

**TOWN OF CASTLE ROCK/CLIMAX MOLYBDENUM COMPANY
SPOT WATER LEASE AGREEMENT**

THIS SPOT WATER LEASE AGREEMENT (the “Agreement”) is entered into on May 19, 2026, by and between the Town of Castle Rock, a home rule municipal corporation, acting by and through the Town of Castle Rock Water Enterprise, as Lessor (the “Town”), and Climax Molybdenum Company, as Lessee (“Lessee”) (collectively, the Town and Lessee are referred to as the Parties).

RECITALS

WHEREAS, the Town owns certain water in the Chatfield Basin that is reusable and fully consumable after its first use for municipal purposes by the Town; and

WHEREAS, from time to time, a certain amount of this water is surplus to the needs and obligations of the Town (“Surplus Water”); and

WHEREAS, the Town anticipates it will have Surplus Water available from time to time in 2026; and

WHEREAS, Lessee desires to lease a certain portion of the Surplus Water from the Town for use for municipal purposes in accordance with the terms and conditions of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Town and Lessee agree as follows:

1. Water Rights Lease. The Town hereby leases to Lessee a minimum of 400 acre-foot (AF) and up to a maximum of 1,500 AF of Surplus Water (“Leased Spot Water”), which will be made available to Lessee from May 20, 2026 through December 31, 2026.

2. Deliveries.

A. Amount. The Town anticipates having sufficient water available within its Chatfield Storage Account to lease up to 1,500 AF to Lessee in 2026; provided, however, that the Town guarantees the availability of a minimum of 400 AF for lease to Lessee, subject to the terms of this Agreement. If additional water becomes available during 2026, the Town may, in its sole discretion, make available for lease up to an additional 1,100 AF, for a total potential lease amount of up to 1,500 AF. The Leased Spot Water will be withdrawn from the Town’s Storage Account upon coordination with the Colorado Department of Natural Resources – Division of Water Resources.

i. The Town will notify Lessee on the 1st of each month following execution of this Agreement whether additional water is available and the amount of water being made available.

ii. Lessee will respond to the Town within 5 days of notification specifying the volume of water Lessee would like to take.

B. Location. Release will consist of a book-over from the Town's Chatfield Storage Account into Denver Water's Chatfield Storage Account on behalf of Lessee.

C. Acceptance of Deliveries. Lessee will take delivery of the Leased Spot Water within Denver Water's Chatfield Storage Account. The initial 400 AF will be delivered following execution of this Agreement and prior to the commencement of the Lease term, at a time and in a manner coordinated among Lessor, Lessee, and Denver Water, in coordination with the Colorado Department of Natural Resources – Division of Water Resources. Subsequent deliveries will be made by mutual agreement of the Parties.

D. Accounting. Lessee shall provide the Town with a copy of the water accounting showing the date(s) and quantities of the release of Leased Spot Water. This information will also be used to confirm and update the Town's Chatfield accounting forms.

3. Lease Rate. Lessee shall pay to the Town \$225,600.00 for the first 400 AF of Leased Spot Water and \$564.00 for each additional AF of Leased Spot Water delivered thereafter. Payment for the first 400 AF of Leased Spot Water shall be made by no later than 30 days following the execution of this Agreement by both Parties and is non-refundable. Payment for the total quantity leased, less the initial payment, shall be made 30 days following the final day of the release as set forth in Section 1 herein.

4. Quality of Leased Water. Leased Water shall be delivered "as is," but shall be of a quality that meets all standards and effluent limitations specified in Colorado Discharge Permit System Permit No. CO-0038547, as amended, or in any other discharge permit issued by the Colorado Water Quality Control Division or by the U.S. Environmental Protection Agency authorizing discharges from the Plum Creek Water Reclamation Authority facility. The quality of such water shall be measured at the authorized discharge point(s) specified in any such discharge permit. By entering into this Agreement and by accepting and using the Leased Spot Water, Lessee acknowledges that such water meets the requirements of this Agreement and is suitable for exchange purposes.

5. Lease Term. The term of this Agreement shall commence upon its execution and expire December 31, 2026. By mutual written agreement of the Parties, this Lease Agreement may be renewed on the same or on different terms.

6. Lessee's Obligations. Lessee's obligations under this Agreement are limited to making the payments as described in paragraph 3 above.

7. Notice. All notices which may be required to be given by either Party to the other shall be made in writing and either hand delivered or sent by first class United States mail, postage prepaid, addressed as follows, or by facsimile, or via electronic means:

If to Town: Town of Castle Rock
Castle Rock Water
Attn: Lauren Moore, Water Resources Manager
175 Kellogg Court
Castle Rock, CO 80109
lmoore@crgov.com

With a copy to: Town of Castle Rock
Town Attorney's Office
Attn: Michael J. Hyman, Town Attorney
100 N. Wilcox Street
Castle Rock, CO 80104
mhyman@crgov.com

If to Lessee: Climax Molybdenum Company
Attn: John Wilmot – General Manager
11236 Highway 91 – Fremont Pass
Climax, CO 80429
jwilmot@fmi.com

With a copy to: Climax Molybdenum Company
Attn: Aaron Hilhorst, Manager, Land & Water Resources
11236 Highway 91 – Fremont Pass
Climax, CO 80429
ahilshor@fmi.com

8. Assignment. Lessee may not assign its rights hereunder without the prior written consent of Lessor, which may be withheld in Lessor's sole discretion. In the event that Lessor consents to an assignment of Lessee's rights hereunder, the assignee shall execute an assumption agreement pursuant to which it shall assume Lessee's obligations hereunder. The terms of such assumption agreement must be approved by Lessor.

9. Entire Agreement. This Agreement represents the entire Agreement between the Parties on the matters set forth herein and supersedes all prior negotiations, representations or agreements respecting said matters whether written or oral.

10. Binding Effect. The execution of this Agreement by the Town and the Lessee constitutes the execution of a binding lease agreement by the Parties on the terms and conditions contained herein and may not be modified except in writing signed by both Parties. This Lease shall be binding on the Parties' respective successors and assigns.

11. Controlling Law. This Lease Agreement shall be governed under, and construed pursuant to the laws of the State of Colorado.

(Signature page to follow)

