, smaller ranches show a stronger demand than larger ranches, due to the overall cost and availability. However, recently there has been strong demand for the larger ranches over the past four years.

Both the larger and smaller ranch market has illustrated appreciation over the past four years. Although none of the sales within this analysis have sold and resold, the overall market trend for mountain ranches throughout Colorado. The market has stabilized in 2024 as interest rates increased on top of higher prices supported by the sales in 2023.

The market has supported appreciation rates from 5 to 25% for the ranch market throughout Colorado. Overall, a 10% appreciation per year is applied to the sales through December of 2023, and no appreciation is applied to each sale.

Location - Neighborhood

The properties are located throughout central Colorado. Their location is compared to the subject parcels' and adjusted accordingly.

Size

Subject Parcel 1 contains 487.8 acres and Subject Parcel 2 contains 4,444.02 acres.

Typically, larger parcels sell for lower unit prices than smaller sales, if all other features are similar. The sales that are larger than the subject parcels warrant an upward adjustment,

while the sales that are smaller than the subject parcels require a downward adjustment.

Access

The Subject Property has year-round access. Seasonal access reduces year-round functional utility of properties. Parcels with seasonal or 4-wheel drive access require upward adjustments.

Creek Frontage/Public Lands

The Subject Property 1 does not have any significant creek frontage while Subject Property 2 has several creeks and frontage to Williams Fork. Both parcels abut National Forest providing additional seclusion and recreational opportunities.

These features are sought in the ranch market in the subject neighborhood. Parcels that have creek frontage, especially fishable creek frontage, and are adjacent to public lands command higher values than properties without these features.

Functional Utility

Subject Parcel 1 includes steep topography and a shape that may limit some of the development potential. The sales are compared to the subject's configuration and functional utility and adjusted accordingly.

Additionally, both sales are adjacent to the Henderson Mill evaporation/tailings pond. This affects the view corridor of Parcel No. 1. While it does not physically affect either parcel, it may limit the market participants and the sales are adjusted accordingly.

*Not all of the sales are compared to the subject parcels. They are included to support the overall ranch market, but due to size, or physical features, they are not specifically adjusted to the subject.

ANALYSIS OF THE 487.8-ACRE SUBJECT PARCEL 1

The sales are compared to Subject Parcel 1, a 487.8-acre mountain property. It has year-round access along County Road 3, and electricity extends along the road.

The most comparable sales are adjusted on the following page. These sales are similar in some of the market features of size, location, ground cover and functional utility.

COMPARABLE SALES CHART

The most comparable sales to the subject's 4,444.02 acres are copied in the chart below, and are analyzed and adjusted on the following pages:

COMP NO.	LOCATION	SALE PRICE SALE DATE	SITE SIZE	PRICE PER ACRE	COMMENTS
2.	Black Tail Ranch - 11394 GCR 11, 3 miles south of Hwy 134, Grand County	\$4,225,000 2/12/24	520	\$8,125/ac overall \$4,760/ac land only	National wildlife in-holding. Several improvements. Good hunting/fishing
3.	Water Board Road 128, east of Tabernash, Grand County	\$300,000 1/19/24	157	\$1,911/ac	Rolling to steep topography, stream through property.
5	26105 CR 37B, Hayden, Routt County	\$3,325,000 8/3/21	1,268.4	\$2,621/ac	Residence - YOC 1909, 928 Sf 160 acres irrigated
13.	7 miles NE of Carbondale, Eagle County	\$3,850,000 2/23/21	648.26	\$5,939/ac	Adjacent south of Sale 12. Adjacent to BLM.

ADJUSTMENT GRID

Sale No.	2	3	5	13
Site Size	520	157	1,268	648
Sale Date	2/12/24	1/19/24	8/3/21	2/23/21
Unit Price	\$8,125	\$1,911	\$2,621	\$5,939
Improvements	-\$3,365	=	\$0	=
Adjusted Price	\$4,760	\$1,911	\$2,621	\$5,939
Condition of Sale	=	=	=	=
Cash Equivalency	=	=	=	=
Market Conditions	=	=	+\$524	\$1,188
Location	=	=	+	-
Site Size	=	-	++	+
Access	=	=	+	=
Public Lands/Creek	-	++	+	=
Ground Cover	=	+	=	=
Functional Utility	-	-	-	-
Adjusted Price	--	+	++++	-
	\$4,750	\$1,911	\$3,145	\$7,127

The sales before adjustments indicate a range of prices from \$1,911 to \$8,125 per acre. The parcels are compared to the 487.8-acre subject property. Adjustments were made for market conditions, river frontage/public lands, ground cover and site

size. After adjustments, the sales support a narrow range as illustrated below:

Sale No. 13 - Less than \$7,127/ac

Sale No. 2 - Less than \$4,750/ac

Sale No. 5 - More than \$3,145/ac

Sale No. 3 - More than \$1,911/ac

Overall, after adjustments, these sales indicate a narrow range from more than \$3,145 to less than \$4,750 per acre

Subject Parcel 1 - Value Conclusion

The subject property commands a value above the low end of the range due to the size and ground cover. Conversely, it commands a value below the top of the range due to the topography, lack of creek frontage and location near the tailings pit. Based upon the significant upward adjustments for Sale 5, the subject commands a value above the middle of the range. Thus, it is concluded the subject commands a value of \$4,250 per acre. Applying \$4,250 per acre to the subject's 487.8 acres indicates a present market value of \$2,073,150,000, rounded to:

TWO MILLION SEVENTY-FIVE THOUSAND DOLLARS

\$2,075,000.00

ANALYSIS OF THE 4,444.02-ACRE SUBJECT PARCEL 2

The sales are compared to Subject Parcel 2, a 4,444.02-acre agricultural and recreational ranch. It has year-round access along County Road 3, and electricity extends along the road and to the improvements.

SALES CHART

The most comparable sales to the subject's 4,444.02 acres are copied in the chart below, and are analyzed and adjusted on the following pages:

COMP NO.	LOCATION	SALE PRICE SALE DATE	SITE SIZE	PRICE PER ACRE	COMMENTS
1.	Yamony Mountain Ranch - 41355 RCR 2, 4 mile west of Radium, Routt & Grand Counties	\$6,903,000 11/22/23	3,561	\$1,938/ac	4 non-contiguous parcels. Ranges from lower to higher elevations.
6	27632 CR 67, Hamilton, Routt County	\$4,405,841 9/15/21	1,558.47	\$2,827/ac	No significant improvements. East Fork of the Williams Fork River
7	10625 CR 29, Hayden, Routt County	\$12,000,000 12/11/20	4,800	\$2,500/ac \$1,771/ac	Log cabin/lodge, 3 residences & several outbuildings

					330 acres irrigated
9.	CR 27, west of Hwy 131, NW of Oak Creek, Routt County	\$4,600,000 1/20/23	1,782	\$2,581/ac \$2,497/ac land only	Warehouse & utility sheds Partially irrigated, mid-mountain ranch
10.	13790 CR 29, 13825 CR 29, 25815 CR 29 12 miles west of Oak Creek, Routt County	\$5,900,000 2/2/23	2,227.72	\$2,648/ac overall \$2,200/ac land only	Year-round access. 3 residences, lodge, & several outbuildings. Adjacent to Flat Tops Wilderness
11.	5798 Sweetwater Rd, 10.5 miles NW of Gypsum, Garfield & Eagle County	\$19,950,000 11/8/23	2,572	\$7,757/ac Overall \$7,368/ac land only	Year-round access. Adjacent to National Forest and BLM lands. 2 residences, a cabin & ag buildings
12.	7.75 miles NE of Carbondale, Eagle County	\$15,916,300 8/23/21	4,262	\$3,734/ac overall \$3,617/ac land only	3 residences Multiple 35-40 acre house sites. Adjacent to National Forest

ADJUSTMENT GRID

Sale No.	1	7	9	10	11	12
Site Size	3,561	4,668.57	1,782	2,227.72	2,572	4,262
Sale Date	11/22/23	12/11/20	1/20/23	2/2/23	11/8/23	8/23/21
Unit Price	\$1,938	\$2,500	\$2,581	\$2,648	\$7,757	\$3,734
Improvements	=	-\$729/ac	-\$84/ac	-\$448/ac	-\$389/ac	-\$117/ac
Adjusted Price	\$1,938	\$1,771	\$2,497	\$2,200	\$7,368	\$3,617
Condition of Sale	=	=	=	=	=	=
Cash Equivalency	=	=	=	=	=	=
Market Conditions	+\$194	+\$531	+\$250	+\$220	+\$737	+\$723
Location	=	+	=	=	-	-
Site Size	-	=	-	-	-	=
Access	+	+	=	+	=	=
Public Lands/Creek	=	=	+	=	=	=
Ground Cover	+	+	+	=	=	=
Functional Utility	++ Contiguity	-	-	-	-	-
Adjusted Price	+++ \$2,132	++ \$2,302	= \$2,747	- \$2,420	--- \$8,105	-- \$4,340

The comparable sales range from 1,782 acres to 4,668.57 acres and indicate prices from \$1,938 to \$7,757 per acre before adjustments. Adjustments are applied for condition of improvements, condition of sale, size, location, public lands/creek frontage, ground cover and functional utility/conservation easement encumbrances. After adjustments, the sales indicate a narrow range as follows:

Adjusted Sales Range

Sale 11 - Less than \$8,2105/ac

Sale 12 - Less than \$4,340/ac

Sale 10 - Less than \$2,420/ac

Sale 9 - Similar to \$2,747/ac

Sale 7 - More than \$2,302/ac

Sale 1 - More than \$2,132/ac

After adjustments, the range is slightly inconsistent with Sale 10 supporting a price of less than \$2,420 per acre, while Sale 9 indicates a price similar to \$2,747 per acre. The inconsistency can be attributed to slight market variances, supply at the time of sale, as well as contributory improvement values that can be subjective due to the buyer's preferences, and other features that cannot be quantified. Overall, there have been multiple ranch sales supporting the market, and a credible value opinion can be established utilizing the adjusted price range from more than \$2,302 to less than \$4,340 per acre, and similar in price to Sale 9 at \$2,747 per acre.

Value Conclusion - Subject Parcel 2

The subject property is larger than the majority of the sales. It has good frontage to National Forest lands, some access to Williams Fork, and other creeks.

Sale 7 contains 4,800 acres and supports a price of more than \$2,302 per acre. This ranch is slightly larger than the subject, but is similar in location, access, ground cover and adjacency to public lands. It is an older sale that required a large upward adjustment for market conditions, but a significant downward adjustment for improvements.

Sale 9 is one of the newer sales and had only a few improvements. It is in close proximity to Oak Creek, with similar access. It is one of the smallest sales utilized in the analysis, but has inferior ground cover overall.

Sale 12 is slightly smaller than the subject and is located in a superior neighborhood. It is similar in physical features to the subject, but overall has been divided into smaller parcels in an area with more demand for house site/residential development. Thus, the subject commands a value less than indicated by this sale.

The middle of the range between Sale 7 and Sale 12, the two sales most similar in size to the subject, is \$3,321 per acre. The subject does not command value this high due to the proximity to the mine. However, it commands a value slightly higher than Sale

9 due to the overall ground cover and access. Thus, it is concluded that the subject property commands a value of \$3,000 per acre. Applying \$3,000 per acre to the subject's 4,444.02 acres indicates a present market value of \$13,332,060.

CONTRIBUTORY VALUE OF THE IMPROVEMENTS

The subject improvements were not inspected. According to the Grand County Assessor's records there are several improvements located on the property. These improvements are located along County Road 3 within the large 4,444.02-acre subject Parcel 2.

There are two residences. The ranch headquarters includes a 1.5 story house with 2,676 square feet which includes a finished basement. Within the headquarters area there are several outbuildings utilized for agricultural purposes. These improvements are all more than 100 years old. There are also corrals and agricultural fencing located throughout the ranch.

On the east side of County Road 3 is a small cottage that contains 600 square feet and was constructed in 1950.

The improvements are older, however the main residence is currently occupied and is functional. While the improvements are functional, most buyers who purchase a ranch as large as the subject property will construct a larger residence and/or cabin and either demolish the existing improvements or utilize them for employee housing. Thus, the improvements provide minimal contributory value to the overall ranch. However, they have some contributory value because they are functional and provide temporary housing for the owner as they construct new improvements, or housing for the ranch employees.

Based upon confirmation of other large ranch sales, along with the age and condition (based upon the cursory inspection) the improvements provide a contributory value of \$200,000.

RECONCILIATION AND FINAL VALUE CONCLUSION OF 4,444.02-ACRE RANCH

The subject property contains 4,444.02 acres of mountain grazing and recreation land. It includes frontage to Williams Fork River and access to National Forest. The property is improved with two residences and outbuildings.

The land varies from sagebrush and irrigated pastures to mid-mountain grazing land covered in pinion and juniper and high mountain with groves of aspen and lodgepole pine trees. The subject competes effectively with other large ranch parcels throughout north-central Colorado and commands a value of \$13,332,060.

The improvements are functional and are utilized by the ranch manager. They are older and in average condition, based upon a cursory inspection. These improvements provide a contributory value of \$200,000 to the property.

Thus, the subject property has a Present Market Value of:

THIRTEEN MILLION FIVE HUNDRED THIRTY THOUSAND DOLLARS
\$13,530,000.00

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. No warranty, however, is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. The distribution, if any, of the total valuation in this report between land and improvements applies only under that stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

12. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

13. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea- formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field, if desired.

QUALIFICATIONS OF KORI S. SATTERFIELD		
PROFESSION:	Independent Real Estate Appraiser and Real Estate Consultant from 2010 to present.	
GRADUATE:	Mesa State College, Bachelor of Arts	
APPRAISAL LICENSES:	State of Colorado: Certified General Appraiser 200000025, Expires 12/31/20	
ASSOCIATE MEMBER OF:	Practicing Affiliate of the Appraisal Institute and American Society of Farm Managers and Rural Appraisers, and International Right of Way Association	
COURSES & SEMINARS:		
Conservation Easement and IRS Regulations – 2/06, Basic Appraisal Principles – 7/10/06, Scope of Work – 10/06, Business Ethics – 2/07, Conservation Excellence – 2/07, Valuation of Small Mixed Use Properties – 2/07, USPAP – 9/07, Conservation Easements and IRS Regulations – Update – 2/08, Residential Market Analysis and Highest and Best Use – 11/08, Conservation Easements – Update – 2/09, Appraiser Site Valuation and Cost Approach 3/09, Residential Sales Comparison Approach 4/09, Residential Report Writing and Case Studies – 4/09, ASFMRA: Conservation Easements – 10/09, USPAP – 7 hr Update – 2/10, Conservation Easement – Update – 2/10, HP12C Calculator – 9/10, Appraisal Curriculum Overview – Residential – 9/10, Conservation Easement Update – Division of Real Estate, State of Colorado – 3/11, General Appraiser Highest and Best Use – 10/11, General Appraiser: Sales Comparison Approach - 2/12, USPAP: 7-Hour Update – 4/12, Valuation of Conservation Easements and Other Partial Interests – 5/12, General Appraiser: Site Valuation and Cost Analysis – 8/12, Conservation Easement Update Course – 3/13, USPAP: 7-Hour Updated 1/14, Conservation Easement Update Course – 3/14, General Appraiser Cost Approach – 3/14, General Appraiser Income Approach I - 6/14, General Appraiser Income Approach II – 8/14, General Appraiser Report Writing - 9/14, McKissock Commercial Appraiser Review 2/14, McKissock Appraising for Expert Testimony – 3/15, CLLT Conservation Easement Update Course 3/15, USPAP update Course – 1/16, Donated Real Estate - 8/16, Energy Efficiency and Contributory Value & Supporting Adjustments – 9/16, FHA Education Session Appraiser Training, BOREA investigations, Conservation Easement Update – 9/16, UASFLA Conservation Easement Valuation Workshop – 10/16, State of Colorado - Conservation Easement Update Course 1/17, ASFMRA – Eminent Domain 3/17, UASFLA – Yellowbook 6/17, USPAP – 10/18		
APPRAISAL CLIENTS		
Alpine Bank	Aspen Valley Land Trust	Great Outdoors Colorado – GOCO
Xcel Energy	Colorado Open Lands	Mesa Land Conservancy
Larmie Energy	Ducks Unlimited	Colorado Open Lands
Oxy USA	Grand Valley Power	Garfield County Airport
Bank of the West	Black Canyon Land Trust	Grand Valley National Bank
Montrose Bank	Trust for Public Lands	Colorado Cattleman's Land Trust
Wells Fargo Bank	Bank of Colorado	Delta Montrose Electric Assoc
	Bank of San Juans	National Resource Conservation Service
	Colorado Headwaters Land Trust	Various individuals, attorneys, and lending institutions.
APPRAISAL CLIENTS - CITY/COUNTY GOVERNMENTS:		
Cities of Grand Junction and Delta. Counties of Mesa and Delta		
APPRAISAL CLIENTS – FEDERAL GOVERNMENT		
Bureau of Reclamation, BLM, State of Colorado, Colorado Parks and Wildlife, U.S. Forest Service,		
WORK LOCATIONS:		
All of Western Colorado. Including properties in Eagle, Garfield, Gunnison, Mesa, Delta, Grand, Jackson, Moffat and Montrose Counties, Colorado.		

Colorado Department of Regulatory Agencies
Division of Real Estate
Kori Shea Satterfield
Certified General Appraiser

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License Number	Issue Date
<u>Active</u>	<u>12/31/2024</u>
License Status	Expiration
Verify this license at http://dora.colorado.gov/dre	
<u>Marcia Waters</u>	<u>Kori S. Satterfield</u>
Director: Marcia Waters	Licensee Signature

Valuation of The Incidental Water Rights Associated with the Henderson Mill Climax Molybdenum Company

Prepared for:

Climax Molybdenum Company

Prepared by:

Spronk Water Engineers, Inc.



Heidi Netter

September 2024

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1.0 INTRODUCTION

The Climax Molybdenum Company (“Climax”), a wholly owned subsidiary of Freeport-McMoRan, Inc., operates the Henderson Mine and Mill located in the Colorado mountains about 50 miles west of Denver. The Henderson Mine is located in Clear Creek County on the east side of the Continental Divide in the headwaters of Clear Creek, a tributary to the South Platte River. The Henderson Mill is located in Grand County on the west side of the Continental Divide along the Willams Fork River in the headwaters of the Colorado River basin. Ore from the underground mine is transported to the mill for processing by a 15-mile conveyor system underneath the Continental Divide. The Henderson Mine and Mill properties were acquired by Climax in a 1970s land exchange with the U.S. Forest Service, along with the purchase of other private lands. The location of the Henderson Mill is shown in **Figure 1-1**.

Water is used in the molybdenum milling process, and after processing, the spent ore is transported in an ore-water slurry for deposition at a large tailings pond located in the Ute Creek drainage just west of the Williams Fork River. Water for the milling processes is diverted under various direct flow and storage water rights owned by Climax.

Certain of the Henderson Mill water rights are used as security for bonding that is required by the Colorado Division of Reclamation, Mining, and Safety (“DRMS”) for reclamation of the mine upon its closure. The value of the Henderson Mill water rights that are used to secure the bonding is required to be determined through a water rights appraisal by a qualified independent consultant. Spronk Water Engineers, Inc. (“SWE”) was retained by Climax to provide a market valuation of certain water rights associated with the Henderson Mill known as the “Incidental Water Rights”.

SWE is a consulting engineering firm in Denver, Colorado that specializes in water resources engineering and water rights in the western United States. SWE has performed numerous water right valuations for various clients, including for buying and selling of water rights, fixed asset studies, tax deductions, and loan collateral purposes. The firm has experience in all seven water divisions in Colorado, including the Colorado River basin in which the Henderson Mill water rights are located.

This report describes the Incidental Water Rights that are the subject of the appraisal, presents estimates of the water right yields, summarizes comparable water right sales and leases, and presents our analysis of the current (2024) market value of the subject water rights.

2.0 INCIDENTAL WATER RIGHTS

Agricultural water rights were acquired in conjunction with the land acquisitions for the Henderson Mill site. These water rights are referred to as the “Incidental Water Rights” because they were incidental to the land acquisitions. The Incidental Water Rights include senior water rights that were changed from agricultural to industrial uses at the Henderson Mill in Case No. W-528-76. A copy of the decree in Case No. W-528-76 is attached as Appendix A to this report.

The Incidental Water Rights were originally adjudicated for irrigation uses pursuant to a 1911 decree (Grand County CA-183) from Williams Fork River tributaries near the Henderson Mill. The priorities and flow rates for the water rights are summarized in **Table 2-1**. The changed water rights can be diverted at the following alternate points of diversion and places of storage (see **Figure 1-1**).

- Intake 1 – Williams Fork Pipeline
- Intake 2 – Henderson Mill Potable Water Pipeline
- Intake 3 – Ute Creek Pipeline
- Intake 4 – Lower Ute Creek Intake
- Intake 5 – Lost Creek Intake
- Lost Creek Reservoir
- East Branch Reservoir
- Ute Creek Reservoir

The Incidental Water Rights are decreed for beneficial consumptive use at the Henderson Mill for the following uses: industrial, domestic, municipal, recreational, irrigation, replacement and reuse including uses for mining, processing, refining, transportation, and production of minerals and mineral products. Diversions of the changed water rights are limited to a combined rate of 1.5 cubic feet per second (“cfs”) between October 1 and May 15, and 10.5 cfs from May 15 through September 30. The consumptive use volume in the winter is limited to 168 acre-feet, and the total annual consumptive use amount is limited to 704 acre-feet.

3.0 YIELD OF INCIDENTAL WATER RIGHTS

As discussed above, the historical use of the Incidental Water Rights was quantified in a prior Water Court proceeding. The yields of these water rights are constrained by the terms and conditions set forth in the change of water rights decree, the physical water availability at the points of diversion, and the extent to which the water rights are legally in-priority considering calls from downstream water rights. The terms and conditions in the prior change decrees include the priority date (and the associated administration number assigned by the State Engineer¹), the season of use, diversion rates, volumetric limits, and other limitations.

The Incidental Water Rights have several points of diversion including an intake on the Williams Fork River. The physically available flow for the Incidental Water Rights was computed at the Williams Fork River intake based on the gaged flow at the Williams Fork River near Leal gage (see **Figure 1-1**).

Legal water availability was determined using daily Division 5 priority call records for downstream water rights on the Colorado River. A “call” on the river is an order by the state of water officials for upstream junior rights to curtail diversions for the benefit of a downstream senior water right. Prominent downstream calling water rights included in the Division 5 records include the following:

- Shoshone Call - The Shoshone Power Plant water rights that divert from the Colorado River in Glenwood Canyon and include a 1,250 cfs right with a 1902 appropriation date and a 158 cfs right with a 1929 appropriation date. These hydropower rights typically call for water during the non-runoff period, and in dry years the senior Shoshone Power Plant call may be in effect all year except for portions of May and June. All of the Incidental Water Rights fall in between the senior and junior Shoshone rights in priority date.
- Cameo Call - A collection of senior irrigation water rights that divert from the Colorado River near Grand Junction. These water rights total approximately 2,000

¹ The priority of a water right with respect to other water rights in the basin is a function of the adjudication date, whether the adjudication was an original or supplemental adjudication, the appropriation date, and the date of the previous adjudication. These factors are encapsulated in the administration number (or Admin No.), which is developed by the State Engineer’s Office in its periodic Water Rights Tabulations. The lower the administration number, the more senior the right.

cfs with priority dates mostly falling between the senior and junior Shoshone Power Plant rights. The Incidental Water Rights are senior to the Cameo calls.

Figure 3-1 shows the general locations of major calling water rights in the Colorado River basin. The Incidental Water Rights are senior to the Cameo Call and Williams Fork Reservoir water rights. However, the Incidental Water Rights are often called out during the late summer through the winter by the senior Shoshone Power Plant call. In extreme drought years, the Incidental Water Rights may only be available during the high runoff period (typically in parts of May and June).

In addition to the Shoshone Call and the Cameo Call, water rights on the Williams Fork River are subject to calls from the 1935 and 1956 priority storage water rights of Denver's Williams Fork Reservoir located near the confluence with the Colorado River. However, the Incidental Water Rights are all senior to the Williams Fork Reservoir storage water rights.

The yields of the Incidental Water Rights were analyzed over a study period from 1988 through 2023 using the procedure outlined below. This study period includes a representative variety of wet, average, and dry years. The following steps were used in estimating yields of the Incidental Water Rights.

- Determine the days in priority by comparing the administration number of the water right to the administration number of the calling water right.
- Allocate the water physically and legally available to the water rights in order of priority from senior to junior.
- Limit diversions to the season of use.
- Limit diversions to the decreed diversion rates of the individual water rights and combined diversion limits.
- Apply individual and combined monthly and annual volumetric limits to water rights.
- Apply other decreed terms and conditions as applicable.
- Compute the average annual yield during the 1988 through 2023 study period.
- Limit the average annual yield by the decreed long-term running average annual volumetric limit.

Although the Incidental Water Rights are sometimes out-of-priority, the results of the yield analysis indicate that these water rights were available at the annual volumetric limit (704 acre-feet) in every year of the 1988 through 2023 study period as summarized in **Table 3-1**.

4.0 VALUATION

The market value of a water right is the amount for which the right would be bought and sold on the open market, assuming knowledgeable buyers and sellers conducting the transaction at arm's length. The best measures of market value are recent water right sales or leases in the same geographical neighborhood as the Incidental Water Rights ("comparables"). Water right values are typically expressed in terms of value per acre-foot of average annual consumptive use yield. Comparables are evaluated as to their applicability to the subject rights, and adjustments are made to the values as necessary to reflect characteristics of the subject rights.

The value of a water right is affected by a number of factors, including the seniority of the right, dry year and average year yields, location, season of use, amount of water involved in the sale, whether or not storage is included, and the degree of competition in the marketplace.

As mentioned above, the historical use of the Incidental Water Rights was quantified in a previous Water Court proceeding and is not subject to requantification in a later proceeding. This is the subject of CRS § 37-92-305 (3)(e), which states:

If an application is for a change of that portion of a water right for which a previous change of water right has been judicially approved and for which the historical consumptive use was previously quantified, the water judge shall not reconsider or requantify the historical consumptive use. However, the water judge may, without requantifying the historical consumptive use, impose such terms and conditions on the future use of that portion of the water right that is the subject of the change as needed to limit the future consumptive use of that portion of the water right to the previously quantified historical consumptive use.

Therefore, a future buyer of the rights would have a known quantity of consumptive use water available to them based on the prior decrees, which would be a significant advantage over acquisition of other water rights that have not previously been quantified and changed. As water right change proceedings become more contentious over time, the risk of a bad outcome increases as well. This prior judicial quantification of the subject water rights adds to their desirability and marketability as compared to other water rights in the basin that have not been judicially quantified.

A major consideration for water planners in the Colorado River basin is the imminent threat of a compact call pursuant to the Colorado River Compact. Such a call would not only affect the mainstem of the Colorado that flows into Utah downstream from Fruita, but also other major tributaries including the Yampa, White, San Miguel/Dolores, Las

Animas, and San Juan River basins. The Colorado River Compact was entered in 1922, and water rights within Colorado junior to that date may be subject to curtailment to satisfy a compact call. The compact water allocations to the upper and lower Colorado River basin states were based on an unusually wet study period. Actual river flows have been substantially less, which is the root problem that makes a future compact call likely. It is not known exactly how the state water officials will administer a compact call, but it is reasonable to expect, consistent with the prior appropriation doctrine, that more junior rights will be curtailed first.

The subject Incidental Water Rights are all senior to the Colorado Compact date of 1922. We note that many of the major water projects in the basin are junior to the date of the compact, including Wolford Mountain Reservoir, Green Mountain Reservoir, Lake Granby and the Adams Tunnel, Windy Gap, Denver's Williams Fork, Blue River and Fraser River collection systems, the Fryingpan/Arkansas Project, and the Homestake Project.

Therefore, the Incidental Water Rights may be an attractive option for any water user in the Colorado River and its tributaries that are subject to a future compact call as an insurance policy against such calls. Those users might use the rights to offset stream depletions to the Colorado River and its tributaries caused by diversion of their more junior rights and avoid curtailment of their rights. The marketability of the subject water rights is enhanced because the amounts represent a substantial block of water that has been quantified in a Water Court proceeding. This opens up the market to a much broader area than just the upper Colorado River basin. We have west slope clients who are considering acquisition of senior rights in their water supply planning for protection against compact calls.

The unpredictable vagaries of the water market are also prominent in water right values. These vagaries include market transactions that are higher or lower than expected for various known or unknown reasons, including an overly motivated buyer or seller or a poorly negotiated transaction. The highest and best use of the Incidental Water Rights, from a valuation standpoint, is for augmentation, municipal, or industrial uses. The most likely market for the subject rights is the upper Colorado River basin.

4.1 Comparable Water Right Sales and Leases

Although there have been a number of comparable water right sales and leases in the neighborhood of the subject rights, the market is not as active as other areas in Colorado, for example, along the Front Range in the South Platte River basin. The following

summarizes three comparable water right sales and leases that were identified and used in this valuation. **Table 4-1** summarizes these comparables, and the computations made to derive comparable values to the subject Incidental Water Rights. **Figure 4-1** shows the locations of the comparable sales and leases.

Calculations of the water values discussed herein were carried out to the nearest dollar. This is done for computational continuity and does not imply accuracy to the nearest dollar.

4.1.1 CRWCD Leases

The Colorado River Water Conservancy District (“CRWCD”) has an active water leasing program whereby water can be leased from Colorado River sources (primarily Wolford Mountain Reservoir and Ruedi Reservoir) and Eagle River sources (Eagle Park Reservoir and Homestake Reservoir). Information regarding 2024 lease rates was obtained from the CRWCD website. The leases may be entered for a term of 40 years, with a potential 35-year renewal period. Annual lease rates vary depending on the source of water.

The annual cost of the leased water on the Colorado River upstream from the Roaring Fork confluence for municipal and industrial (“M&I”) uses is currently \$472.60 per acre-foot. This amounts to a capitalized present worth value of \$14,939 per acre-foot over a 75-year lease period, using a 2.75 percent discount rate². The leases of Colorado River sources are limited to 1,000 acre-feet per year.

Adjustments – The CRWCD Lease comparable differs from the subject Incidental Water Rights in several ways.

First, the subject Incidental Water Rights are owned in perpetuity and the CRWCD Leases are for a finite period. A water supply that will be available in perpetuity would have an enhanced value to a potential buyer over a supply that may not be available after 40 or 75 years.

Second, the subject Incidental Water Rights predate the Colorado River Compact, and therefore should not be subject to a potential compact call in the future. To the contrary, the Wolford Reservoir storage rights which are the source of supply for the CRWCD Leases are junior to the compact and could be curtailed at some point in the future. It is not known how a compact call would be administered, and it is not known what steps the CRWCD would take to mitigate such potential

² USDA National Resources Conservation Service (NRCS) 2024 discount rate for federal water projects.

calls. The likely insulation against compact calls would tend to enhance the value of the subject rights versus a right that might be curtailed.

Third, although the Subject Incidental Water Rights have a firm annual yield³, during many years the availability of water in the late summer through the winter is reduced or even zeroed due to calls from downstream water rights. Since the water from the CRWCD Lease comparable is released from storage, the water supplies would be available year-round. This lack of year-round supply every year would tend to decrease the value of the Incidental Water rights as compared to the CRWCD Lease comparable.

In our opinion, the effect of these three adjustments cancel each other out, and therefore the value of the CRWCD Lease comparable as adjusted to reflect the characteristics of the subject Incidental Water Rights is \$14,939 per acre-foot.

4.1.2 Vail Ditch Purchases

The Grand County Mutual Ditch & Reservoir Company ("GCMDCR") made a series of purchases of shares in the Grand County Irrigated Land Company (a.k.a. Vail Ditch Company). The GCMDCR is made up of six shareholders: Grand County Commissioners, CRWCD, Grand County Water and Sanitation District No. 1, Winter Park Water and Sanitation District, the Town of Winter Park, and the Town of Granby. The Vail Ditch Company operates direct flow rights that divert from Meadow Creek and Strawberry Creek, tributaries to the Fraser River, and storage water in Meadow Creek Reservoir for 850 acre-feet. The Fraser River is a tributary to the Colorado River and the confluence is immediately downstream from the Town of Granby. The Fraser River basin is similar to the Williams Fork basin in terms of scarcity of available water supplies.

There were five separate transactions that involved Vail Ditch Company shares between 2008 and 2011. In total, 104.5 shares were purchased at an average cost of \$29,856 per share. Another 11 shares were donated to GCMDCR at an assumed value of \$30,000 per share. The first and largest purchase of shares involved 85.5 shares at a cost of approximately \$2.6 million. This 85.5 share transaction is most useful because GCMDCR estimated the historical consumptive use of the associated water rights, information that was not available for the other transactions. The water rights are decreed for irrigation use and would need to be changed in a Water Court proceeding to allow augmentation or other uses.

³ As discussed above and as shown on Table 3-1, the maximum annual consumptive use yield of 704 acre-feet is available to the Subject Incidental Water rights every year.

The consumptive use associated with these 85.5 shares was estimated by the buyers and ranged from a high of 293 acre-feet to low of 195 acre-feet. The high number represents the consumptive use on the historically irrigated area. The low number represents the historical use on land for which dry-up was obtained. Since dry-up is almost always required in a change of water rights, the low value of 195 acre-feet is the appropriate value to use for purposes of this valuation, as it appears to reflect the buyer's expectations at the time of the sale. The cost per acre-foot of consumptive use water was therefore \$13,333⁴. Adjusting that value to the present using a CPI adjustment from 2008 gives a 2024 cost per acre-foot of \$20,664.

Adjustments – The Vail Ditch comparable differs from the subject Incidental Water Rights in the following ways, which requires adjustments to the value as discussed below.

First, a downward adjustment to necessary to reflect the fact that the Vail Ditch Comparable includes storage. The 85.5 shares include approximately 182 acre-feet of storage in Meadow Creek Reservoir. The value of this storage needs to be deducted from the purchase price as an adjustment to estimate the value of the consumptive use water. We assumed that the appropriate deduction is for half of the storage amount (91 acre-feet), and that the other half would be needed to make delayed return flow replacement as part of a change of water rights. Specific information as to the actual return flow lagging for these rights is not available, but approximately 91 acre-feet of delayed return flow storage for 195 acre-feet of consumptive use water is reasonable based on our experience. The current value of the storage is estimated to be \$7,000 per acre-foot⁵. Deducting the value of storage from the total purchase price results in a comparable value of \$17,397 per acre-foot.

Second, the subject Incidental Water Rights have been quantified and changed in Water Court to augmentation and other uses. The Vail Ditch rights are decreed for irrigation uses and were not and are not yet changed in a Water Court proceeding. Therefore, a ten percent upward adjustment is made to the value of the Vail Ditch comparable to reflect the characteristics of the subject Incidental Water Rights.

⁴ \$2.6 million/195 AF

⁵ Eagle Park Reservoir reportedly sold in 1998 for \$3,542/af of storage capacity. This value, CPI adjusted to 2024, would be \$7,117/af. Clinton Reservoir reportedly sold in 1992 for \$2,472/af of storage capacity. This value, CPI adjusted to 2024, would be \$6,172/af. We have assumed a value of storage capacity in the neighborhood to be \$7,000 per AF.

In our opinion, the value of the Vail Ditch comparable as adjusted to reflect the characteristics of the subject Incidental Water Rights is \$19,137 per acre-foot⁶.

4.1.3 Rich Ditch Sale

In 2016, the Highland Investment Company purchased 7.5 acre-feet of consumptive use water from the Rich Ditch water right from the Valley at Winter Park Water District for \$85,000. The Rich Ditch diverted from Crooked Creek, a tributary to Pole Creek, which in turn is a tributary to the Fraser River. A portion of the Rich Ditch was changed from irrigation to augmentation use in Case No. 80CW67. The cost of the Rich Ditch water was \$11,333 per acre-foot in 2016. Adjusting that value to the present using a CPI adjustment from 2016 gives a 2024 cost per acre-foot of \$14,948 per acre-foot.

The Rich Ditch priority is similar to the priorities of the subject Incidental Water Rights. The right has been quantified and changed in a Water Court proceeding. Like the Incidental Water Rights, the Rich Ditch comparable is in Grand County in a tributary watershed to the Colorado River. Therefore, no adjustment is made to the Rich Ditch value to reflect the characteristics of the Incidental Water Rights. Our opinion is that the Rich Ditch comparable has a value of \$14,948 per acre-foot.

4.1.4 Summary of Comparables

The three comparable sales and leases discussed above have a have a range of values, as adjusted, from approximately \$15,000 to over \$19,000 per acre-foot of consumptive use water. All of these comparables were considered in determining the value of the subject rights. Based on our analysis as described herein, it is our opinion that the value of the Incidental Water Rights is in the middle of this range, or \$17,000 per acre-foot of consumptive use water.

⁶ \$17,397 * 110%.

5.0 SUMMARY OF VALUE OF INCIDENTAL WATER RIGHTS

As discussed herein, the Incidental Water rights have a reliable annual yield of 704 acre-feet of consumptive use water at a value of \$17,000 per acre-foot. Based on review of the Incidental Water Rights, analyses of the yields of the water rights, and assessment of water market comparable sales and leases, we conclude that the Incidental Water Rights have a 2024 market value of \$11,968,000⁷.

⁷ 704 acre-feet * \$17,000 per acre-foot

Figures

Figure 1-1

**Location Map
Henderson Mill**

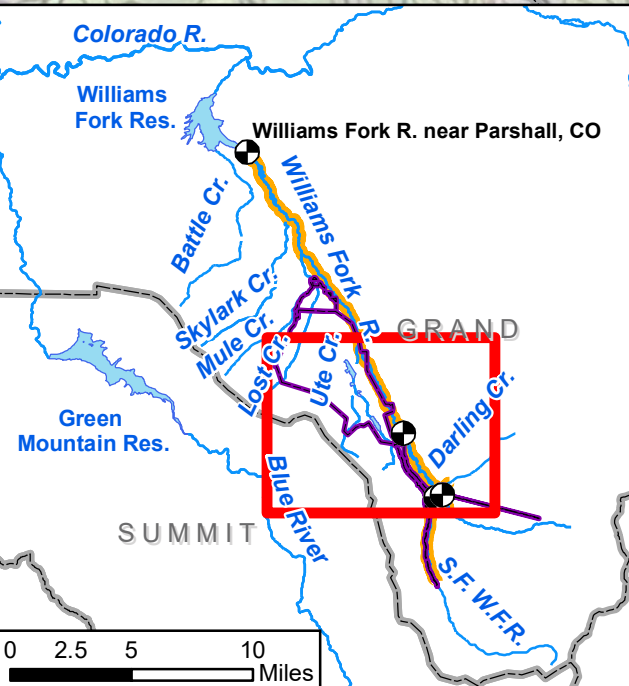
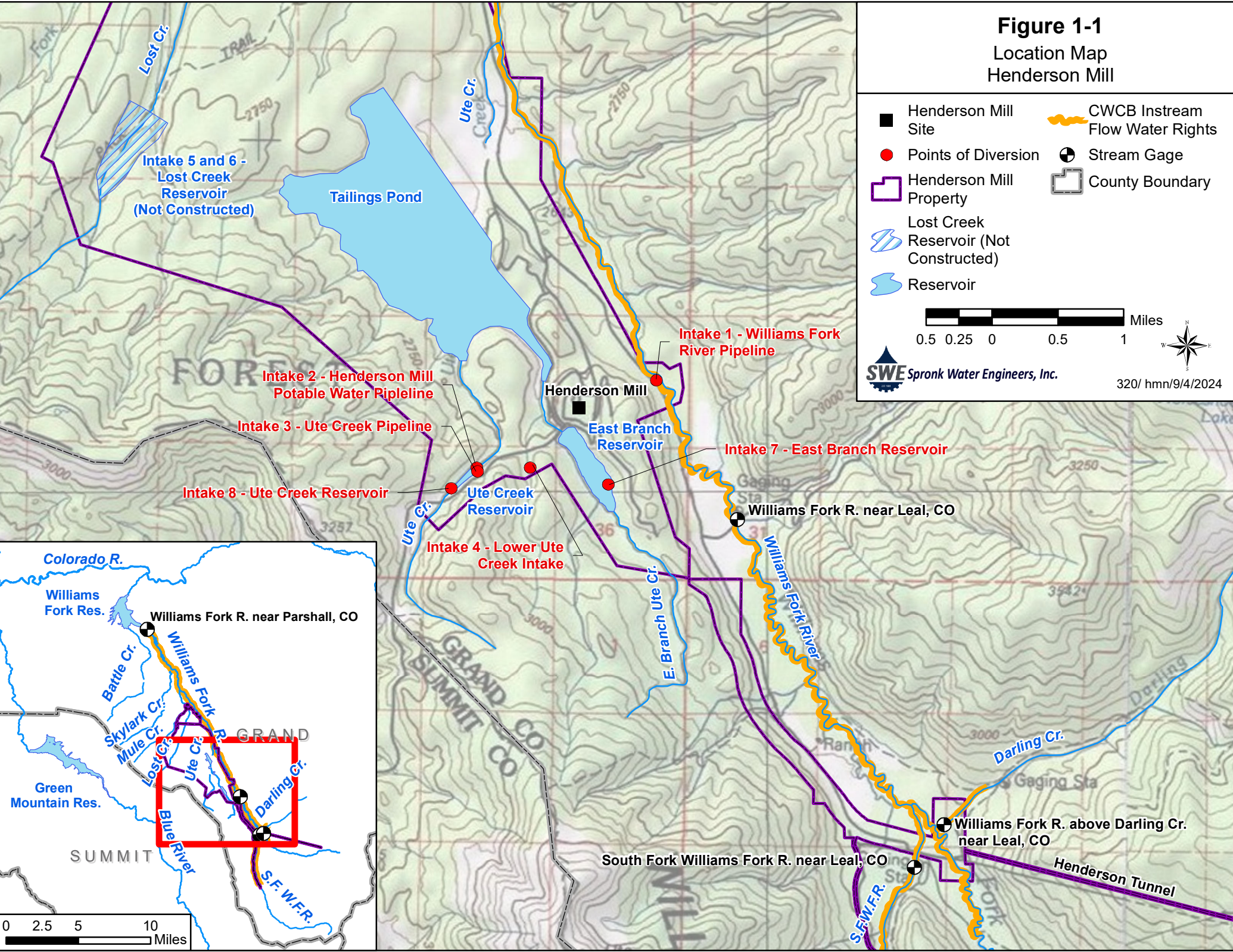
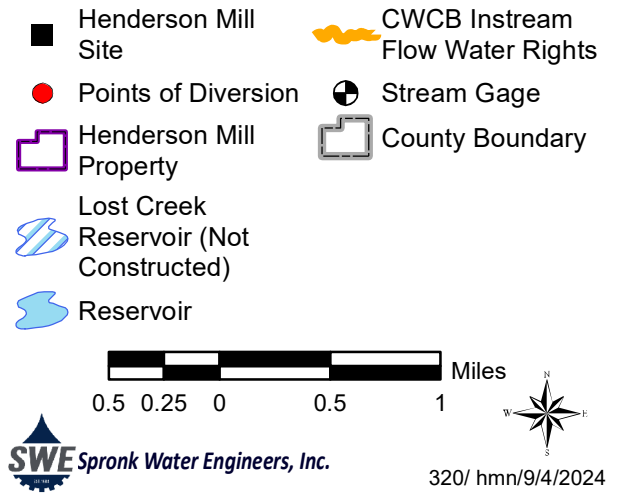


Figure 3-1

**Location Map
Downstream Priority Calls**



Downstream
Priority Calls



Henderson Mill
Property



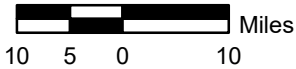
River



Water Division
Boundary

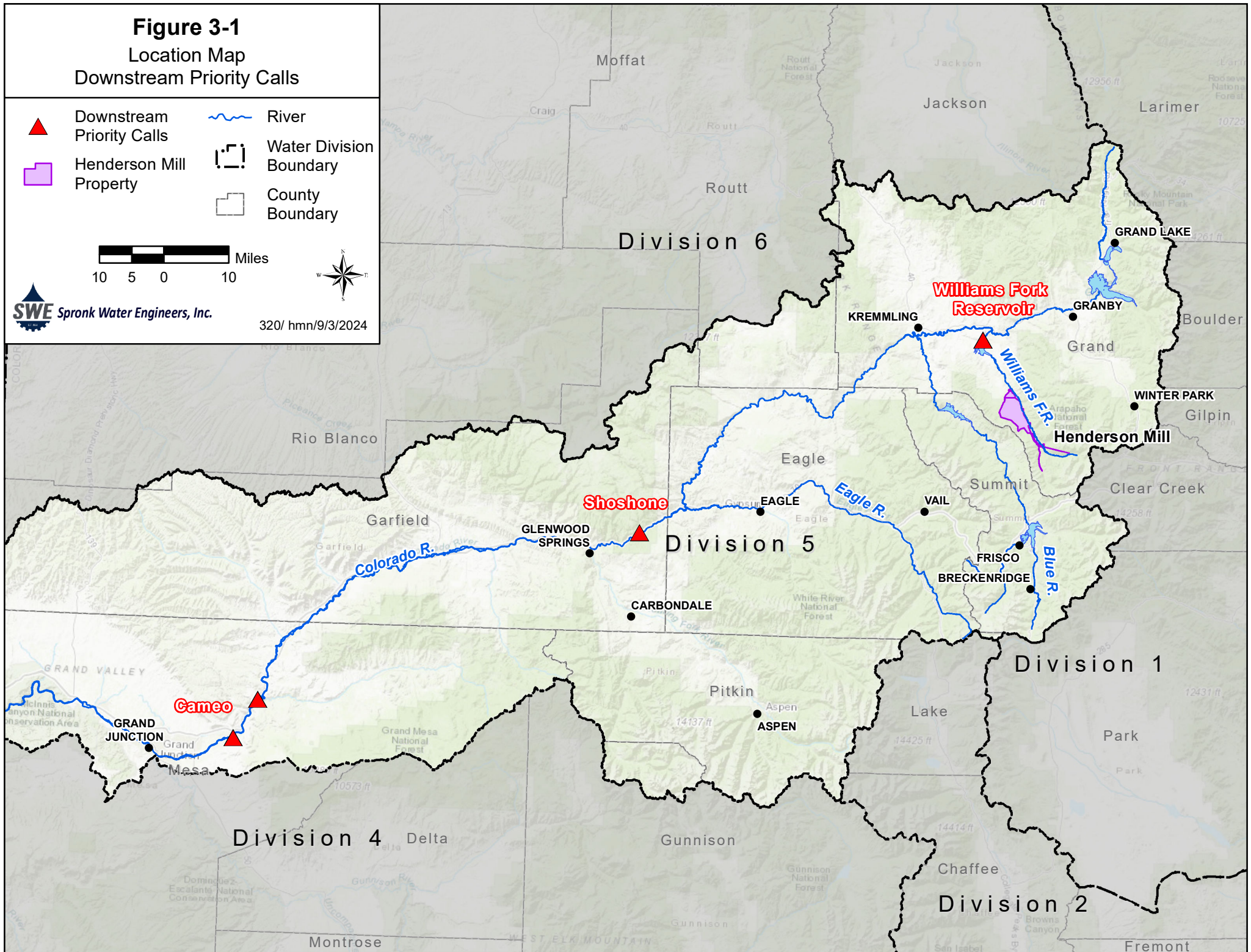


County
Boundary



Sprink Water Engineers, Inc.

320/ hmn/9/3/2024



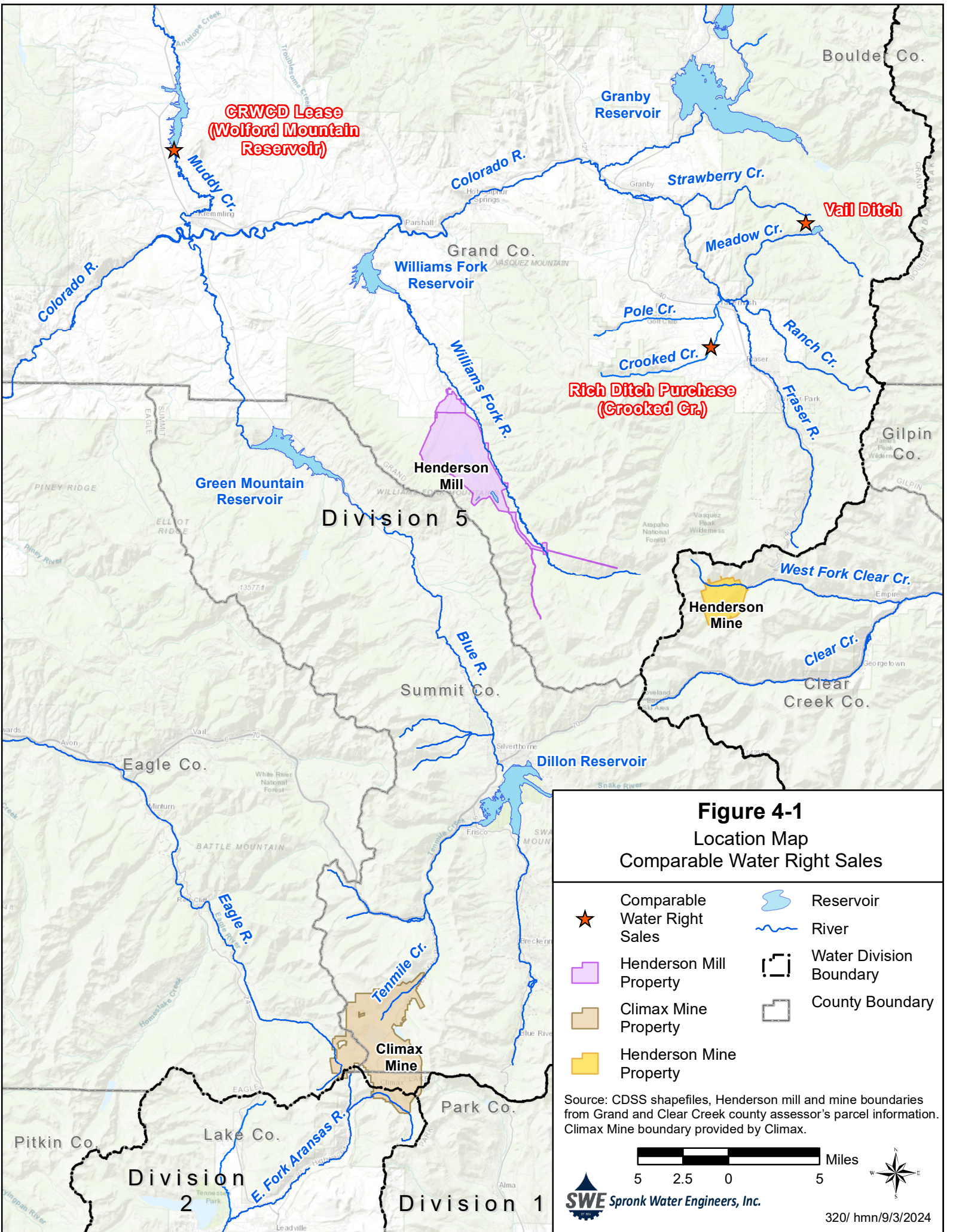


Figure 4-1
Location Map
Comparable Water Right Sales

- | | | | |
|--|------------------------------|---|-------------------------|
|  | Comparable Water Right Sales |  | Reservoir |
|  | Henderson Mill Property |  | Water Division Boundary |
|  | Climax Mine Property |  | County Boundary |
|  | Henderson Mine Property | | |

Source: CDSS shapefiles, Henderson mill and mine boundaries from Grand and Clear Creek county assessor's parcel information. Climax Mine boundary provided by Climax.

Tables

Table 2-1
Incidental Water Rights
Henderson Mill
Climax Molybdenum Company

Structure	Decreed Amount (cfs)	Source	Appropriation Date	(1)	(2)	Priority
				Adjudication Date	Admin Number	
Ute Park Ditch	5.0	Ute Creek	05/15/1897	08/03/1911	20676.17302	205-A
Story No. 1 Ditch	0.5	Ute Creek	06/15/1897	08/03/1911	20676.17333	205-B
Story No. 2 Ditch	0.5	Ute Creek	06/05/1897	08/03/1911	20676.17323	205-C
Story No. 3 Ditch	0.8	Ute Creek	06/15/1897	08/03/1911	20676.17333	205-D
Story No. 4 Ditch	0.5	East Fork Ute Cr.	05/31/1898	08/03/1911	20676.17683	211
(3) Wade Reed Ditch	3.2	So. Fork WFR	06/01/1901	08/03/1911	20676.18779	218

Notes:

- (1) Originally adjudicated in CA-183.
- (2) Administration number obtained from CDSS water rights database (<http://cdss.state.co.us/>).
- (3) Original water right was 7.5 cfs. In Case No. W-528-76, 4.3 cfs was abandoned and 3.2 cfs was transferred to the Henderson Mill.

Table 3-1
Estimated Annual Legal and Physical Water Yield
Incidental Water Rights
1988 - 2023
Values in Acre-Feet

(1)

Year	Incidental Water Rights
1988	704
1989	704
1990	704
1991	704
1992	704
1993	704
1994	704
1995	704
1996	704
1997	704
1998	704
1999	704
2000	704
2001	704
2002	704
2003	704
2004	704
2005	704
2006	704
2007	704
2008	704
2009	704
2010	704
2011	704
2012	704
2013	704
2014	704
2015	704
2016	704
2017	704
2018	704
2019	704
2020	704
2021	704
2022	704
2023	704
Avg 88-23	704

Notes:

(1) Incidental Water Rights from change of use of Ute Creek ditches in Case No. W-528-76.

Table 4-1

**Summary of Comparable Water Rights Sales and Leases
Incidental Water Rights Valuation
Climax Molybdenum Company**

CRWCD Leases

	Description:	Colorado River sources (primarily Wolford Reservoir)
	Lessor:	Colorado River Water Conservation District
	Lessee:	Various
	Year of Lease:	2024
	Annual Lease Rate/AF:	\$472.6
	Term of Lease:	40 years plus 35
a	2024 Present Value/AF:	\$14,939
b	Comparable Value/AF:	\$14,939

Vail Ditch Sale

	Description:	Shares in Grand County Irrigated Land Company (Vail Ditch)
	Seller:	Scott and Tina Holly
	Buyer:	GCMDRC
	Year of Sale:	2008
	Purchase Price:	\$2.6 million for 85.5 shares
	Avg Ann Yield (AF):	195
c	Purchase Price/AF:	\$13,333
d	2008 CPI ^(a) :	209.903
d	2024 CPI ^(a) :	325.308
e	CPI Adj Price/AF:	\$20,664
f	2024 Price for 195 AF:	\$4,029,484
	Adjustment for Storage:	Total shares in Vail Ditch: 400
		Storage in Meadow Creek Reservoir: 850 AF
g		Storage associated with 85.5 shares: 182 AF
h		Assumed storage available for regulation: 91 AF
i		Assumed 2024 value of storage: \$7,000 per acre-foot
j	Assumed 2024 value of 91 AF of storage:	\$637,000
k	Value Adj for Storage:	\$3,392,484
l	Value Adj for Storage per AF:	\$17,397
m	Adjustment to Reflect Rights not Yet Changed	110%
n	Comparable Value/AF:	\$19,137

Table 4-1

**Summary of Comparable Water Rights Sales and Leases
Incidental Water Rights Valuation
Climax Molybdenum Company**

Rich Ditch Sale

Description: Changed consumptive use water from Crooked Creek, trib to Fraser River

Seller: Valley at Winter Park Water District

Buyer: Highland Investment Co., LLC

Year of Sale: 2016

Purchase Price: \$85,000

Avg Ann Yield (AF): 7.5

Cost per AF \$11,333

2016 CPI^(a): 246.643

2024 CPI^(a): 325.308

Comparable Value/AF: \$14,948

o
d
d
p

Notes:

a = \$472.60 for 75 years at 2.75% discount rate

b = a

c = \$2.6 million / 195 acre-feet

d Consumer Price Index (CPI) values from U.S. Bureau of Labor Statistics (<https://www.bls.gov.cpi/>)

e = c * 325.308 / 209.903

f = e * 195 AF

g = 85.5 / 400 * 850

h = g * 50%

i see footnote (5) in text

j = 91 * \$7,000

k = f - j

l = k / 195

m See text

n = l * m

o = \$85,000 / 7.5 AF

p = o * 325.308 / 246.643

Table 4-2

**Summary of Value Calculations
Incidental Water Rights Valuation
Climax Molybdenum Company**

Incidental Rights	Amount	Notes
(1) Average annual consumptive use yield (AF)	704	See report text and Table 3-1
(2) 2024 value (\$/AF)	\$17,000	Mid range of comparable values
(3) 2024 Value of Incidental Rights (\$)	\$11,968,000	(1) x (2)

Appendix A

Decree in Case No. W-528-76

IN THE DISTRICT COURT IN AND FOR

WATER DIVISION NO. 5

STATE OF COLORADO

W-528-76

*Incidental
Rights*

IN THE MATTER OF THE
APPLICATION FOR WATER
RIGHTS OF AMAX INC.

)

)

)

)

FINDINGS, JUDGMENT AND DECREE

IN GRAND COUNTY.

THIS MATTER coming on for hearing this 6th day of
March, 1978 before the Court on the Application
of AMAX INC. for change of water rights, the applicant appear-
ing by its attorneys Anthony F. Zarlengo, James F. Engelking
and Robert Delaney, and the Court having examined the veri-
fied Application, and having considered the stipulated
conditions filed herein, and having heard and considered the
evidence in support of the Application and being well advised,

FINDS:

1. That notice was duly published as required by
law; that this matter was referred to the Water Referee for
Division 5 and by him re-referred to the Court, and having
been duly set for hearing, that the Court has jurisdiction
herein.
2. That this is an Application for Change of
Water Right filed under the Water Right Determination and
Administration Act of 1969 and laws applicable thereto.
3. That the Applicant is AMAX Inc., a corporation,
business address: 13949 West Colfax, Golden, Colorado
80401.
4. That the Applicant seeks change of points of
diversion as to six ditches listed hereinafter to the

five alternate points of diversion decreed to the Henderson Mine Water System, including the right to store water in the East Branch Reservoir, the Ute Creek Reservoir, and the Lost Creek Reservoir or one or more of them, in the manner and for the beneficial uses decreed by this Court in Case No. W-528 and as described in the decretal portion hereof.

5. Applicant seeks authority to divert through the alternate headgates of the Henderson Mine Water System not exceeding 1.5 cubic feet of water per second adjudicated to the Ute Park Ditch, Priority No. 205-A from October 1 to May 15, not exceeding a consumptive use of 168 acre feet annually.

6. Applicant seeks authority to divert into the Henderson Mine Water System up to 10.5 cubic feet of water per second from May 15 to September 30 in the order of priority listed hereinafter, with a maximum volumetric diversion and consumptive use of 704 acre feet annually, less amounts diverted under Priority No. 205-A between October 1 and May 15 as stated in Paragraph 5 hereof.

7. Applicant declares, conditioned upon approval of said maximum amount of 704 acre feet annually of consumptive use of water, that water rights in excess of such amount shall be decreed abandoned by relinquishment.

8. That the change in points of diversion and change in use sought by the Applicant with a volumetric limitation of 704 acre feet annually of consumptive use will not exceed the quantities of water decreed to said ditches and will not, under the conditions proposed, injuriously effect the owner of or persons entitled to use water under a vested water right or a decreed conditional water right and will not cause an enlargement of the uses decreed to the said ditches.

9. That Statements of Opposition were filed herein by the Board of Water Commissioners of the City and County of Denver and by Union Oil Company of California and that both Statements of Opposition have been withdrawn by Stipulation, subject to conditions which the Court approves and which are included in this Decree.

IT IS THEREFORE THE JUDGMENT OF THE COURT that the Stipulations withdrawing Statements of Opposition on certain conditions stated therein are approved.

IT IS THE FURTHER JUDGMENT OF THE COURT that the Application of AMAX Inc., to change water rights decreed to the six ditches listed hereinbelow from their respective points of diversion to the alternate points of diversion of the Henderson Mine Water System is approved.

IT IS FURTHER ADJUDGED AND DECREED that the ditches, with their respective points of diversion hereby changed to the alternate points of the Henderson Mine Water System are as follows:

NAME OF DITCH	PRESENT POINT OF DIVERSION	AMOUNT & PRIORITY OF DIVERSION NO. cfs.	DECREE NUMBERS DATES & APPROPRI- ATION DATES IN DISTRICT COURT OF GRAND COUNTY, COLO.
U ark Ditch	On West bank of Ute Creek at a point whence the quarter corner between Sec. 22 & 23 tp. 2 N,R. 78 W, bears S. 81°31' W. 1600 feet.	Priority 205-A 5.0	No. 183, 8/3/11 Approp. Date 5/15/97
Story No. 1 Ditch	Headgate is located on the East bank of Ute Creek at a point whence the S¼ corner, Sec. 25, Tp. 2 S.,	Priority 205-B 0.5	No. 183, 8/3/11 Approp. Date 6/15/97

NAME OF DITCH	PRESENT POINT OF DIVERSION	AMOUNT & PRIORITY OF DIVERSION NO. cfs.	DECREE NUMBERS DATES & APPROPRI- ATION DATES IN DISTRICT COURT OF GRAND COUNTY, COLO.
	R. 78 W. of the 6th P.M., bears S 22° W. 108 feet.		
Story No. 2 Ditch	East Bank of Ute Creek at a point whence S½ corner, Sec. 23 Tp. 2 S., R. 78 W. 6th P.M., bears N, 77°20' E. 1242 feet.	Priority 205-C 0.5	No. 183, 8/3/11 Approp. Date 6/ 5/97
Story No. 3 Ditch	West Bank of Ute Creek at a point whence the SW Corner, Sec. 3, Tp. 2 N, R. 78 W. 6th P.M. bears N. 64° W. 1360 feet.	Priority 205-D 0.8	No. 183, 8/3/11 Approp. Date 6/15/97
Story No. 4 Ditch	North bank of East Fork of Ute Creek at a point whence the S½ Corner, Sec. 23, Tp. 2 S., R. 78 W. of the 6th P.M., bears S. 27°10' E. 2890 feet.	Priority 211 0.5	No. 183, 8/3/11 Approp. Date 5/31/98
Wade Reed Ditch	West Bank of South Fork of Williams Fork at a point whence the SE Corner, Sec. 8, Tp. 3 S. R. 77 W. of the 6th P.M., bears N. 47°7' E. 3233 feet.	Priority 218 7.5	No. 183, 8/3/11 Approp. Date 6/1/01

IT IS FURTHER DECREED that of the 7.5 cubic feet per
second of water adjudicated to the Wade Reed Ditch, being Ditch
No. 183 with Priority No. 218 dating to June 1, 1901, 3.2

cubic feet of water per second is decreed changed to the Henderson Mine Water System as hereinabove provided, and the remainder of 4.3 cubic feet of water per second is decreed abandoned.

IT IS FURTHER ADJUDGED AND DECREED that the Application of Amax Inc., to divert not to exceed 1.5 cubic feet of water per second from Priority No. 205-A adjudicated to the Ute Park Ditch from October 1 to May 15 annually, not exceeding a consumptive use of 168 acre feet annually, is approved, to be diverted through the alternate points of diversion of the Henderson Mine Water System with the right of storage and use as herein provided for such system.

IT IS FURTHER ADJUDGED AND DECREED that the water rights adjudicated to the said six ditches hereby changed, not to exceed 10.5 cubic feet of water per second from May 15 to September 30 annually, and not to exceed a maximum volumetric diversion and consumptive use of 704 acre feet annually (less amounts diverted under Priority No. 205-A between October 1 and May 15 annually) are hereby changed to the alternate points of diversion, places of use and places of storage of the Henderson Mine Water System, which are as follows:

a. Intake 1 - Williams Fork Pipeline.

The headgate of the Williams Fork Pipeline is at the Williams Fork Pumping Station and consists of a diversion structure from the Williams Fork River, located at a point whence the SE Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears S 7°51'48" East a distance of 7,924.52 feet. The capacity of the pumping station and pipeline when completed will be 40 cubic feet per second. The initial installation will pump water from the

intake through a 24" steel pipeline out of the Williams Fork River a distance of 5,400 feet against an adverse grade of 122 feet per thousand feet to the intersection of the Williams Fork Pipeline with the Ute Park Pipeline at which intersection pipeline capacity is enlarged to carry water pumped through the Ute Park Pipeline as well as water pumped through the Williams Fork Pipeline, for a distance of about 2,700 feet on a grade of 8 feet per 1,000 feet, discharging into the East Branch Reservoir.

b. Intake 2 - Henderson Mill Potable Water Pipeline.

The headgate is located at a point whence the SE Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South 61°48'41" East a distance of 9407.35 feet from which point water flows by gravity initially through a 6 inch pipeline to the East Branch Pumping Station, a distance of 2,700 feet, with a grade of 7 feet per 1,000 feet and a carrying capacity of .62 cubic feet per second; and from the East Branch Pumping Station will be pumped into head tanks and then discharged by pipes to places of use.

c. Intake 3 - Ute Creek Pipeline.

The headgate of Ute Creek Pipeline is located at a point whence the SE Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South 61°54'25" East a distance of 9,341.93 feet from which point 40 cubic feet per second of time will be diverted through the Ute Creek Pipeline with a diameter of 30", a grade of 7 feet per 1,000 feet and a length of 2,000 feet to Intake

4, at which point the pipeline is enlarged to 36" to carry an additional 11 cubic feet of water per second on a grade of 7 feet per 1,000 feet, and a length of 700 feet to the point of discharge into the East Branch Reservoir.

d. Intake 4 - Lower Ute Creek Intake.

Intake 4 is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South 53°10' East 7,854.93 feet. Intake 4 diverts 11 cubic feet of water per second of time from an unnamed tributary of Ute Creek into the enlarged Ute Creek Pipeline, which from the intake has a diameter of 36", a grade of 7 feet per 1,000 feet and a length of 700 feet and a carrying capacity of 51 cubic feet per second, and discharges water into the East Branch Reservoir.

e. Intake 5 - Lost Creek Intake.

The point of diversion of the Lost Creek Intake is at the Lost Creek Pumping Station, located at a point whence A.P. 8 of Bureau of Land Management Exchange Survey No. 375 in the Arapahoe National Forest in unsurveyed Township 2 South, Range 78 and 79 West of the 6th P.M., located in Section 8, Township 2 South, Range 78 West bears North 87°58'0" West a distance of 3,278 feet, at the outlet works of the Lost Creek Dam from which 20 cubic feet per second of water is pumped to the intake of the Mill Water Return Pumping Station at the Ute Park Tailing Pond initially through a 24" pipeline a distance of 17,500 feet at an

adverse grade of 17 feet per 1,000 feet, and discharges into the East Branch Reservoir.

f. East Branch Reservoir.

The East Branch Reservoir derives its supply of water from the East branch of Ute Creek, a tributary of the Williams Fork River and from water diverted through Henderson Mine Water System intakes numbers 1 through 5 inclusive. The initial point of survey at highwater line of the Reservoir is at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears S. $38^{\circ}01'56''$ East a distance of 7825.77 feet with the dam having a maximum height of 136 feet; a length of 1,000 feet; and the reservoir having storage capacity of 25 acre feet below the bottom of outlet tube, 4,000 acre feet above the bottom of outlet tube, with a total storage capacity of 4,025 acre feet.

g. Ute Creek Reservoir.

The Ute Creek Reservoir derives its supply of water from Ute Creek, a tributary of the Williams Fork River and the Initial point of survey of the highwater line is at a point whence the SE Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South $61^{\circ}58'37''$ East a distance of 9,278.92 feet. The maximum dam height is 78 feet; the length of the dam 270 feet; the total capacity of the reservoir will be 105 acre feet of which 5 acre feet is below the outlet tube and 100 acre feet is above the bottom of outlet tube. Water from the Ute Creek Reservoir will enter the

Henderson Mine Water System through Intake No. 2 and Intake No. 3 and delivered through the Henderson Mill Potable Water Pipeline and the Ute Creek Pipeline.

h. Lost Creek Reservoir.

The Lost Creek Reservoir derives its supply of water from Lost Creek, a tributary of the Williams Fork River. The initial point of survey is at a point whence AP 8 of Bureau of Land Management Exchange Survey No. 375 in the Arapahoe National Forest in unsurveyed Township 2 S., Range 78 and 79 West of the 6th P.M., located in Section 8, Township 2 South, Range 78 West of the 6th P.M., bears North 81°37'30" West a distance of 3,543 feet. The maximum height of the dam is 100 feet and the length of the dam will be 905 feet; the reservoir capacity will be 80 acre feet below the bottom of outlet tube and 1900 acre feet above the bottom of outlet tube. The water impounded in the Lost Creek Reservoir will be delivered into the Henderson Mine Water System by release from the reservoir into Lost Creek, and interception and delivery through Henderson Mine Water System Intake 5, and the water impounded in Lost Creek Reservoir will also be used for the irrigation of lands belonging to claimant below said reservoir.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the water to be diverted through intakes 1 to 5 inclusive and stored in the Lost Creek River Reservoir, the Ute Creek Reservoir and the East Branch Reservoir in this Change of Water Right proceeding

consisting of 704 acre feet of water annually for consumptive beneficial use may be used for industrial, domestic, municipal, recreational, irrigation, replacement and re-use including uses for mining, processing, refining, transportation and production of minerals and mineral products to the maximum consumptive beneficial use of 704 acre feet of water annually.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that as further conditions to the granting of the Change of Water Right Application to permit 704 acre feet of water to be diverted, stored and beneficially used annually in the Henderson Mine Water System, use of the points of diversion heretofore decreed shall be discontinued as to the six ditches hereby changed and the following ditch and water rights having been relinquished by Claimant, (subject to the right of beneficial consumptive use of 704 acre feet of water annually) are hereby decreed abandoned, to-wit:

NAME OF DITCH	PRESENT POINT OF DIVERSION	AMOUNT & PRIORITY OF DIVERSION NO.	cfs.	DECREE NUMBERS, DATES & APPROPRI- ATION DATES IN DISTRICT COURT OF GRAND COUNTY, COLO.
The H. C. Kinney Ditch	South Bank of Kinney Creek R. 77 at a point whence witness corner 19 chains from SE Corner Sec. 31, Tp. 2 N., R. 77 W. of the 6th P.M., bears S 2°26' 3016 feet.	Priority 220	2.0	No. 183, 8/3/11 Approp. Date 7/31/01
Taussig Ditch	West Bank of Williams Fork River whence the SE Corner of Sec. 25, Tp. 2 S., R. 78 W. of the 6th P.M., bears S. 29°26' E. 3362 feet.	Priority 419	10.00	No. 657, 11/5/37 Approp. Date 7/20/34

NAME OF DITCH	PRESENT POINT OF DIVERSION	AMOUNT & PRIORITY OF DIVERSION NO. cfs.	DECREE NUMBERS, DATES & APPROPRI- ATION DATES IN DISTRICT COURT OF GRAND COUNTY, COLO.
Glenmar Ditch	The headgate is located on the left bank of said unnamed tributary at a point whence the SW corner of Sec. 6. T. 3 S., R. 77 W, 6th P.M., bears S 77°11' W. 4496.24 feet.	Priority 461 2.00	No. 814, 10/28/55 Approp. Date 7/1/15
Glenmar Ditch Enlargement	The headgate is located on the left bank of said unnamed tributary at a point whence the SW Corner of Sec. 6, T. 3 S., R. 77 W. 6th P.M., bears S 77°11' W. 4496.24 feet.	Priority 471 3.35	No. 814, 10/28/55 Approp. Date 7/1/22
Barriger Ditch	Right Bank of Darling Creek at a point whence the NE Corner, Sec. 8, Tp. 3 S., R. 77 W. of the 6th P.M., bears N. 55°27' W. 6733 feet.	Priority 228 3.125	No. 183, 8/3/11 Approp. Date 10/31/03
Story No. 4 Ditch	North Bank of the East Fork of Ute Creek at a point whence the S½ Corner Sec. 23, Tp. 2 S., R. 78 W., 6th P.M., bears E. 14°1' S. 2742 feet.	Priority 253 0.5	No. 183, 8/3/11 Approp. Date 5/31/08
The Marble Ditch	East Bank of Lost Creek, at a point whence the SE Corner, Sec. 16 Tp. 1 S., R. 78 W. of the 6th P.M., bears N. 69°22' E. 5355 feet, (being otherwise described by Adjudication	Priority 268 6.5	No. 183, 8/3/11 Approp. Date 10/1/10

NAME OF DITCH	PRESENT POINT OF DIVERSION	AMOUNT & PRIORITY OF DIVERSION NO. cfs.	DECREE NUMBERS, DATES & APPROPRI- ATION DATES IN DISTRICT COURT OF GRAND COUNTY, COLO.
---------------	-------------------------------	---	--

Decree as being at
a point whence
the SE Corner of
Sec. 16 Tp. 2 N.,
R. 78 W. of the
6th P.M., bears
N 69°22' E. 5355
feet").

Reed Ditch	Headgate is located on the East bank North Reed Creek at a point whence the SE Corner of Sec. 6, T. 3 S., R. 77 W. 6th P.M., bears S. 71°54' E. 2098 feet.	Priority 378 .425	No. 596, 7/13/32 Approp. Date 6/1/05
Barker No. 1 Enlargement Ditch	North Bank of Kinney Creek R. 77 at a point whence the NE Corner Sec. 31, Tp. 2 S. R. 77 W. 6th P.M., bears N. 21° 55' E. 2495 feet.	Priority 332 1.00	No. 304, 8/11/17 Approp. Date 6/15/01
Markle Ditch	The headgate is located on the West bank of the Williams Fork River at a point whence the S $\frac{1}{2}$ Corner Sec. 31, Tp. 2 S., R. 77 W. 6th P.M., bears N. 21°37' W. 2625 feet.	Priority 376 2.25	No. 18, 10/24/29 Approp. Date 9/1/03

Done in Open Court by the Court this 6th day of

March, 1978.

Water Judge.

RECEIVED 7th March 12, 1978 <i>James L. McKinney</i> Water Clerk-Division No. 5 Colorado.

Valuation of Skylark Ranch Water Rights Associated with the Henderson Mill Climax Molybdenum Company

Prepared for:

Climax Molybdenum Company

Prepared by:

Spronk Water Engineers, Inc.



Heidi Netter

September 2024

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1.0 INTRODUCTION

The Climax Molybdenum Company (“Climax”), a wholly owned subsidiary of Freeport-McMoRan, Inc., operates the Henderson Mine and Mill located in the Colorado mountains about 50 miles west of Denver. The Henderson Mine is located in Clear Creek County on the east side of the Continental Divide in the headwaters of Clear Creek, a tributary to the South Platte River. The Henderson Mill is located in Grand County on the west side of the Continental Divide along the Willams Fork River in the headwaters of the Colorado River basin. Ore from the underground mine is transported to the mill for processing by a 15-mile conveyor system underneath the Continental Divide. The Henderson Mine and Mill properties were acquired by Climax in a 1970s land exchange with the U.S. Forest Service, along with the purchase of other private lands. The location of the Henderson Mill is shown in **Figure 1-1**.

Water is used in the molybdenum milling process, and after processing, the spent ore is transported in an ore-water slurry for deposition at a large tailings pond located in the Ute Creek drainage just west of the Williams Fork River. Water for the milling processes is diverted under various direct flow and storage water rights owned by Climax.

Certain of the Henderson Mill water rights are used as security for bonding that is required by the Colorado Division of Reclamation, Mining, and Safety (“DRMS”) for reclamation of the mine upon its closure. The value of the Henderson Mill water rights that are used to secure the bonding is required to be determined through a water rights appraisal by a qualified independent consultant. Spronk Water Engineers, Inc. (“SWE”) was retained by Climax to provide a market valuation of certain water rights associated with the Henderson Mill known as the “Skylark Ranch Water Rights.”.

SWE is a consulting engineering firm in Denver Colorado that specializes in water resources engineering and water rights in the western United States. SWE has performed numerous water right valuations for various clients, including for buying and selling of water rights, fixed asset studies, tax deductions, and loan collateral purposes. The firm has experience in all seven water divisions in Colorado, including the Colorado River basin in which the Henderson Mill water rights are located.

This report describes the Skylark Ranch Water Rights that are the subject of the appraisal, presents estimates of the water right yields, summarizes comparable water right sales and leases, and presents our analysis of the current (2024) market value of the subject water rights.

2.0 SKYLARK RANCH WATER RIGHTS

In 1994, Climax acquired agricultural water rights located downstream from the Henderson Mill, referred to as the Skylark Ranch Water Rights. These include several direct flow water rights and one storage water right on tributaries of the Williams Fork River including Skylark Creek, Battle Creek, Lost Creek, and Mule Creek. The Skylark Ranch Water Rights are summarized in **Table 2-1** and **Table 2-2**.

In Case No. 96CW3681, the Skylark Ranch Water Rights were quantified and changed to include all beneficial uses, including augmentation, and use at the Henderson Mill by exchange. The water rights may also be used for irrigation of the historically irrigated lands. The terms and conditions in the 96CW3681 decree limit use of the Skylark Ranch Water Rights to monthly, annual, and 10-year running average volumes during a diversion season that extends from May 1 through September 30. There are additional limits that apply in drought years. In addition, 12.1 percent of the diversions under the Skylark Ranch Water Rights must be released uniformly during the following October 1 through April 30 period to replicate historical return flows during the non-irrigation season. The terms and conditions for the changed Skylark Ranch Water Rights are summarized in **Table 2-1**. A copy of the decree in Case No. 96CW3681 is attached as Appendix A to this report.

The Skylark Ranch Water Rights can be diverted at the original points of diversion or by exchange at the following alternate points of diversion and storage.

- Intake 1 – Williams Fork Pipeline
- Intake 2 – Henderson Mill Potable Water Pipeline
- Intake 3 – Ute Creek Pipeline
- Intake 4 – Lower Ute Creek Intake
- Intake 5 – Lost Creek Intake
- Intake 6 – Lost Creek Reservoir
- Intake 7 – East Branch Reservoir
- Intake 8 – Ute Creek Reservoir

Climax cannot divert the Skylark Ranch Water Rights at the alternate points of diversion when other water rights on the Williams Fork River between the original and alternate

points of diversion are not satisfied. These include the intervening Colorado Water Conservation Board (“CWCB”) instream flow water rights¹.

¹ Case Nos. 79CW173, 79CW174, 79CW175, 79CW179, 79CW180, 79CW181, 79CW183, and 79CW185.

3.0 YIELD OF SKYLARK RANCH WATER RIGHTS

As discussed above, the historical uses of the Skylark Ranch Water Rights were quantified in a prior Water Court proceeding. The yields of these water rights are constrained by the terms and conditions set forth in the change of water rights decree in Case No. 96CW3681, the physical water availability at the points of diversion, and the extent to which the water rights are legally available in priority considering priority calls from downstream water rights. The terms and conditions in the prior change decree include the priority date (and the associated administration number assigned by the State Engineer²), the season of use, diversion rates, volumetric limits, and other limitations.

Physical water availability is based on the historical streamflow records or estimated supply available at the decreed points of diversion.

Legal water availability was determined using daily Division 5 priority call records for downstream water rights on the Colorado River. A “call” on the river is an order by the state water officials for upstream junior rights to curtail diversions for the benefit of a downstream senior right. Prominent downstream calling water rights included in the Division 5 records include the following:

- Shoshone Call - The Shoshone Power Plant rights that divert from the Colorado River in Glenwood Canyon and include a 1,250 cfs right with a 1902 appropriation date and a 158 cfs right with a 1929 appropriation date. These hydropower rights typically call for water during the non-runoff period, and in dry years the senior Shoshone Power Plant call may be in effect all year except for portions of May and June. The Skylark Ranch Water Rights mostly fall in between the senior and junior Shoshone rights in priority date.
- Cameo Call - A collection of senior irrigation water rights that divert from the Colorado River near Grand Junction. These water rights total approximately 2,000 cfs with priority dates falling between the senior and junior Shoshone Power Plant rights. Most of the Skylark Ranch Water Rights are senior to the Cameo calls.

² The priority of a water right with respect to other water rights in the basin is a function of the adjudication date, whether the adjudication was an original or supplemental adjudication, the appropriation date, and the date of the previous adjudication. These factors are encapsulated in the administration number (or Admin No.), which is developed by the State Engineer’s Office in its periodic Water Rights Tabulations. The lower the administration number, the more senior the right.

Figure 3-1 shows the general locations of the major calling water rights in the Colorado River basin. In addition to the Shoshone Call and the Cameo Call, water rights on the Williams Fork River are subject to calls from the 1935 and 1956 priority storage water rights of Denver's Williams Fork Reservoir located near the confluence with the Colorado River. However, most of the Skylark Ranch Water Rights are senior to the Williams Fork Reservoir storage water rights.

The yields of the Skylark Ranch Water Rights were analyzed over a study period from 1988 through 2023 using the procedure outlined below. This study period includes a representative variety of wet, average, and dry years. The following steps were used in estimating yields of the Skylark Ranch Water rights.

- Determine the days in priority by comparing the administration number of the Henderson water right to the administration number of the calling water right.
- Determine the physical water supply available for diversion at the Henderson points of diversion based on streamflow records. If there are no streamflow records available for the basin, the streamflow was estimated as described below.
- Allocate the water physically and legally available to the Henderson water rights in order of priority from senior to junior.
- Limit diversions to the season of use.
- Limit diversions to the decreed diversion rates of the individual water rights and combined diversion limits.
- Apply individual and combined monthly and annual volumetric limits to water rights.
- Apply other decreed terms and conditions as applicable.
- Compute the average annual yield during the 1988 through 2023 study period.
- Limit the average annual yield by the decreed long-term running average annual volumetric limit.

The Skylark Ranch Water Rights are diverted from tributaries to the Williams Fork River including Battle Creek, Lost Creek, Mule Creek, and Skylark Creek. Flows in these tributaries were estimated as the daily streamflow at the South Fork Williams Fork River near Leal gage scaled to each drainage basin using the ratio of the mean annual flows computed in USGS Streamstats program (mean annual flow of tributary drainage divided

by mean annual flow of South Fork Williams Fork River). The South Fork Williams Fork River near Leal gage and tributaries are shown on **Figure 1-1**.

Nearly all of the Skylark Ranch Water Rights are senior to the downstream Cameo Call rights and Williams Fork Reservoir water rights. However, all but one of the Skylark Ranch Water rights are often called out during the late summer through the winter by the senior Shoshone Call. Diversions of the Skylark Ranch Water Rights are further limited by the maximum monthly individual and combined rates and volumetric limits decreed in Case No. 96CW3681. In addition, drought year diversions are limited to 2.91 percent of the flow at the Williams Fork near Leal gage plus Denver Water's Gumlick Tunnel diversions. A drought year is defined in the 96CW3681 decree as a year with a May 1 snowpack measured at the Jones Pass SNOTEL station with a snow water equivalent of 10 inches or less. During the 1988 to 2023 study period, there were three drought years according the 96CW3681 decree definition (2002, 2004, 2012, and 2021).

When water is physically and legally available, the Skylark Ranch Water Rights can be used for irrigation at the original places of use or used at the Henderson Mill by exchange. As mentioned above, the Skylark Ranch Water Rights cannot be exchanged to the Henderson Mill if the intervening CWCB instream flow water rights on the Williams Fork River are not satisfied. However, for purposes of the yield analysis, it was assumed that the Skylark Ranch Water Rights would be sold to a downstream user and would not need to be exchanged upstream for use on the Williams Fork River.

The yield analysis shows that the Skylark Ranch Water Rights were available at the maximum annual volume (1,159 acre-feet) in all but four years during the 36-year study period. The estimated annual yield during the 1988 through 2023 study period averaged 1,127 acre-feet. The average annual yield is limited by the decreed 10-year running average limit of 1,041 acre-feet. The 96CW3681 decree requires that 12.1 percent of the irrigation season diversions be released to the stream during the winter. The average annual yield (1,041 acre-feet) minus the return flow obligation (126 acre-feet) is 915 acre-feet. The estimated annual yield and return flow obligation for each year of the study period are shown in **Table 3-1**.

4.0 VALUATION

The market value of a water right is the amount for which the right would be bought and sold on the open market, assuming knowledgeable buyers and sellers conducting the transaction at arm's length. The best measures of market value are recent water right sales or leases in the same geographical neighborhood as the Skylark Ranch Water Rights ("comparables"). Water right values are typically expressed in terms of value per acre-foot of average annual consumptive use yield. Comparables are evaluated as to their applicability to the subject rights, and adjustments are made to the values as necessary to reflect characteristics of the subject rights.

The value of a water right is affected by a number of factors, including the seniority of the right, dry year and average year yields, location, season of use, amount of water involved in the sale, whether or not storage is included, and the degree of competition in the marketplace.

As mentioned above, the historical use of the Skylark Water Rights was quantified in a previous Water Court proceeding and is not subject to requantification in a later proceeding. This is the subject of CRS § 37-92-305 (3)(e), which states:

If an application is for a change of that portion of a water right for which a previous change of water right has been judicially approved and for which the historical consumptive use was previously quantified, the water judge shall not reconsider or requantify the historical consumptive use. However, the water judge may, without requantifying the historical consumptive use, impose such terms and conditions on the future use of that portion of the water right that is the subject of the change as needed to limit the future consumptive use of that portion of the water right to the previously quantified historical consumptive use.

Therefore, a future buyer of the rights would have a known quantity of consumptive use available to them based on the prior decrees, which would be a significant advantage over acquisition of other water rights that have not previously been quantified and changed. As water right change proceedings become more contentious over time, the risk of a bad outcome increases as well. This prior judicial quantification of the subject water rights adds to their desirability and marketability as compared to other water rights in the basin that have not been judicially quantified.

A major consideration for water planners in the Colorado River basin is the imminent threat of a compact call pursuant to the Colorado River Compact. Such a call would not only affect the mainstem of the Colorado that flows into Utah downstream from Fruita,

but also other major tributaries including the Yampa, White, San Miguel/Dolores, Las Animas, and San Juan River basins. The Colorado River Compact was entered in 1922, and water rights within Colorado junior to that date may be subject to curtailment to satisfy a compact call. The compact water allocations to the upper and lower Colorado River basin states were based on an unusually wet study period. Actual river flows have been substantially less, which is the root problem that makes a future compact call likely. It is not known exactly how the state water officials will administer a compact call, but it is reasonable to expect, consistent with the prior appropriation doctrine, that more junior rights will be curtailed first.

All but one of the subject Skylark Ranch Water Rights have appropriation dates senior to the Colorado Compact date of 1922. We note that many of the major water projects in the basin are junior to the date of the compact, including Wolford Mountain Reservoir, Green Mountain Reservoir, Lake Granby and the Adams Tunnel, Windy Gap, Denver's Williams Fork, Blue River and Fraser River collection systems, the Fryingpan/Arkansas Project, and the Homestake Project.

Therefore, the Skylark Water Rights may be an attractive option for any water user in the Colorado River and its tributaries that are subject to a future compact call as an insurance policy against such calls. Those users might use the rights to offset stream depletions to the Colorado River and its tributaries caused by diversion of their more junior rights and avoid curtailment of their rights. The marketability of the subject water rights is enhanced because the amounts represent a substantial block of water that has been quantified in a Water Court proceeding. This opens up the market to a much broader area than just the upper Colorado River basin. We have west slope clients who are including acquisition of senior rights in their water supply planning for protection against compact calls.

The unpredictable vagaries of the water market are also prominent in water right values. These vagaries include market transactions that are higher or lower than expected for various known or unknown reasons, including an overly motivated buyer or seller or a poorly negotiated transaction. The highest and best use of the Skylark Ranch Water Rights, from a valuation standpoint, is for municipal or industrial use. The most likely market for the subject rights is the upper Colorado River basin.

4.1 Comparable Water Right Sales and Leases

Although there have been a number of comparable water right sales and leases in the neighborhood of the subject rights, the market is not as active as other areas in Colorado;

for example, along the Front Range in the South Platte River basin. The following summarizes three comparable water right sales and leases that were identified and used in this valuation. **Table 4-1** summarizes these comparables, and the computations made to derive comparable values to the subject Skylark Ranch Water Rights. **Figure 4-1** Shows the locations of the comparable sales and leases.

Calculations of the water values discussed herein were carried out to the nearest dollar. This is done for computational continuity and does not imply accuracy to the nearest dollar.

4.1.1 CRWCD Leases

The Colorado River Water Conservancy District (“CRWCD”) has an active water leasing program whereby water can be leased from Colorado River sources (primarily Wolford Mountain Reservoir and Ruedi Reservoir) and Eagle River sources (Eagle Park Reservoir and Homestake Reservoir). Information regarding 2024 lease rates was obtained from the CRWCD website. The leases may be entered for a term of 40 years, with a potential 35-year renewal period. Annual lease rates vary depending on the source of water.

The annual cost of the leased water on the Colorado River upstream from the Roaring Fork confluence for municipal and industrial (“M&I”) uses is currently \$472.60 per acre-foot. This amounts to a capitalized present worth value of \$14,939 per acre-foot over a 75-year lease period, using a 2.75 percent discount rate³. The leases of Colorado River sources are limited to 1,000 acre-feet per year.

Adjustments – The CRWCD Lease comparable differs from the subject Skylark Ranch Water Rights in several ways, which requires adjustments to the value as described below.

First, the subject Skylark Water Rights are owned in perpetuity and the CRWCD Leases are for a finite period. A water supply that will be available in perpetuity would have an enhanced value to a potential buyer over a supply that may not be available after 40 or 75 years.

Second, all but one of the Skylark Ranch Water Rights predate the Colorado River Compact, and therefore should not be subject to a potential compact call in the future. To the contrary, the Wolford Reservoir storage rights which are the source of supply for the CRWCD Leases are junior to the compact and could be curtailed

³ USDA National Resources Conservation Service (NRCS) 2019 discount rate for federal water projects.

at some point in the future. It is not known how a compact call would be administered, and it is not known what steps the CRWCD would take to mitigate such potential calls. The likely insulation against compact calls would tend to enhance the value of the subject rights verses a right that might be curtailed.

Third, the subject Skylark Ranch Water Rights are only available during the irrigation season, whereas the CRWCD Lease water can be released from storage on a year-round basis. This difference would tend to decrease the value of the Skylark Ranch Water rights as compared to the CRWCD Lease comparable.

Fourth, as discussed above, the Skylark Ranch Water Rights were estimated to have a reduced yield in four years of the 36-year period from 1988 through 2023 (11.1 percent of the years). In the driest year (2002), the consumptive use yield of the Skylark Ranch Water Rights was estimated to be 52 percent of the decreed 10-year maximum limit⁴. The CRWCD Lease water should be available every year. This difference would tend to decrease the value of the Skylark Ranch Water rights as compared to the CRWCD Lease comparable.

Fifth, as discussed above, use of the Skylark Ranch Water Rights for augmentation uses requires releases of water during the non-irrigation season as a return flow obligation. The storage could either be existing or newly constructed storage, but in any event, it would reduce the value of the Skylark Ranch Water Rights. We have assumed that 132 acre-feet of storage would be needed to store a portion of the water rights yields each year for later release to meet return flow obligations (126 acre-feet of return flow obligations plus 6 acre-feet of evaporation).

In our opinion, the combined effect of the first four adjustments is a ten percent reduction in the CRWCD Lease comparable. Therefore, the \$14,939 per acre-foot present value of the leases is adjusted downward to \$13,445 per acre-foot. The total value of the subject rights using the CRWCD Lease comparable for 915 acre-feet, as adjusted for the first four differences set forth above, is therefore \$12,302,155.

An additional adjustment to the comparable is necessary to account for the fifth difference described above, i.e. that 132 acre-feet of storage is needed for the subject Skylark Ranch Water Rights to meet return flow obligations. The assumed cost of storage

⁴ 475 acre-feet / 915 acre-feet, see Table 3-1.

is \$7,000 per acre-foot⁵ (for a total cost of \$924,000). The value of the comparable adjusted for return flow obligation storage is \$11,378,155⁶. Therefore, the value of the CRWCD Lease comparable as adjusted to reflect the characteristics of the subject Skylark Ranch Water rights is \$12,435 per acre-foot⁷.

4.1.2 Vail Ditch Purchases

The Grand County Mutual Ditch & Reservoir Company ("GCMDRC") made a series of purchases of shares in the Grand County Irrigated Land Company (a.k.a. Vail Ditch Company). The GCMDRC is made up of six shareholders: Grand County Commissioners, CRWCD, Grand County Water and Sanitation District No. 1, Winter Park Water and Sanitation District, the Town of Winter Park, and the Town of Granby. The Vail Ditch Company operates direct flow rights that divert from Meadow Creek and Strawberry Creek, tributaries to the Fraser River, and storage water in Meadow Creek Reservoir for 850 acre-feet. The Fraser River is a tributary to the Colorado River immediately downstream from the Town of Granby. The Fraser River basin is similar to the Williams Fork basin in terms of scarcity of available water supplies.

There were five separate transactions that involved Vail Ditch Company shares between 2008 and 2011. In total, 104.5 shares were purchased at an average cost of \$29,856 per share. Another 11 shares were donated to GCMDRC at an assumed value of \$30,000 per share. The first and largest purchase of shares involved 85.5 shares at a cost of approximately \$2.6 million. This 85.5 share transaction is most useful because GCMDRC estimated the historical consumptive use of the associated water rights, information that was not available for the other transactions. The water rights are decreed for irrigation use and would need to be changed in a Water Court proceeding to allow augmentation or other uses.

The consumptive use associated with these 85.5 shares was estimated by the buyers and ranged from a high of 293 acre-feet to low of 195 acre-feet. The high number represents the consumptive use on the historically irrigated area. The low number represents the historical use on land for which dry-up was obtained. Since dry-up is almost always required in a change of water rights, the low value of 195 acre-feet is the appropriate

⁵ Eagle Park Reservoir reportedly sold in 1998 for \$3,542/af of storage capacity. This value, CPI adjusted to 2024, would be \$7,117/af. Clinton Reservoir reportedly sold in 1992 for \$2,472/af of storage capacity. This value, CPI adjusted to 2024, would be \$6,172/af. We have assumed a value of storage capacity in the neighborhood to be \$7,000 per AF.

⁶ \$12,202,155 - \$924,000

⁷ \$11,378,155 / 915 acre-feet.

value to use for purposes of this valuation, as it appears to reflect the buyer's expectations at the time of the sale. The cost per acre-foot of consumptive use water was therefore \$13,333⁸. Adjusting that value to the present using a CPI adjustment from 2008 gives a 2024 cost per acre-foot of \$20,664.

Adjustments – The Vail Ditch comparable differs from the subject Skylark Ranch Water Rights in the following ways, which requires adjustments to the value as discussed below.

First, a downward adjustment is necessary to reflect the fact that the Vail Ditch Comparable includes storage. The 85.5 shares include approximately 182 acre-feet of storage in Meadow Creek Reservoir. The value of this storage needs to be deducted from the purchase price as an adjustment to estimate the value of the consumptive use water. We assumed that the appropriate deduction is for half of the storage amount (91 acre-feet), and that the other half would be needed to make delayed return flow replacement as part of a change of water rights. Specific information as to the actual return flow lagging for these rights is not available, but approximately 91 acre-feet of delayed return flow storage for 195 acre-feet of consumptive use water is reasonable based on our experience. The current value of the storage is estimated to be \$7,000 per acre-foot⁹. Deducting the value of storage from the total purchase price results in a comparable value of \$17,397 per acre-foot.

Second, the subject Skylark Ranch Water rights have been quantified and changed in Water Court to augmentation and other uses. The Vail Ditch rights are decreed for irrigation uses and were not and are not yet changed in a Water Court proceeding. Therefore, a ten percent upward adjustment is made to the value of the Vail Ditch comparable to reflect the characteristics of the subject Skylark Ranch Water Rights.

Third, as discussed above, use of the Skylark Ranch Water Rights for augmentation uses requires releases of water during the non-irrigation season as a return flow obligation. This is different than the Vail Ditch comparable, because the Vail Ditch water rights include storage that could be used to meet return flow obligations.

⁸ \$2.6 million/195 AF

⁹ Eagle Park Reservoir reportedly sold in 1998 for \$3,542/af of storage capacity. This value, CPI adjusted to 2024, would be \$7,117/af. Clinton Reservoir reportedly sold in 1992 for \$6,172/af of storage capacity. This value, CPI adjusted to 2019, would be \$5,011/af. We have assumed a value of storage capacity in the neighborhood to be \$7,000 per AF.

As described above, the first difference between the Skylark Ranch Water rights and the Vail Ditch comparable reflected the fact that the comparable includes storage. The adjustment to reflect that difference decreased the value per acre-foot for consumptive use water from \$20,664 to \$17,397.

The second difference described above is that the Skylark Ranch Water rights have been quantified and changed through a Water Court proceeding, and the Vail Ditch rights have not. A ten percent upward adjustment is made to the comparable value to reflect this difference, which raises the comparable value to \$19,137 per acre-foot¹⁰. The total value of the subject rights using the Vail Ditch comparable after this adjustment is \$17,510,437, with is derived by multiplying this unit value by the average annual consumptive use yield of 915 acre-feet for the Skylark Ranch Water rights.

The third difference described above necessitates a downward adjustment to the comparable value to account for the need for storage to replace Skylark Ranch Water Right return flow obligations. As discussed above for the CRWCD Lease comparable, the assumed cost of this storage is \$7,000 per acre-foot (for a total cost of \$924,000). The value of the comparable adjusted for return flow obligation storage is \$16,586,437¹¹. Therefore, the value of the Vail Ditch comparable as adjusted to reflect the characteristics of the subject Skylark Ranch Water rights is \$18,127 per acre-foot¹².

4.1.3 Rich Ditch Sale

In 2016, the Highland Investment Company purchased 7.5 acre-feet of consumptive use water from the Rich Ditch water right from the Valley at Winter Park Water District for \$85,000. The Rich Ditch diverted from Crooked Creek, and tributary to Pole Creek, which in turn is a tributary to the Fraser River. A portion of the Rich Ditch was changed from irrigation to augmentation use in Case No. 80CW67. The cost of the Rich Ditch water was \$11,333 per acre-foot in 2016. Adjusting that value to the present using a CPI adjustment from 2016 gives a 2024 cost per acre-foot of \$14,948 per acre-foot.

The Rich Ditch priority is similar to the priorities of the subject Skylark Ranch Water Rights. The right has been quantified and changed in a Water Court proceeding. Like the Skylark Ranch Water Rights, the Rich Ditch comparable is in Grand County in a tributary watershed to the Colorado River. The total value of the subject rights using the Rich Ditch

¹⁰ \$17,397 * 110%.

¹¹ \$17,510,437 - \$924,000)

¹² \$16,586,437 / 915 acre-feet.

comparable is \$13,677,436, with is derived by multiplying the unit value of \$14,948 by the average annual yield of 915 acre-feet for the Skylark Ranch Water rights.

Like the preceding two comparables, a downward adjustment is necessary to reflect the need for storage to replace Skylark Ranch Water Right return flow obligations. As discussed above for the CRWCD Lease comparable, the assumed cost of this storage is \$7,000 per acre-foot (for a total cost of \$924,000). The value of the comparable adjusted for return flow obligation storage is \$12,753,436¹³. Therefore, the value of the Rich Ditch comparable as adjusted to reflect the characteristics of the subject Skylark Ranch Water rights is \$13,938 per acre-foot¹⁴.

4.1.4 Summary of Comparables

The three comparable sales and leases discussed above have a have a range of values, as adjusted, from approximately \$12,400 to \$18,100 per acre-foot of consumptive use water. Each of these comparables were considered in determining the value of the subject rights. Based on our analysis as described herein, it is our opinion that the value of the Skylark Ranch Water Rights is in the middle of this range, or \$15,000 per acre-foot of consumptive use water.

¹³ \$13,677,36 - \$924,000

¹⁴ \$12,753,436 / 915 acre-feet.

5.0 SUMMARY OF VALUE OF SKYLARK RANCH WATER RIGHTS

Based on review of the Skylark Ranch Water Rights, analyses of the yields of the water rights, and assessment of water market comparable sales and leases, we conclude that the Skylark Ranch Water Rights have a 2024 market value of \$15,000 per acre-foot, for a total of \$13,725,000 for the 915 acre-feet of average annual consumptive use yield.

Figures

Figure 1-1

**Location Map
Henderson Mill**

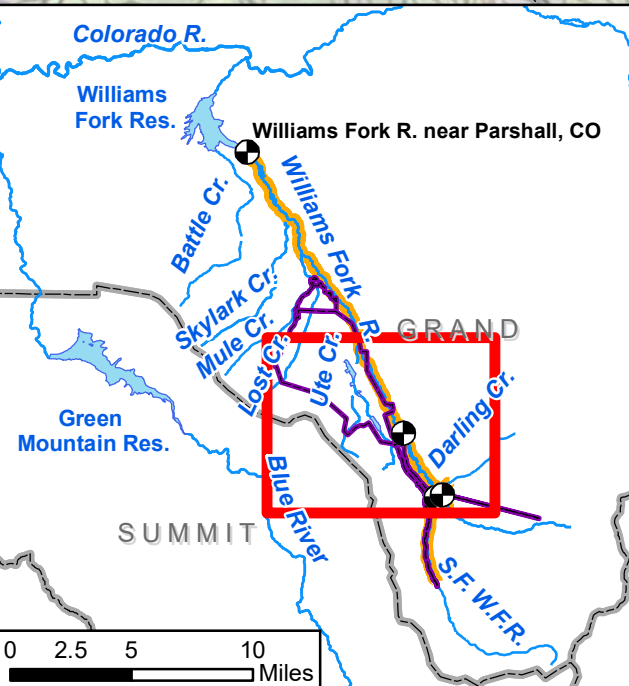
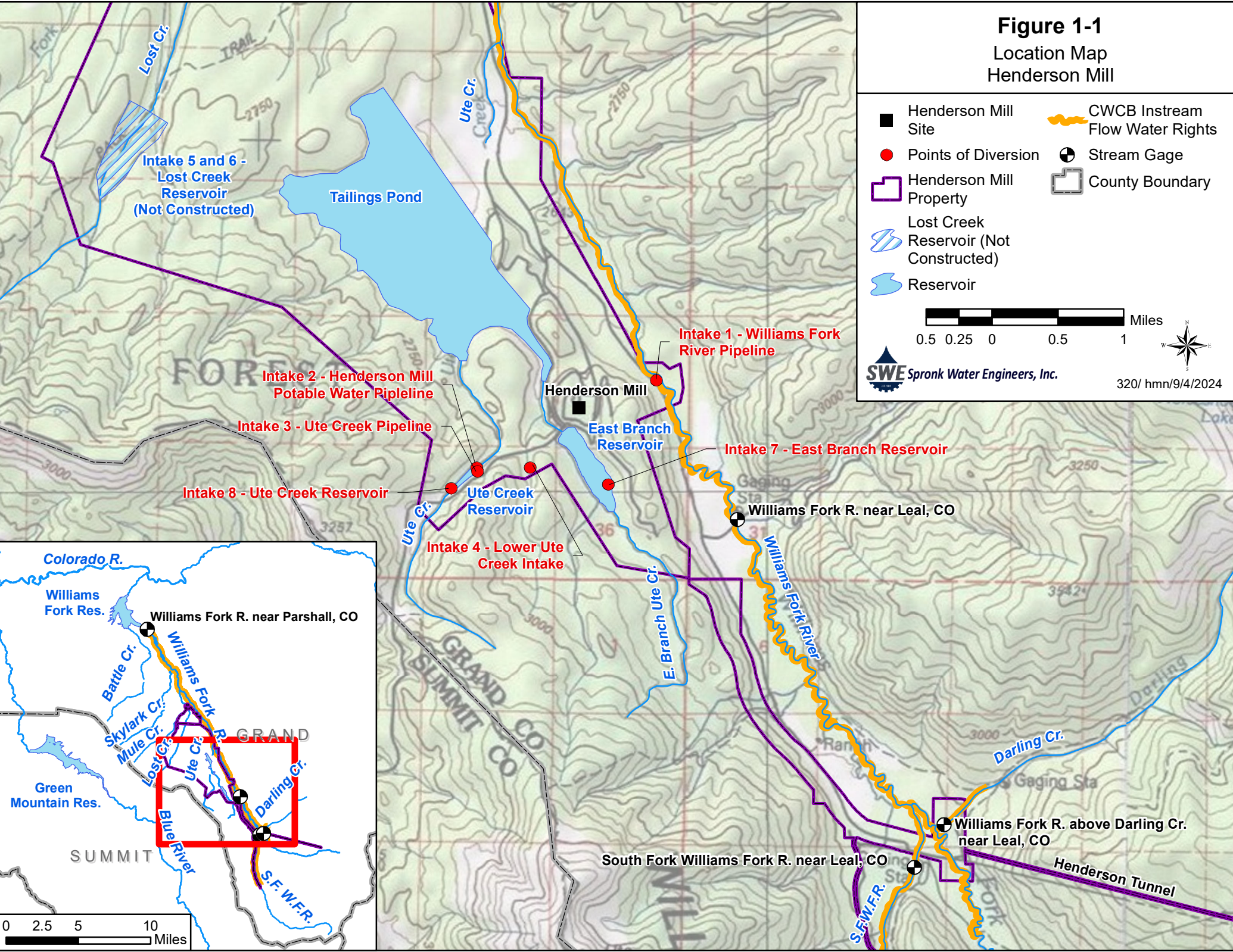
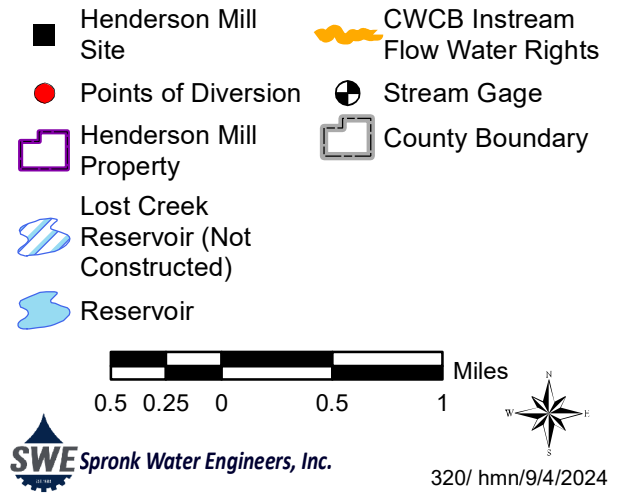


Figure 3-1

**Location Map
Downstream Priority Calls**



Downstream
Priority Calls



Henderson Mill
Property



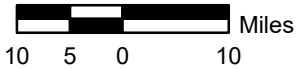
River



Water Division
Boundary

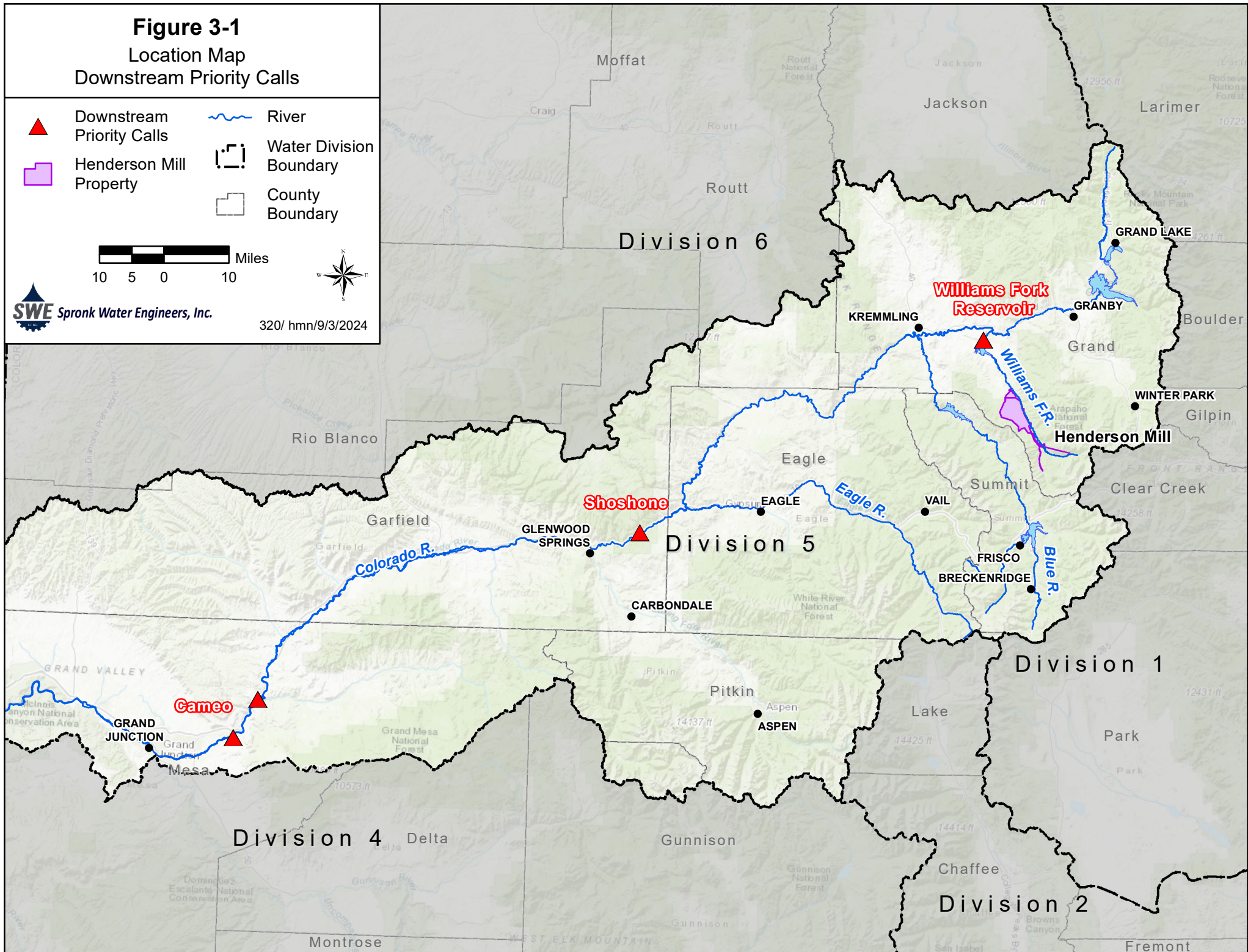


County
Boundary



Sprink Water Engineers, Inc.

320/ hmn/9/3/2024



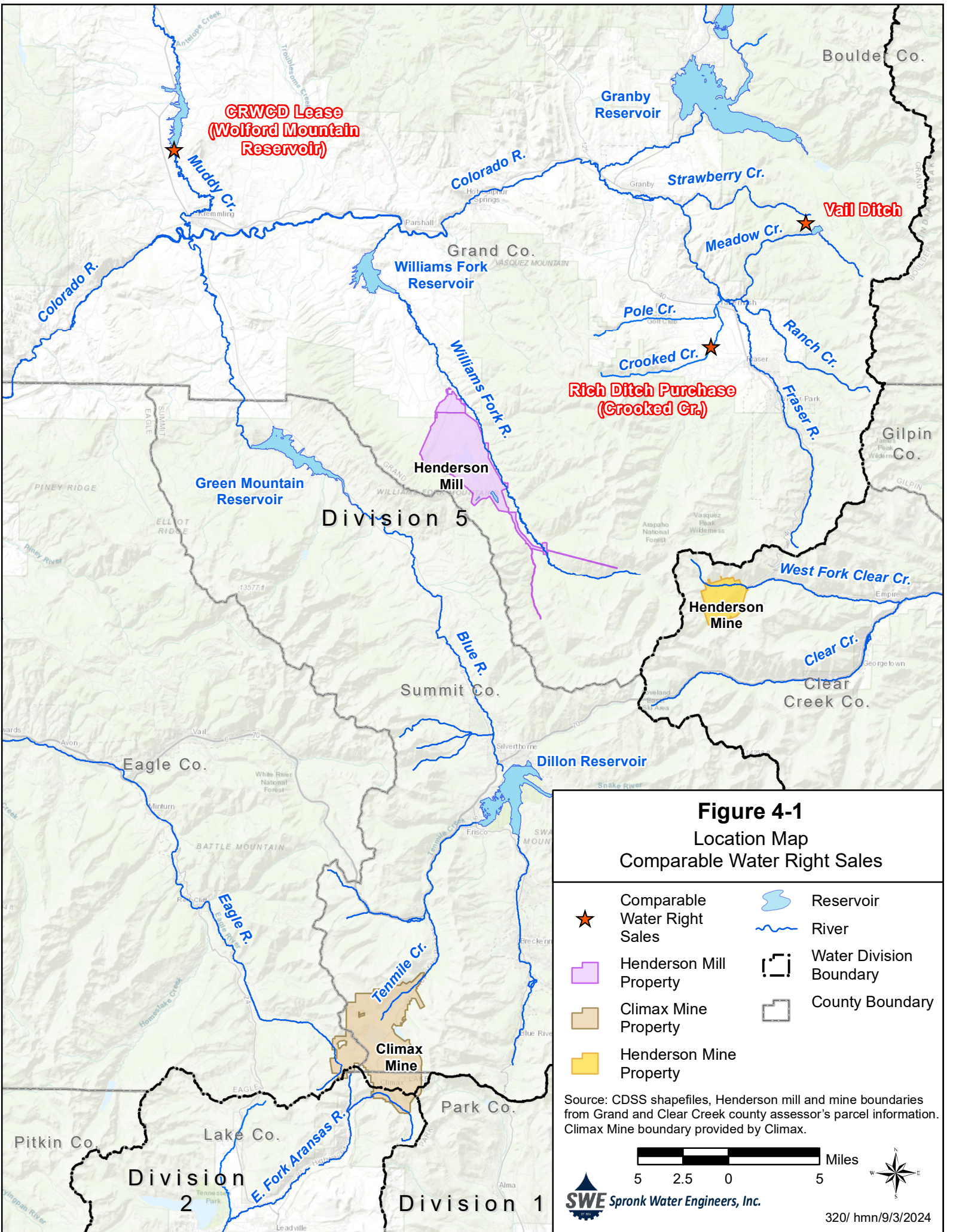


Figure 4-1
Location Map
Comparable Water Right Sales

- | | | | |
|---|------------------------------|---|-------------------------|
|  | Comparable Water Right Sales |  | Reservoir |
|  | Henderson Mill Property |  | Water Division Boundary |
|  | Climax Mine Property |  | County Boundary |
|  | Henderson Mine Property | | |

Source: CDSS shapefiles, Henderson mill and mine boundaries from Grand and Clear Creek county assessor's parcel information. Climax Mine boundary provided by Climax.

Tables

Table 2-1

**Skylark Ranch Water Rights
Summary of Diversion Limitations (Case No. 96CW3681)
Henderson Mill
Climax Molybdenum Company**

	Water Right(s)	Max Ann (af/y)	10-year Avg (af/y)	Max Rate (cfs)	Approp. Date	Adj. Date	Admin. No.	Case Nos.
(1)	Skylark Ranch Water Rights	1,159	1,041	9.7	1887 - 1949	1906 - 1952	See Table 2-2	CA112, CA183, CA259, CA304, CA356, CA814, 96CW3681

Notes:

- (1) Fully consumptive water rights with a maximum annual limit of 1,159 af and an average annual limit of 1,041 af in any 10-year period. There are also drought year diversion limits based on SNOTEL data (§2.1.4.f of decree). The Skylark Ranch Water Rights include a winter return flow obligation of 12.1% of the prior annual diversions to be released uniformly from October 1 - April 30. The water rights may be exchanged to the Henderson Mill under a September 20, 1994 appropriation date at times when the Williams Fork River flows exceed the CWCB minimum flow water rights. The monthly combined rates and volumetric limits are as follows.

Skylark Ranch Water Rights Monthly Limits (Case No. 96CW3681):

Month	Total Combined Limits		FA Fields Ditch Limits	
	Rate (cfs)	Vol (af)	Rate (cfs)	Vol (af)
May	8.5	523	1.0	59
June	9.7	578	1.0	60
July	5.1	313	0.9	50
August	2.1	128	0.3	16
September	1.8	108	0.2	12

Table 2-2
Skylark Ranch Water Rights
Henderson Mill
Climax Molybdenum Company

					(1)	(2)
Structure	Decreed Amount (cfs)	Source	Approp. Date	Adjud. Date	Case No.	Admin. No.
Gervens No. 1 Ditch	2.000	Lost Creek	1902-06-02	1911-08-03	CA183	20676.19145
Gervens No. 2 Ditch	1.375		1904-09-30	1911-08-03	CA183	20676.19996
Lost Creek Ditch	8.000		1908-09-16	1911-08-03	CA183	21443.00000
Gervens No. 2	1.125		1904-09-30	1916-03-18	CA259	23454.19996
John Shore Ditch	2.500	Mule Creek	1888-10-01	1911-08-03	CA183	20676.14154
B.W. Fields Mule Cr. No. 1	2.500		1889-05-31	1911-08-03	CA183	20676.14396
John Shore No. 1 Ditch	2.000		1890-06-30	1911-08-03	CA183	20676.14791
Burtcher Ditch	2.500		1897-12-31	1911-08-03	CA183	20676.17532
B.W. Fields Mule Cr. No. 2	1.000		1908-07-15	1911-08-03	CA183	21380.00000
F.A. Field Ditch	3.250	Skylark Creek	1889-05-15	1906-08-11	CA112	14380.00000
Scholl Ditch	1.500		1887-12-01	1911-08-03	CA183	20676.13849
Williams Ditch	3.000		1888-05-20	1911-08-03	CA183	20676.14020
(3) Skylark Reservoir	12.23 AF		1903-12-31	1911-08-03	CA183	20676.19722
McCandliss Ditch	1.500		1917-07-26	1919-07-12	CA356	24694.24678
North Skylark Ditch	3.000		1913-06-01	1952-11-07	CA814	34241.23162
South Skylark Ditch	1.500		1949-08-01	1952-11-07	CA814	36372.00000
Langholen No. 4 Ditch	1.125	Battle Creek	1889-09-30	1911-08-03	CA183	20676.14518
Langholen No. 3 Ditch	1.250		1889-09-30	1911-08-03	CA183	20676.14518
Langholen No. 2 Ditch	1.250		1890-07-01	1911-08-03	CA183	20676.14792
Langholen No. 1 Ditch	1.250		1890-07-31	1911-08-03	CA183	20676.14822
Shore No. 1 Ditch	2.000		1890-07-31	1911-08-03	CA183	20676.17764
Shore No. 2 & 3 Ditch	2.000		1908-04-20	1911-08-03	CA183	21294.00000
Buehler No. 1 Ditch	0.500		1905-12-31	1917-08-11	CA304	23817.20453
Buehler No. 2 Ditch	0.500		1913-12-31	1917-08-11	CA304	23817.23375
Buehler No. 3 Ditch	0.500		1913-12-31	1917-08-11	CA304	23817.23375
Buehler No. 4 Ditch	0.500		1913-12-31	1917-08-11	CA304	23817.23375

Notes:

- (1) Original adjudication case number. Water rights changed for use at Henderson Mill in Case No. 96CW3681.
- (2) Administration number obtained from CDSS water rights database (<http://cdss.state.co.us/>).
- (3) Storage water right with decreed amount in acre-feet; Climax owns one-half the interest (6.115 AF) in this water right.

Table 3-1
Estimated Annual Legal and Physical Water Yield
Skylark Ranch Water Rights
1988 - 2023
Values in Acre-Feet

	(1)	(2)	(3)	
	Year	Skylark Ranch Total	SR Return Flow	SR Minus Return Flow
	1988	1,159	140	1,019
	1989	1,159	140	1,019
	1990	1,159	140	1,019
	1991	1,159	140	1,019
	1992	1,159	140	1,019
	1993	1,159	140	1,019
	1994	1,143	138	1,005
	1995	1,159	140	1,019
	1996	1,159	140	1,019
	1997	1,159	140	1,019
	1998	1,159	140	1,019
	1999	1,159	140	1,019
	2000	1,159	140	1,019
	2001	1,159	140	1,019
	2002	541	65	475
	2003	1,159	140	1,019
	2004	1,048	127	921
	2005	1,159	140	1,019
	2006	1,159	140	1,019
	2007	1,159	140	1,019
	2008	1,159	140	1,019
	2009	1,159	140	1,019
	2010	1,159	140	1,019
	2011	1,159	140	1,019
	2012	757	92	665
	2013	1,159	140	1,019
	2014	1,159	140	1,019
	2015	1,159	140	1,019
	2016	1,159	140	1,019
	2017	1,159	140	1,019
	2018	1,159	140	1,019
	2019	1,159	140	1,019
	2020	1,159	140	1,019
	2021	1,159	140	1,019
	2022	1,159	140	1,019
	2023	1,159	140	1,019
(4)	Avg 88-23	1,127	136	991
	Decreed 10-Year Average Limit			
(5)	10-Year Avg	1,041	126	915
	Estimated Average Annual Yield			
(6)	Avg	1,041	126	915

Notes:

- (1) Skylark Ranch water rights from change of use of various d/s ditches in Case No. 96CW3681 (diligence in 09CW59). Limited to maximum monthly and annual limits.
- (2) Winter return flow obligation = (1) x 12.1%
- (3) (1) - (2).
- (4) Average 1988 - 2023 annual volume of estimated yield.
- (5) Decreed 10-year running average volumetric limit for Skylark Ranch water rights.
- (6) Minimum of (4) or (5).

Table 4-1

**Summary of Comparable Water Rights Sales and Leases
Skylark Ranch Water Rights Valuation
Climax Molybdenum Company**

<u>CRWCD Leases</u>	
	Description: Colorado River sources (primarily Wolford Reservoir)
	Lessor: Colorado River Water Conservation District
	Lessee: Various
	Year of Lease: 2024
	Annual Lease Rate/AF: \$472.6
	Term of Lease: 40 years plus 35
a	2024 Present Value/AF: \$14,939
b	Adjustment to reflect dry year and seasonal yields of Skylark Ranch Water Rights: 90%
c	Adjusted Value/AF: \$13,445
d	Adjusted Value of 915 AF: \$12,302,155
e	AF of storage need to meet return flow obligations: 132
e	Cost of storage /AF: \$7,000
f	Total cost of storage to meet return flow obligations: \$924,000
g	Total value adjusted for storage: \$11,378,155
h	Comparable Value/AF: \$12,435
 <u>Vail Ditch Sale</u>	
	Description: Shares in Grand County Irrigated Land Company (Vail Ditch)
	Seller: Scott and Tina Holly
	Buyer: GCMDRC
	Year of Sale: 2008
	Purchase Price: \$2.6 million for 85.5 shares
	Avg Ann Yield (AF): 195
i	Purchase Price/AF: \$13,333
j	2008 CPI ^(a) : 209.903
j	2024 CPI ^(a) : 325.308
k	CPI Adj Price/AF: \$20,664
l	2024 Price for 195 AF: \$4,029,484
	Adjustment to remove value of storage: Total shares in Vail Ditch: 400
	associated with 85.5 shares: Storage in Meadow Creek Reservoir: 850 AF
m	Storage associated with 85.5 shares: 182 AF
n	Assumed storage available for regulation: 91
o	Assumed 2024 value of storage: \$7,000 per acre-foot
p	Assumed 2024 value of 91 AF of storage: \$637,000
q	Value adjusted for storage: \$3,392,484
r	Value adjusted for storage per AF: \$17,397
s	Adjustment to Reflect Rights not Yet Changed: 110%
t	Adjusted value/AF: \$19,137
u	Total adjusted value for 915 AF: \$17,510,437
v	AF of storage need to meet return flow obligations: 132
w	Total cost of storage to meet return flow obligations: \$924,000
x	Total value adjusted for storage: \$16,586,437
y	Comparable Value/AF: \$18,127

Table 4-1

**Summary of Comparable Water Rights Sales and Leases
Skylark Ranch Water Rights Valuation
Climax Molybdenum Company**

Rich Ditch Sale

	Description:	Changed consumptive use water from Crooked Creek, trib to Fraser River
	Seller:	Valley at Winter Park Water District
	Buyer:	Highland Investment Co., LLC
	Year of Sale:	2016
	Purchase Price:	\$85,000
	Avg Ann Yield (AF):	7.5
z	Cost per AF:	\$11,333
j	2016 CPI ^(a) :	246.643
j	2024 CPI ^(a) :	325.308
aa	Present Value/AF:	\$14,948
ab	Total present value for 915 AF:	\$13,677,436
ac	AF of storage need to meet return flow obligations:	132
ad	Total cost of storage to meet return flow obligations:	\$924,000
ae	Total value adjusted for storage:	\$12,753,436
af	Comparable Value/AF:	\$13,938

Notes:

a = \$472.60 for 75 years at 2.75% discount rate
 b see report text
 c = a * b
 d = c * 915 AF
 e see report text
 f = 132 AF * \$7,000 / AF
 g = d - f
 h = g / 915 AF
 i = \$2.6 million / 195 AF
 j Consumer Price Index (CPI) values from U.S. Bureau of Labor Statistics (<https://www.bls.gov/cpi/>)
 k = i * 325.308 / 209.903
 l = k * 195 AF
 m = 85.5 / 400 * 850
 n = m * 50%
 o see report text
 p = 91 AF * \$7,000 / AF
 q = l - p
 r = q / 195
 s see report text
 t = r * s
 u = 915 AF * t
 v see report text
 w = 132 AF * \$7,000 / AF
 x = u - w
 y = x / 915 AF
 z = \$85,000 / 7.5
 aa = z * 325.308 / 246.643
 ab = aa * 915 AF
 ac see report text
 ad = 132 AF * \$7,000 / AF
 ae = ab - ad
 af = ad / 915

Table 4-2

**Summary of Value Calculations
Skylark Ranch Water Rights Valuation
Climax Molybdenum Company**

Incidental Rights	Amount	Notes
(1) Average annual consumptive use yield (AF)	915	See report text and Table 3-1.
(2) 2024 value (\$/AF)	\$15,000	Mid range of comparable values
(3) 2024 Value of Skylark Ranch Water Rights (\$)	\$13,725,000	(1) x (2)

Appendix A
Decree in Case No. 96CW3681

FINDINGS OF FACT

Based upon a preponderance of the evidence, the Court finds the following:

1. Procedural Background

1.1. The Applicant. The name and address of the Applicant are:

Climax Molybdenum Company ("Climax")
Henderson Mine
Empire, Colorado 80438
(303) 271-0107

Climax is the owner of the Henderson Mine and Mill. The Henderson Mine is located beneath the Continental Divide in Clear Creek and Grand Counties. The Henderson Mill is located in the Williams Fork River basin in Grand County. Molybdenum ore is mined in the Henderson Mine and conveyed to the Henderson Mill via a 14.6 mile long conveyance mechanism, 9.6 miles of which are located underground. At the Henderson Mill the ore is milled, processed, and refined; water is an integral component of these processes. Water is also used extensively in the Henderson Mine for various purposes, including domestic uses, fire-fighting, dust suppression, and other industrial purposes.

1.2. The Application. The Application for a change of water rights and to appropriate conditional rights of exchange was originally filed on December 31, 1996. Pursuant to the terms of this Decree, Climax may change a number of agricultural water rights it owns in the Williams Fork River basin (the "Skylark Ranch Water Rights") to enable the use of the historic depletions attributable to those water rights as a source of substitute supply for various exchanges on the Williams Fork River (the "Skylark Exchanges"). The purposes of the Skylark Exchanges decreed herein are to provide water for direct use or storage to meet additional industrial, domestic, fire suppression, reclamation, wetlands mitigation, and augmentation demands at the Henderson Mill and Henderson Mine, and to provide water to enable Climax to meet long-term water delivery obligations to the City of Golden for municipal purposes. Climax may also use the water rights for continued livestock watering and irrigation of the historically irrigated lands until the water is needed for the new uses.

On June 29, 2000 the Applicant filed and the Court granted its Motion to Amend Application. The Applicant filed the amended application to add a third claim in which it seeks to augment depletions from: (1) a well drilled into the alluvium of the South Fork of the Williams Fork River to supply water to the PC2 Drive House Building for industrial and

domestic purposes, including but not limited to sanitary, motor cooling and dust suppression, and (2) increased out-of-priority evaporation and evapotranspiration losses from Applicant's replacement wetlands in the Williams Fork Valley which are larger than the natural wetlands.

On November 28, 2000, Water Referee Daniel Petre granted Applicant's Motion to Bifurcate. Pursuant to the bifurcation, Case No. 96CW3681 was Applicant's claim for change of water rights to industrial and other related purposes, including the quantification of historic consumptive use; the claims for conditional exchanges to the Henderson Mill; and the plan for augmentation to the Drive House Well and Replacement Wetlands. Case No. 96CW3682 was Applicant's claim to appropriate conditional exchanges on the Williams Fork River to the Henderson Tunnel for trans-mountain delivery of a portion of the historic consumptive use determined in 96CW3681 for industrial use in the Henderson Mine and to Clear Creek for delivery to the City of Golden. By order of the Water Referee, the cases were consolidated on March 21, 2002 as Case No. 96CW3681.

1.3. Jurisdiction. Timely and adequate notice of the pendency of this proceeding in rem has been given in the manner required by law. Time for filing statements of opposition and for seeking leave to intervene has expired. This Court has subject matter jurisdiction over the Application and this proceeding, and personal jurisdiction over all persons who would have standing to appear as parties, regardless of whether they have appeared.

1.4. No Designated Ground Water. The land and water rights involved herein are not included within the boundaries of any designated ground water basin.

1.5. The Objectors. Timely statements of opposition to Climax's Application were filed by: the Colorado River Water Conservation District; Ute Water Conservancy District acting by and through its Ute Water Activity Enterprise; Union Oil Company of California; Williams Peak Ranch Company; and the City and County of Denver acting by and through its Board of Water Commissioners ("Denver").

1.6. Withdrawn Statements of Opposition and Stipulations. The following parties have withdrawn their statements of opposition or entered a stipulated settlement with Climax: City and County of Denver, acting by and through its Board of Water Commissioners (November 8, 2002); Colorado River Water Conservation District (February 22, 2002); Union Oil Company of California (February 12, 2002); Ute Water Conservancy District (February 22, 2002); and Williams Peak Ranch Company (August 6, 2002).

2. Claim for Change of Water Right.

2.1. Description of the Subject Water Rights. The Skylark Ranch Water Rights are as follows:

TABLE 1

STRUCTURE	CIV ACT # (GRAND CTY DIST CT)	ADJUD DATE	APPROP DATE	SOURCE	AMOUNT	HISTORIC USE	DECREED POINT OF DIVERSION
LOST CREEK WATER RIGHTS							
Gervens No. 1 Ditch	183	8/03/11	6/02/02	Lost Creek	2.000 cfs	Irrigation	The north bank of Lost Creek at a point whence the NW corner, Sec 33, T1S, R78W, 6th PM, bears N 43° W 2,820 ft
Gervens No. 2 Ditch	183	8/03/11	9/30/04	Lost Creek	1.375 cfs	Irrigation	The left bank of Lost Creek at a point whence the SW corner of Sec 33, T1S, R78W, 6th PM, bears S 35°2' W 1,146 ft
Lost Creek Ditch	183	8/03/11	9/16/08	Lost Creek	8.000 cfs	Irrigation	The west bank of Lost Creek at a point whence the NW corner, Sec 17, T2S, R78W, 6th PM, bears N 40°14' W 3,887 ft
Gervens No. 2 Ditch	259	3/18/16	9/30/04	Lost Creek	1.125 cfs	Irrigation	The left bank of Lost Creek at a point whence the SW corner of Sec 33, T1S, R78W, 6th PM, bears S 35°2' W 1,146 ft

Findings of Fact, Conclusions of Law, Ruling and Decree
 Climax Molybdenum Company
 Case Nos. 96CW3681
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MULE CREEK WATER RIGHTS							
B.W. Field Mule Creek No. 1 Ditch	183	8/03/11	5/31/1889	Mule Creek	2.500 cfs	Irrigation	The west bank of the W fork of Mule Creek at a point whence the NW corner, Sec 8, T2S, R78W, 6th PM, bears N 12° 50' E 2,770 ft
John Shore Ditch	183	8/03/11	10/01/1888	Mule Creek	2.500 cfs	Irrigation	The north bank of Mule Creek at a point whence the NW corner of the NE 1/4 of Sec 32, T1S, R78W, 6th PM, bears S 37° E 3,920 ft. Transferred to the John Shore #1 headgate
John Shore #1 Ditch	183	8/03/11	6/30/1890	Mule Creek	2.000 cfs	Irrigation	The north bank of Mule Creek at a point whence the SE corner of the NE 1/4 of Sec 32, T1S, R78W, 6th PM, bears S 25° E 2,200 ft.
Burtcher Ditch	183	8/03/11	12/31/1897	Mule Creek	2.500 cfs	Irrigation	The west bank of Mule Creek at a point whence the SW corner, Sec 32, T1S, R78W, 6th PM, bears N 65° W 1,950 ft
B.W. Field Mule Creek No. 2 Ditch	183	8/03/11	7/15/08	Mule Creek	1.000 cfs	Irrigation	At a point whence the SW corner, Sec 8, T2S, R78W, 6th PM, bears S 13°34' E 1,469 ft. Now diverted at the Burtcher Ditch headgate described above

Findings of Fact, Conclusions of Law, Ruling and Decree
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SKYLARK CREEK WATER RIGHTS							
F.A. Field Ditch	112	8/03/06	5/15/1889	Skylark Creek	3.250 cfs	Irrigation	The west bank of Skylark Creek at a point whence the SW corner, Sec 31, T1S, R78W, 6th PM, bears S 16°30' W 1,237.5 ft
Scholl Ditch	183	8/03/11	12/01/1887	Skylark Creek	1.500 cfs	Irrigation	The west bank of Skylark Creek at a point whence the quarter corner between Sec 19 and Sec 30, T1S, R78W, 6th PM, bears N 3°12' E 2,640 ft
Williams Ditch	183	8/03/11	5/20/1888	Skylark Creek	3.000 cfs	Irrigation	The west bank of Skylark Creek at a point whence the quarter corner between Sec 30 and Sec 31, T1S, R78W, 6th PM, bears N 13°5' W 2,150 ft
Skylark Reservoir	183	8/03/11	12/31/03	Skylark Creek	12.23 acre-ft Climax owns ½ of the interest in this water right	Storage of water for irrigation purposes	The headgate of the feeder canal is located on Skylark Creek at a point whence the quarter corner between Sec 30 and Sec 31, T1S, R78W, 6th PM, bears N 40° W 1,070 ft
McCandliss Ditch	356	7/12/19	7/26/17	Skylark Creek	1.500 cfs	Irrigation	The east bank of Skylark Creek at a point whence the SW corner of Sec 31, T1S, R78W, 6th PM, bears S 74°29' W 93.4 ft
North Skylark Ditch	814	11/11/52	6/01/13	North Fork of Skylark Creek	3.000 cfs	Irrigation	The left bank of North Skylark Creek at a point whence the NE corner, Sec 1, T2S, R79W, 6th PM, bears N 54°25' E 3,053 ft
South Skylark Ditch	814	11/11/52	8/01/49	South Fork of Skylark Creek	1.500 cfs	Irrigation	The right or east bank of South Skylark Creek at a point whence the NE corner, Sec 1, T2S, R79W, 6th PM, bears N 29°45' E 2,066 ft

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BATTLE CREEK WATER RIGHTS							
Langholen #4 Ditch	183	8/03/11	9/30/1889	Battle Creek	1.125 cfs	Irrigation	The west bank of Battle Creek at a point whence the quarter corner between Sec 24 (Sec 25) and Sec 26, T1S, R79W, 6th PM, bears S 74°30' W 645 ft
Langholen #3 Ditch	183	8/03/11	9/30/1889	Battle Creek	1.250 cfs	Irrigation	The north bank of Battle Creek at a point whence the quarter corner between Sec 26 and Sec 27, T1S, R79W, 6th PM, bears S 74°40' W 2,217 ft
Langholen #2 Ditch	183	8/03/11	7/01/1890	Battle Creek	1.250 cfs	Irrigation	The south bank of Battle Creek at a point whence the quarter corner between Sec 26 and Sec 27, T1S, R79W, 6th PM, bears N 19° W 205 ft
Langholen #1 Ditch	183	8/03/11	7/31/1890	Battle Creek	1.250 cfs	Irrigation	The north bank of Battle Creek at a point whence the quarter corner between Sec 26 and Sec 27, T1S, R79W, 6th PM, bears S 1°15' W 280 ft
Shore #1 Ditch	183	8/03/11	7/31/1890	Battle Creek (The decree erroneously shows Mule Creek)	2.000 cfs	Irrigation	The left bank of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 78° (68°?) 15' E 4,143 ft
Shore #2 & #3 Ditch	183	8/03/11	4/20/08	Battle Creek	2.000 cfs (Combined diversion not to exceed 2.000 cfs)	Irrigation	The right bank of north fork of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 70°30' E 2,213 ft
Buehler #1 Ditch	304	8/11/17	12/31/05	Battle Creek	0.500 cfs	Irrigation	The north bank of the middle fork of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 48°12' E 3,093 ft

Buehler #2 Ditch	304	8/11/17	12/31/13	Battle Creek	0.500 cfs	Irrigation	The east bank of the south branch of the middle fork of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 44°45' E 3,801 ft
Buehler #3 Ditch	304	8/11/17	12/31/13	Battle Creek	0.500 cfs	Irrigation	The west bank of the south branch of the middle fork of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 35°27' E 4,850 ft
Buehler #4 Ditch	304	8/11/17	12/31/13	Battle Creek	0.500 cfs	Irrigation	The south bank of the middle fork of Battle Creek at a point whence the E quarter corner of Sec 27, T1S, R79W, 6th PM, bears N 46°50' E 5,051 ft

2.2. Historic Use of the Skylark Ranch Water Rights. The Skylark Ranch Water Rights have historically been used to irrigate meadows and pastures of native grasses. The total irrigated area associated with the Skylark Ranch Water Rights is estimated to be approximately 752 acres. Generally, the land irrigated by the water rights is divided into three basins tributary to the Williams Fork River. The Lost Creek and Mule Creek basins are considered to be a single unit due to transbasin diversions from Lost Creek to Mule Creek. Presently, about 186 acres are irrigated in Mule Creek basin. Approximately 382 acres of hay and pasture land are irrigated in the Skylark Creek basin; in the Battle Creek basin approximately 152 acres are irrigated.

2.3. Proposed Change of the Skylark Ranch Water Rights. Climax seeks to change the historic depletions associated with the Skylark Ranch Water Rights for use as a source of substitute supply for the Skylark Exchanges described in part 3 of this decree, and in the plan for augmentation described in part 4. To the extent the Skylark Ranch Water Rights are not used as a substitute source of supply under one or more of the Skylark Exchanges or as a source of replacement water under the Plan for Augmentation, Climax may continue to use the Skylark Ranch Water Rights for livestock watering and to irrigate the historically irrigated lands.

2.4. Terms and Conditions Governing the Change of Use of the Skylark Ranch Water Rights. This Court finds that there will be no material injury to the owners or users of water under vested water rights or decreed conditional water rights as a result of the change of the Skylark Ranch water rights to include their use as a substitute source of supply for the exchanges

and plan for augmentation described in parts 3 and 4 of this Decree, so long as there is compliance with and proper administration of the protective terms and conditions set forth below.

2.4.1. Diversion Limitations. The Skylark Ranch Water Rights shall be diverted for use as a substitute source of supply for the exchanges and augmentation plan described below in accordance with the following conditions:

a. Diversion Season. Diversions under the Skylark Ranch Water Rights shall be limited to the period of May 1 through September 30 (the "Diversion Season").

b. Priority System. Diversions shall be made only at times when the Skylark Ranch Water Rights are in priority and only at times when the flow of the Williams Fork River in the reach between Kinney Creek and Williams Fork Reservoir exceeds the CWCW minimum stream flow water rights decreed in Case Nos. 79CW173, 79CW174, 79CW175, 79CW179, 79CW180, 79CW181, 79CW183, and 79CW185 (the "Minimum Stream Flow Rights"). Climax shall not be entitled to place calls on the mainstem of the Williams Fork River under the Skylark Ranch Water Rights. Diversions shall not be made in reliance on releases made by the Bureau of Reclamation ("BOR") from the so-called "historic users pool" ("HUP") in Green Mountain Reservoir on behalf of Western Slope domestic and irrigation users except when and to the extent that the Skylark Ranch Water Rights are being used for livestock watering and irrigation as contemplated by the last sentence of paragraph 2.3 above, and any such diversions in reliance on those HUP releases shall be in accordance with the provisions of Senate Document No 80 and applicable BOR policy.

c. Maximum Diversion Limitations. Total diversions of the Skylark Ranch Water Rights for use as a substitute source of supply shall be limited to a maximum annual volume of 1,159 acre-feet. The running average of the annual diversions under the Skylark Ranch Water Rights during any ten-year period shall not exceed 1,041 acre-feet.

d. Maximum Monthly Diversions: Skylark Ranch Water Rights. At times when all of the Skylark Ranch Water Rights are in priority (with the exception of the relatively junior North and South Skylark Creek Ditches), diversions shall be limited to the following maximum monthly diversion rates and volumes:

TABLE 2

MONTH	MAXIMUM DIVERSION RATE (CFS)	MAXIMUM MONTHLY DIVERSION (ACRE-FEET)
May	8.5	523
June	9.7	578
July	5.1	313
August	2.1	128
September	1.8	108

e. Maximum Monthly Diversions: F. A. Field Ditch. At times when only the F. A. Field Ditch water right is in priority, diversions shall be limited to the following maximum monthly diversion rates and volumes:

TABLE 3

MONTH	MAXIMUM DIVERSION RATE (CFS)	MAXIMUM MONTHLY DIVERSION (ACRE-FEET)
May	1.0	59
June	1.0	60
July	0.9	50
August	0.3	16
September	0.2	12

f. Drought Year Limitations. Notwithstanding the provisions of subparagraphs d and e above, during those years when the May 1 snow-water equivalent at the National Resource Conservation Service's Jones Pass SNOTEL site is less than 10.0 inches, total diversions of the Skylark Ranch Water Rights for use as a source of substitute supply shall be limited to 2.91 percent of the sum of: (i) the monthly measured streamflow at the Williams Fork River near Leal gaging station, and (ii) the monthly diversions by Denver through the Gumlick Tunnel. If the Jones Pass SNOTEL site is discontinued, Climax and Denver shall mutually agree on an appropriate substitute site. It is understood that the purpose of the terms and conditions contained in this sub-paragraph is to prevent an expansion of diversions on the mainstem of the Williams Fork River under the changed Skylark Ranch Water Rights during drought years when the physical availability of water at the water rights' original points of diversion is limited.

2.4.2. Winter Return Flow Obligations. At times during the historic Non-Diversion Season of October 1 through April 31 when there is a valid downstream call senior to 1996, Climax shall provide water to compensate for historic irrigation winter return flows. The winter return flows shall be provided in the following manner and from the following sources.

a. Volume. The volume of required winter releases shall be equal to 12.1 percent of the volume diverted for use during the previous period of May through September. For example, if Climax diverts 1,041 acre-feet at the Henderson Mill during May through September, the required winter return flow shall be equal to 126 acre-feet (12.1% of 1,041 = 126).

b. Rate and Period. The winter return flows shall be provided at a generally constant rate during the period of October through December, or otherwise as approved by the Water Commissioner. In the example above, the winter return flow requirement of 126 acre-feet would be returned at a constant rate of 0.68 cfs during October through December.

c. Location of Return Flows. The winter return flow release may be made at any location upstream of the calling water right.

d. Sources. In addition to releases from storage facilities at the Henderson Mill of water stored under the Skylark Ranch Water Rights, winter return flow obligations may be met through one or more of the following sources:

(i) Climax's Incidental Water Rights. Climax's "Incidental" Water Rights consist of a group of water rights that were incidental to the purchase of agricultural land located in Ute Park or on the Williams Fork River above its confluence with Ute Creek. The Incidental Water Rights, as described below, are fully consumable water rights which were changed in Case No. W-528-76, Grand County District Court, for industrial purposes within the Henderson Mill Water System. They are decreed to be diverted through the Henderson Mill Water System intake points, described in Section 3 of this decree.

DITCH NAME	APPROP. DATE	ADJ. DATE	PRIORITY NUMBER	ORIGINAL DECREE*	AMNT (CFS)	SOURCE
Ute Park Ditch	5/15/1897	8/3/1911	205-A	C.A. No. 183	5.0	Ute Creek
Story No. 1 Ditch	6/15/1897	8/3/1911	205-B	C.A. No. 183	0.5	Ute Creek

Story No. 2 Ditch	6/5/1897	8/3/1911	205-C	C.A. No. 183	0.5	Ute Creek
Story No. 3 Ditch	6/15/1897	8/3/1911	205-D	C.A. No. 183	0.8	Ute Creek
Story No. 4 Ditch	5/31/1898	8/3/1911	211	C.A. No. 183	0.5	East Fork Ute Creek
Wade Reed Ditch	6/1//1901	8/3/1911	218	C.A. No. 183	7.5**	South Fork Williams Fork

* Grand County District Court

**3.2 cfs of the Wade Reed Ditch was changed in Case No. W-528-76. 4.3 cfs was abandoned.

The Incidental Water Rights are decreed for year-round use in the following amounts: (a) May 15 to September 30: 10.5 cfs combined maximum rate, not to exceed 704 acre-feet annually (less amounts diverted under Priority No. 205-A between October 1 and May 15); and (b) October 1 to May 15: pursuant to Priority No. 205-A, 1.5 cfs maximum rate, not to exceed 168 acre-feet of consumptive use annually.

(ii) The Arkansas Well Water Right. The Arkansas Well Water Right is located on Climax property near the headwaters of the East Fork Arkansas River in the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 10, Township 8 South, Range 79 West of the 6th Principal Meridian, whence the Southeast Corner of Section 10 bears south 17°37' east, a distance of 364.8 feet on the East Branch of the Arkansas River in Lake County, Colorado. The source of this water right is the Arkansas River.

The water right for this well was originally decreed to the Stevens and Leiter Ditch, with an appropriation date of September 1, 1873 and an adjudication date of September 10, 1904. A one-seventh interest in the Stevens and Leiter Ditch was purchased by Climax and transferred to the Arkansas Well in 1964, Civil Action No. 5276, Chaffee County District Court. In Case No. 91CW028, the Water Court for Water Division No. 2 confirmed that Climax is entitled to divert and fully consume water in the Tenmile Creek basin under its one-seventh interest in the Stevens and Leiter Ditch. Trans-basin diversions into the Tenmile Creek basin are limited to 1.086 cfs and the annual volume diverted is limited to 786 acre-feet. Consumptive use credits attributable

to the Arkansas Well water right accrue to Tenmile Creek, a tributary of the Blue River, which is a tributary of the Colorado River.

(iii) The Wills Tunnel and Pipeline (a.k.a. the Phillipson Tunnel). The Wills Tunnel and Pipeline is a structure that diverts water from the mine workings of the Climax Mine. The Wills Tunnel and Pipeline water right was decreed on August 22, 1932 by the Summit County District Court in Civil Action No. 1698 as a developed water right. In the decree in Case Nos. 92CW233 and 92CW336, Water Division No. 5, the Wills Tunnel and Pipeline water right was re-quantified in the amount of 648 acre-feet per year, available at a rate of 54 acre-feet per month and 1.78 acre-feet per day. To the extent the Wills Tunnel and Pipeline water right is out of priority during the period of May 1 through July 31, the consumptive use credit for the right of 54 acre-feet per month is proportionately reduced during the subsequent period of August through April. Consumptive use credits attributable to the Wills Tunnel and Pipeline water right accrue to Tenmile Creek, a tributary of the Blue River, which is a tributary of the Colorado River.

(iv) Replacement water to meet lagged winter return flow obligations shall be provided from sources identified above, or any future sources approved by the Division Engineer.

e. Accounting: Climax shall provide accounting monthly, or as reasonably required by the Division No. 5 Engineer, for its Henderson Mill water rights, including calculations of depletions and replacements of lagged winter return flows.

2.4.3. Irrigation Diversions. Climax shall be allowed to use the Skylark Ranch Water Rights for continued irrigation of the historically irrigated lands until the water is needed for the new uses. To the extent that Climax will use some or all of the water rights for continued irrigation, the volumetric limitations described above in Tables 2 and 3 shall be reduced proportionately. After all of the water rights have been applied to the new uses, Climax shall cease all irrigation diversions under the Skylark Ranch Water Rights.

3. Claim for Conditional Rights of Exchange

Climax may use the Skylark Ranch Water Rights as sources of substitute supply for the exchanges described below. These exchanges will enable Climax to apply the historic depletions attributable to the Skylark Ranch Water Rights to new beneficial uses.

3.1. Description of End Points and Structures Involved in the Exchanges.

3.1.1. Lower End Points of Exchange Reaches

a. Confluence of Skylark Creek with Williams Fork River. The Confluence of Skylark Creek with the Williams Fork River is located in the Southwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 17, Township 1 South, Range 78 West of the 6th P.M., Grand County, Colorado.

b. Williams Fork Reservoir. Williams Fork Reservoir dam is located in the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of Section 23, Township 1 North, Range 79 West of the 6th P.M., Grand County, Colorado.

c. East Branch Flood Bypass Pipeline. The East Branch Flood Bypass Pipeline is located at a point whence the Southeast corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South $14^{\circ}40'$ East a distance of 13,460 feet.

3.1.2. Upper End Points of Exchange Reaches

a. The Henderson Mill Water System. The Henderson Mill Water System is comprised of the following intakes. Exchanged water may be diverted into these intake points singularly or in combination:

(i) Intake 1 - Williams Fork Pipeline. The Williams Fork Pump Station is located on the Williams Fork River in the Northeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 25, Township 2 South, Range 78 West, 6th P.M., Grand County, Colorado. From the pump station, water may be diverted (a) directly to the Henderson Mill system for use in industrial processes or (b) to the East Branch Reservoir, Lost Creek Reservoir, Ute Creek Reservoir and/or the Henderson Mill Tailings Pond for storage.

(ii) Intake 2 - Henderson Mill Potable Water Pipeline. The Henderson Mill Potable Water Pipeline is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South $61^{\circ}48'41''$ East a distance of 9,407.35 feet.

(iii) Intake 3 - Ute Creek Pipeline. The headgate of the Ute Creek Pipeline is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South $61^{\circ}54'25''$ East a distance of 9,341.93 feet.

(iv) Intake 4 - Lower Ute Creek Intake. The Lower Ute Creek Intake is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West of the 6th P.M., bears South $53^{\circ}10'$ East a distance of 7,854.93 feet.

(v) Intake 5 - Lost Creek Intake. The point of diversion of the Lost Creek Intake is at the Lost Creek Pump Station, to be located at a point whence the Northeast Corner of Section 32, Township 1 South, Range 78 West of the 6th P.M., bears North $4^{\circ}10'$ East a distance of 8,700 feet, at the outlet works of the Lost Creek Dam.

(vi) Intake 6 - Lost Creek Reservoir. Lost Creek Reservoir presently consists of a partially constructed dam (outlet works only). The right abutment of the dam axis is to be located at a point whence the Northeast corner of Section 32, Township 1 South, Range 78 West of the 6th P.M., bears North $1^{\circ}10'$ East a distance of 9,420 feet.

(vii) Intake 7 - East Branch Reservoir. The right abutment of the dam axis of East Branch Reservoir is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West, 6th P.M., bears South $38^{\circ}01'56''$ East a distance of 7,825.77 feet.

(viii) Intake 8 - Ute Creek Reservoir. The right abutment of the dam axis of Ute Creek Reservoir is located at a point whence the Southeast Corner of Section 36, Township 2 South, Range 78 West, 6th P.M., bears South $61^{\circ}58'37''$ East a distance of 9,278.92 feet.

b. The Henderson Tunnel Pipeline. The Henderson Tunnel Pipeline will begin at or near the West Portal of the Henderson Haulage Tunnel, located in the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 16, Township 3 South, Range 77 West, 6th P.M., Grand County, Colorado. Water delivered to the Henderson Tunnel Pipeline will be conveyed by the pipeline through the Henderson Haulage Tunnel and pumped through mine shafts in the Henderson Mine to Woods Creek, a tributary of Clear Creek, for delivery to the City of Golden. There are three proposed intakes for the Henderson Tunnel Pipeline:

(I) Intake 1 - Darling Creek Intake. The Darling Creek Intake is located in the West $\frac{1}{2}$ of the Southwest $\frac{1}{4}$ of Section 9, Township 3 South, Range 77 West of the 6th P.M.

(ii) Intake 2 - Williams Fork Intake. The Williams Fork Intake is located in the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 16, Township 3 South, Range 77 West of the 6th P.M.

(iii) Intake 3 - South Fork Intake. The South Fork Intake is located in the Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 8, Township 3 South, Range 77 West of the 6th P.M.

3.2. Description of Exchanges

3.2.1. **Skylark Creek to Henderson Mill Exchange**

a. Exchange Reach. The Skylark Creek-Henderson Mill Exchange will run from the Confluence of Skylark Creek and the Williams Fork River to the Henderson Mill Water System intake points. Under the exchange, historic depletion credits attributable to the Lost Creek, Mule Creek, and Skylark Creek Water Rights will be delivered to the Williams Fork River. Simultaneous with such deliveries, an equal amount of water that would otherwise be out-of-priority shall be diverted by exchange at one or more of the Henderson Mill Water System intakes.

b. Amount of Exchange. The amount of the exchange shall not exceed 9.0 cfs.

c. Sources of Substitute Supply. The sources of substitute supply for the Skylark Creek-Henderson Mill Exchange will be the historic depletion credit attributable to the Lost Creek, Mule Creek and Skylark Creek Water Rights.

d. Use of Exchanged Water. Water that is exchanged by the Skylark Creek-Henderson Mill Exchange may be used either directly or after storage for all beneficial purposes, including, without limitation: industrial, domestic, fire suppression, reclamation, wetlands mitigation, and augmentation use associated with the Henderson Mill. The water diverted under this exchange may be used, reused, successively used, and disposed of to extinction; including successive use as a source of substitute supply for the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange described below.

e. Appropriation Date. September 20, 1994

3.2.2. **Williams Fork Reservoir to Henderson Mill Exchange**

a. Exchange Reach. The Williams Fork Reservoir-Henderson Mill Exchange will run from the Williams Fork Reservoir Dam to the Henderson Mill Water System intake points. Under the exchange, historic depletion credits attributable to the Battle Creek

Water Rights, will be delivered to the Williams Fork River. Simultaneous with such deliveries, an equal amount of water that would otherwise be out-of-priority shall be diverted by exchange at one or more of the Henderson Mill Water System intakes.

b. Amount of Exchange. The amount of the exchange shall not exceed 1.5 cfs.

c. Sources of Substitute Supply. The sources of substitute supply for the Williams Fork Reservoir-Henderson Mill Exchange will be the historic depletion credits attributable to the Battle Creek Water Rights.

d. Use of Exchanged Water. Water that is exchanged by the Williams Fork Reservoir-Henderson Mill Exchange may be used either directly or after storage for all beneficial purposes, including, without limitation: industrial, domestic, fire suppression, reclamation, wetlands mitigation, and augmentation use associated with the Henderson Mill. The water diverted under this exchange may be used, reused, successively used, and disposed of to extinction; including successive use as a source of substitute supply for the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange described below.

e. Appropriation Date. September 20, 1994

3.2.3. Skylark Creek to Henderson Tunnel Pipeline Exchange

a. Exchange Reach. The Skylark Creek-Henderson Tunnel Exchange will run from the Confluence of Skylark Creek and the Williams Fork River to one or more of the Henderson Tunnel Pipeline intakes. Under the exchange, historic depletion credits attributable to the Lost Creek, Mule Creek, and Skylark Creek Water Rights will be delivered to the Williams Fork River. Simultaneous with such deliveries, an equal amount of water that would otherwise be out-of-priority shall be diverted by exchange at one or more of the Henderson Tunnel Pipeline intakes.

b. Amount of Exchange. The amount of the exchange shall not exceed 9.0 cfs.

c. Sources of Substitute Supply. The sources of substitute supply for the Skylark Creek-Henderson Tunnel Pipeline Exchange will be historic depletion credits attributable to the Lost Creek, Mule Creek and Skylark Creek Water Rights.

d. Use of Exchanged Water. Water that is exchanged by the Skylark Creek-Henderson Tunnel Pipeline Exchange may be used for all purposes in the Henderson Mine, including, without limitation: industrial, domestic, fire suppression, and augmentation use. Exchanged water may also be delivered via the Henderson Tunnel Pipeline to the Clear Creek drainage for delivery to the City of Golden for municipal purposes. After such initial uses, the water diverted pursuant to this exchange may be reused, successively used, and disposed of to extinction.

e. Appropriation Date. September 20, 1994

3.2.4. Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange

a. Exchange Reach. The Williams Fork Reservoir-Henderson Tunnel Exchange will run from the Williams Fork Reservoir Dam to one or more of the Henderson Tunnel Pipeline intakes. Under the exchange, historic depletion credits attributable to the Battle Creek Water Rights will be delivered to the Williams Fork River. Simultaneous with such deliveries, an equal amount of water that would otherwise be out-of- priority shall be diverted by exchange at one or more of the Henderson Tunnel Pipeline intakes.

b. Amount of Exchange. The amount of the exchange shall not exceed 1.5 cfs.

c. Sources of Substitute Supply. The sources of substitute supply for the Williams Fork Reservoir-Henderson Tunnel Pipeline Exchange will be the historic depletion credits attributable to the Battle Creek Water Rights.

d. Use of Exchanged Water. Water that is exchanged by the Williams Fork Reservoir-Henderson Tunnel Pipeline Exchange may be used for all purposes in the Henderson Mine, including, without limitation: industrial, domestic, fire suppression, and augmentation use. Exchanged water may also be delivered via the Henderson Tunnel Pipeline to the Clear Creek drainage for delivery to the City of Golden for municipal purposes. After such initial uses, the water diverted pursuant to this exchange may be reused, successively used, and disposed of to extinction.

e. Appropriation Date. September 20, 1994

3.2.5. East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange

a. Exchange Reach. The East Branch Flood Bypass Pipeline-Henderson Tunnel Exchange will run from the East Branch Flood Bypass Pipeline to one or more of the Henderson Tunnel Pipeline intakes. Under the exchange, historic depletion credits attributable to the Skylark Ranch Water Rights which were stored in East Branch Reservoir, Ute Creek Reservoir, Lost Creek Reservoir, and/or the Henderson Mill Tailings Pond will be delivered to the Williams Fork River through the East Branch Flood Bypass Pipeline. Simultaneous with such deliveries, an equal amount of water that would otherwise be out-of-priority shall be diverted by exchange at one or more of the Henderson Tunnel Pipeline intakes.

b. Amount of Exchange. The amount of the exchange shall not exceed 20.00 cfs.

c. Sources of Substitute Supply. The sources of substitute supply for the East Branch Flood Bypass Pipeline-Henderson Tunnel Pipeline Exchange will be the stored historic depletion credits attributable to the Skylark Ranch Water Rights.

d. Use of Exchanged Water. Water that is exchanged by the East Branch Flood Bypass Pipeline-Henderson Tunnel Pipeline Exchange may be used for all purposes in the Henderson Mine, including, without limitation: industrial, domestic, fire suppression, and augmentation use. Exchanged water may also be delivered via the Henderson Tunnel Pipeline to the Clear Creek drainage for delivery to the City of Golden for municipal purposes. After such initial uses, the water diverted pursuant to this exchange may be reused, successively used, and disposed of to extinction.

e. Appropriation Date. September 20, 1994

3.3. Terms and Conditions Governing the Conditional Exchanges. This Court finds that there will be no material injury to the owners or users of water under vested water rights or decreed conditional water rights as a result of the exchanges described above so long as there is compliance with and proper administration of the protective terms and conditions set forth below:

3.3.1. Maximum Amount Diverted by Exchange.

a. The maximum amount of water cumulatively diverted under the Skylark Creek to Henderson Mill Exchange, the Williams Fork Reservoir to Henderson Mill

Exchange, the Skylark Creek to Henderson Tunnel Pipeline Exchange, and the Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange shall not exceed the lesser of the following: (i) 9.00 cfs; (ii) the amount of substitute supply under the Skylark Ranch Water Rights released by Climax to the Williams Fork River at one or more of the Lower End Points described in paragraph 3.1.1.; or (iii) the actual amount of water flowing into the applicable Upper End Points, described in paragraph 3.1.2., that are diverting water under the exchange. In any event, the amount exchanged shall not exceed the lowest amount of water which flows past any intervening headgate on the exchange reach.

b. The maximum amount of water diverted under the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange shall not exceed the lesser of the following: a) 20.00 cfs; b) the amount of substitute supply under the Skylark Ranch Water Rights released by Climax to the Williams Fork River at the East Branch Flood Bypass Pipeline.; or c) the actual amount of water flowing at the applicable Henderson Tunnel Pipeline intakes, described in paragraph 3.1.2.b., that are diverting water under the exchange. In any event, the amount exchanged shall not exceed the lowest amount of water which flows past any intervening headgate on the exchange reach.

3.3.2. Exchange Season. The following exchanges shall only occur during the Skylark Ranch Water Rights Diversion Season of May 1 through September 30: Skylark Creek to Henderson Mill Exchange; Williams Fork Reservoir to Henderson Mill Exchange; Skylark Creek to Henderson Tunnel Pipeline Exchange; and Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange. Because the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange is an exchange from storage, it may occur at any time exchange potential exists regardless of diversion season.

3.3.3. Water Physically Available. Water shall be physically available for release at the point of substitution and exchange as well as the upstream point of diversion. A live stream shall exist between the lower and upper points on the exchange reach.

3.3.4. Intervening, Senior Water Rights: Priority System. Climax's exchanges are appropriative water rights with an appropriation date of September 20, 1994, and like other appropriative water rights will be exercised within the priority system, so that Climax's rights of exchange and substitution are subject to the legal call of water rights senior in priority, and are able to call out water rights junior in priority to Climax's rights of exchange and substitution as decreed herein. To ensure that the exchanges described herein shall not result in diminution or other impairment of the rights of senior water users, Climax shall not exchange water upstream unless senior priorities located on the exchange reach are satisfied either with remaining flows subject to their call or from another source of water supplied by Climax; provided, however, that

this provision shall not be construed as barring Climax's exchanges to the extent that senior exchange priorities on the exchange reach are not being exercised for reasons unrelated to the operation of Climax's exchanges.

3.3.5. C.R.S. § 37-80-120(3). The substitute sources of supply for the Skylark Exchanges shall be of a quality and continuity to meet the requirements of use to which downstream senior appropriators have normally been put.

3.3.6. Notice to Division Engineer. Advance notice of the operation of the exchanges shall be provided by Climax to the Division Engineer's office. Climax shall regularly maintain diversion and accounting forms and shall provide them to the Division Engineer as reasonably required.

3.3.7. Terms and Conditions Governing Exchanges for Trans-Mountain Use. Climax shall be subject to the following terms and conditions with respect to the use in the South Platte Basin of any water exchanged under paragraphs 3.2.3 through 3.3.5 above:

a. Basis for Trans-Mountain Diversions: The Henderson Mine, which is located in the Clear Creek basin, has two decreed nontributary water rights: the Henderson Tunnel water right for 0.349 cfs which was decreed in W-1700A-77 by the Division 5 Water Court, and the Henderson Shaft No. 1 water right for 5.00 cfs which was decreed by the Division 1 Water Court (collectively, the "Mine Water Rights). Water attributable to the Mine Water Rights is pumped from the mine, and, after treatment, is discharged to Woods Creek, a tributary of Clear Creek, at the Henderson Mine's surface facilities.

On April 4, 1978, AMAX (Climax's parent company at the time) and the City of Golden entered an agreement whereby AMAX agreed to deliver to the City of Golden 1.00 cfs of the water from the Mine Water Rights. Paragraph 2 of the 1978 Agreement states:

AMAX agrees and binds itself to deliver, at Golden's intake on Clear Creek, in perpetuity, one cubic foot per second of time of the water decreed to AMAX out of the Henderson Project, as evidenced by the decree in Case No. W-7158 in the District Court in and for Water Division No. 1 . . . and the decree in Case No. W-1700 in the District Court in and for Water Division No. 5. *In the event said one cubic foot of water per second of time is not available, AMAX agrees to supply said one C.F.S. or any portion thereof from other sources not tributary to Clear Creek or an equivalent replacement from any other source.* (Emphasis added)

There is a substantial likelihood that the pumping of water from the mine, and the discharge of the water to Clear Creek, will cease at the life of the Henderson Mine. For these reasons, Climax filed its exchanges described in paragraphs 3.2.3 through 3.2.5 above in order to responsibly and reasonably plan for the development of a replacement source to meet its obligations to Golden.

b. Limited Use of Trans-Mountain Diversions. Trans-mountain delivery of water pursuant to this decree shall be limited to fulfilling Climax's obligation to deliver 1.00 cfs of water to the City of Golden in accordance with the provisions of the April 4, 1978 Agreement between AMAX and the City of Golden. Such trans-mountain delivery of water shall not exceed 730 acre feet per year and shall be made only to the extent that the rights referenced in the April 4, 1978 Agreement, quoted in part in subparagraph b above, are unavailable or inadequate to meet that obligation to the City of Golden. For the purposes of this provision, those rights shall not be considered to be "unavailable" or "inadequate" to the extent that they are being used to supply or have been committed to supply any end user other than the City of Golden or Climax, or are being used by Climax outside of Water Division No. 5 for purposes other than supplying or augmenting the Henderson Mine.

c. Decree not a Precedent. The trans-mountain portion of this decree is the result of substantial negotiations and settlement discussions between the parties. Its terms are based on the specific facts and circumstances of this case and compromises by the parties. By stipulating to the entry of this decree, no party in this case intends that it become a precedent to resolve issues in any other case and all parties reserve their rights to challenge the basis for and terms and conditions to be applied to any other trans-mountain claim Climax may make in the future.

4. Claim for Plan for Augmentation

4.1. Description of Plan for Augmentation

As described further below, Climax proposes to augment depletions attributable to an alluvial well and replacement wetlands using historic depletion credits attributable to the Skylark Ranch Water Rights, Climax's Incidental Water Rights, transmountain water attributable to Climax's Arkansas Well, developed water attributable to Climax's Wills Tunnel and Pipeline water right, and/or future sources approved by the Division Engineer. The losses proposed to be augmented include supply water for the PC2 Drive House Building for industrial and domestic purposes, including but not limited to sanitary, motor cooling and dust suppression; and to replace out-of-priority evaporation and evapotranspiration losses from Applicant's replacement wetlands in the Williams Fork Valley.

4.2. Structures to be Augmented: Climax will augment depletions resulting from the out-of-priority use of water by the following structures:

4.2.1. Drive House Well. The Drive House Well is located in the Southeast Quarter of the Southwest Quarter of Section 8, Township 3 South, Range 77 West of the 6th P.M. at a point 450 feet north of the South section line and 1,580 feet east of the West section line. The Drive House Well permit numbers are 051990-F and 056345-F.

4.2.2. Replacement Wetlands. Applicant's Replacement Wetlands, which consist of a total of 2.1 acres, are located in the North ½ of Section 17, Township 3 South, Range 77 West, 6th P.M. The wetlands are mitigation for wetlands that were removed due to the Henderson 2000 Project. The size of the natural wetlands being replaced is 1.54 acres. Therefore, the proposed plan for augmentation seeks to replace the evaporation and evapotranspiration losses attributable to the 0.56 acres of enlarged wetlands surface area associated with the Replacement Wetlands.

4.3. Sources of Replacement Water.

4.3.1. Skylark Ranch Water Rights. The Skylark Ranch Water Rights involve consumptive use credits attributable to the Skylark Ranch Water Rights, described in Section 2 of this decree.

4.3.2. Incidental Water Rights. The Incidental Water Rights are described in paragraph 2.4.2.d(i), above

4.3.3. The Arkansas Well Water Right. The Arkansas Well Water Right is describe in paragraph at 2.4.2.d(ii), above.

4.3.4. The Wills Tunnel and Pipeline (a.k.a. the Phillipson Tunnel). The Wills Tunnel and Pipeline Water Right is described in paragraph 2.4.2.d(iii), above.

4.3.5. Other Sources. Climax may, in the future, use other sources of water to augment the out-of-priority depletions described herein; provided, however, no additional source of replacement water may be so used without prior approval by the Division Engineer.

4.4. Terms and Conditions Governing the Plan for Augmentation. This Court finds that there will be no material injury to the owners or users of water under vested water rights or decreed conditional water rights as a result of the plan for augmentation requested herein so long

as there is compliance with and proper administration of the protective terms and conditions set forth below.

4.4.1. Determination of Climax's Augmentation Requirements: Using the water rights described in section 4.3 above, Climax shall augment all out-of-priority depletions attributable to the Drive House Well and the evaporation and evapotranspiration attributable to the replacement wetlands as follows:

a. Drive House Well: The Drive House Well supplies water for dust suppression, motor cooling, a belt scraper and washing system, a bathroom, and fire protection associated with the Henderson 2000 Project, a modernized ore conveyance system that was completed in 1999. The maximum depletions associated with these uses shall not exceed 16.2 acre-feet per year based on a continuous pumping rate of 10 gallons per minute for 350 days per year.

b. Replacement Wetlands: Depletions attributable to evaporation and evapotranspiration from 0.56 acres of replacement wetlands shall not exceed 1.0 acre-feet per year.

4.4.2. Augmentation Releases: Applicant shall install measuring devices, provide accounting, and supply calculations regarding the timing of depletions as required by the Division Engineer for the operation of this plan. The Applicant shall also file an annual report with the Division Engineer by November 15th of each year summarizing the diversions and replacements made under this plan. Any replacement water provided under this augmentation plan shall be of a quality and quantity to meet the requirements of use to which downstream senior appropriations have normally been put. No replacement shall be required when there is a free river condition on the Williams Fork River; provided, however, that the existence of a free river condition when the initial depletion occurs does not excuse Climax from providing replacement water for out-of-priority lagged depletions attributable to the initial in-priority diversion.

4.4.3. Curtailment. So as to prevent injury to vested water rights, Climax shall, as reasonably determined by the Division Engineer, curtail all out-of-priority diversions under the water rights described in section 4.2 above for which it does not sufficiently replace depletions. Pursuant to C.R.S. 37-92-305(8), the state engineer shall curtail all out-of-priority diversions, the depletions from which are not so replaced as to prevent injury to vested water rights.

4.4.4. Administration. The review of determinations made by the Division Engineer in the administration of this plan for augmentation is a water matter over which this Court has exclusive jurisdiction pursuant to the 1969 Water Rights and Administration Act.

CONCLUSIONS OF LAW

5. Based upon and fully incorporating the Findings of Fact set forth above, this Court concludes as a matter of law that:

5.1. Personal and Subject Matter Jurisdiction. Timely and adequate notice of the pendency of this proceeding in rem has been given in the manner required by law. Time for filing statements of opposition and for seeking leave to intervene has expired. This Court has subject matter jurisdiction over the Application and this proceeding, and personal jurisdiction over all persons who would have standing to appear as parties, regardless of whether they have appeared.

5.2. Application is Lawful. This Application for a change of water rights, conditional rights of exchange, and plan for augmentation is authorized by the Water Right Determination and Administration Act of 1969, C.R.S. §§ 37-92-101 et seq. ("the 1969 Act"), and can be implemented pursuant to this Decree in accordance with said statutes.

5.3. Change of Water Rights. The Court finds that the Applicant's proposed change of water rights, described above, will not injuriously affect the owners of or persons entitled to use water under vested water rights or decreed conditional water rights as long as the changes are operated and administered in accordance with the terms and conditions described herein.

5.4. Exchanges. The Court finds that the Applicant has demonstrated an intent to appropriate five conditional appropriative rights of exchange, (1) the Skylark Creek to Henderson Mill Exchange, (2) the Williams Fork Reservoir to Henderson Mill Exchange, (3) the Skylark Creek to Henderson Tunnel Pipeline Exchange, (4) the Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange, and (5) the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange as of September 20, 1994, and that as of that date the Applicant has taken a substantial step towards such appropriations in the amounts and for the purposes specified above. The Court also finds that the waters can and will be diverted, stored, or exchanged in times, amounts and for the uses described above, and that such waters will be beneficially used and that the project can and will be completed with diligence and within a reasonable time.

5.5. Plan for Augmentation. The proposed plan for augmentation meets the statutory criteria set forth in C.R.S. § 37-92-305(8), and if operated in accordance with the terms and conditions of this Decree, the use of water pursuant to said plan will not injuriously affect the

owner of or persons entitled to use water under a vested water right or a decreed conditional water right.

RULING OF THE REFEREE

6. Based upon the foregoing Findings of Fact and Conclusions of Law, it is hereby ORDERED, AND RULED BY THE COURT:

6.1. Fully Incorporated Ruling and Decree. The foregoing Findings of Fact and Conclusions of Law are hereby fully incorporated into this Ruling.

6.1.1. Application for Change of Water Rights Granted. Climax's Application to change its Skylark Ranch Water Rights is hereby granted subject to the terms and conditions described herein. The historic depletions attributable to the Skylark Ranch Water Rights may be used as a source of substitute supply in the Plan of Augmentation decreed herein, and for the Skylark Creek to Henderson Mill Exchange, the Williams Fork Reservoir to Henderson Mill Exchange, the Skylark Creek to Henderson Tunnel Pipeline Exchange, the Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange, and the East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange. Climax may use the exchanged water directly or after storage for all beneficial purposes, including, without limitation: industrial, domestic, fire suppression, reclamation, wetlands mitigation, and augmentation uses associated with the Henderson Mill. In addition, such water may be delivered via the Henderson Tunnel Pipeline for uses in the Henderson Mine and/or for delivery to the City of Golden for municipal purposes. The water diverted by the exchanges decreed herein may be used, reused, subsequently used, and disposed of to extinction. Climax may also continue to use any of the Skylark Ranch Water Rights not used as a substitute source of supply under one or more of the exchanges or pursuant to the Plan for Augmentation to water livestock and irrigate the historically irrigated lands.

6.1.2. Retained Jurisdiction. Pursuant to C.R.S. §37-92-304(6), the Court shall retain jurisdiction over the change of water rights and plan for augmentation granted herein for reconsideration of the question of whether the provisions of this decree are necessary or sufficient to prevent injury to vested water rights in terms of the amount and timing of water available to such other water rights. The Court's retained jurisdiction shall automatically terminate five (5) years after the date of entry of this decree. During said five (5) year period, the Court's retained jurisdiction may be invoked by any existing party to this case by petition, with appropriate notice to all other parties. The petition shall set forth with particularity the specific injury alleged, together with proposed decorative language that the petitioner contends would remedy the alleged injury that is the basis for the petition. The party lodging the petition shall have the burden of going forward to establish the prima facie injury alleged in the petition. If the

Court finds those facts to be established, Climax shall bear the burden of proving that (a) any modification sought by Climax will avoid injury to other appropriators, or (b) any modification sought by Objectors is not required to avoid injury to other appropriators, or (c) any term or condition proposed by Climax in response to any Objector's petition avoids injury to other appropriators.

6.1.3. Application for Conditional Rights of Exchange Granted. Climax's Application for Conditional Rights of Exchange is hereby granted as follows:

- a. Skylark Creek to Henderson Mill Exchange for 9.00 cfs with an appropriation date of September 20, 1994.
- b. Williams Fork Reservoir to Henderson Mill Exchange for 1.50 cfs with an appropriation date of September 20, 1994.
- c. Skylark Creek to Henderson Tunnel Pipeline Exchange for 9.00 cfs with an appropriation date of September 20, 1994.
- d. Williams Fork Reservoir to Henderson Tunnel Pipeline Exchange for 1.50 cfs with an appropriation date of September 20, 1994.
- e. East Branch Flood Bypass Pipeline to Henderson Tunnel Pipeline Exchange for 20.00 cfs with an appropriation date of September 20, 1994.

6.1.4. Relative Priorities. The exchanges shall be administered as having been filed in 1996 and shall be junior to all water rights applied for in previous years. As between all water rights filed in the same calendar year, priority shall be determined by historical dates of appropriation and shall not be affected by the date of entry of judgment or decree.

6.1.5. Plan for Augmentation Granted. Out-of-priority depletions attributable to the Drive House Well and the evaporation and evapotranspiration losses attributable to the Replacement Wetlands will be replaced in quantity, time, and with fully consumable water attributable to the Skylark Ranch Water Rights, Incidental Water Rights, Arkansas Well Water Rights, the Wills Tunnel Water Rights, or other sources of replacement water approved by the Division Engineer.

6.1.6. Decree Administrable. Upon entry by the Water Court, this decree will be administrable by the Division Engineer for Water Division No. 5 and can be operated without adversely affecting the owners or users of vested water rights or decreed conditional water rights

on the Williams Fork River and its tributaries. So long as water is exchanged and diverted in conformance with the requirements of this decree, there will be no injurious effects to the vested or decreed conditional water rights of others related to the amount or timing of water availability.

6.1.7. Division Engineer Supervision; Measurement and Recording. Advance notice of the operation of the exchanges shall be provided by Climax to the Division Engineer's office. Applicant shall install and maintain measuring devices reasonably required by the Division Engineer, and shall regularly maintain diversion and accounting forms which shall be provided to the Division Engineer as reasonably requested.

6.1.8. Curtailment of Out-of-Priority Depletions. Pursuant to C.R.S. § 37-92-305(8), in administering the augmentation plan approved herein, the State Engineer shall curtail all out-of-priority diversions, the depletions from which are not so replaced as to prevent injury to vested water rights.

6.1.9. Future Diligence Proceedings. The conditional water rights decreed herein for the exchanges are continued in full force and effect until June, 2009. If Climax desires to maintain the conditional water rights, an application for a finding of reasonable diligence shall be filed on or before that date, or a showing shall be made on or before then that one or more of the conditional water rights has become an absolute water right by reason of the completion of the appropriation.

6.2.0. Filing of Copies. A copy of this Ruling and Decree shall be filed with the Water Clerk for Water Division No. 5, and the Decree shall become effective upon filing. Copies shall also be filed with the State Engineer and the Division Engineer for Water Division No. 5.

ENTERED this 7th day of May, 2003.

BY THE COURT:

Copy of the foregoing mailed to all Counsel
of Record, the Division Engineer
and State Engineer. 5-8-03
J. Maule
County Clerk Water Div. No. 5

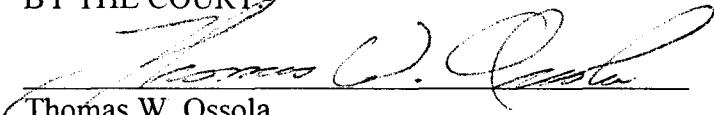
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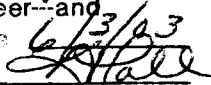
Daniel B. Petre
Daniel B. Petre
Water Referee
Water Division No. 5

THE COURT finds that no protests was filed in these matters. The foregoing ruling of the Water Referee is confirmed and approved and is hereby made the Ruling and Decree of this Court. A copy of the Ruling and Decree shall be filed with the Water Clerk for Water Division No. 5, and the Decree shall become effective upon filing. Copies shall also be filed with the State Engineer and the Division Engineer for Water Division No. 5.

ENTERED this 2nd day of June, 2003.

BY THE COURT:


Thomas W. Ossola
Water Court Judge
Water Division No. 5

Copy of the foregoing mailed to all
Counsel of record--Water
Referee,--Div. Engineer--and
State Engineer--Date 6/3/03


Deputy Clerk, Water Div. No. 5

