

**Non-Binding Letter of Intent
Freeport-McMoRan Chino Inc. and the Town of Bayard
Bayard Regional Wastewater Treatment Plant**

Background

Bayard intends to obtain federal, state or other grant funding to assist with the construction of certain improvements to the Bayard Regional Wastewater Treatment Plant (WWTP) for purposes of increasing its capacity and assuring its ability to meet applicable regulatory and permit requirements. This grant funding is expected to require a cash match of approximately 20%, the cost of which would likely be absorbed by residents and businesses in the Mining District.

Freeport-McMoRan Chino Inc. (Chino)

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| Grant Funding - | Chino is willing to provide Grant funds up to one million dollars (\$1,000,000) to facilitate the completion of infrastructure improvement projects to satisfy, in whole or in part, the cash match requirement for grant funding provided by the state or federal government. This funding will be provided in exchange for a right of first refusal for Chino's use of the effluent produced by the WWTP. |
| Timing - | The one million dollars in Grant funds will be disbursed over three years, conditioned on project milestones to be mutually agreed upon by the parties. |
| Effluent- | The WWTP produces treated effluent which is currently transported to Chino's tailings facility for disposal. Infrastructure improvements may enable the WWTP to produce additional and/or higher-quality effluent to be able to be utilized in certain applications under applicable regulations. |
| Right of First Refusal - | In the event infrastructure improvements are completed and the WWTP produces and makes available effluent, Chino shall have a right of first refusal for all such available quantities of effluent. |

Bayard

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| Infrastructure Improvements- | Bayard will be responsible for all aspects of securing grant funding, administering the grant(s), and completing grant funded infrastructure improvement projects within three (3) years of the conclusion of the Colonias Design Project currently underway. If Bayard is unable to move forward to secure grant funding or complete infrastructure improvements, Chino's Grant funding will be revoked. |
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The conditions of this Term Sheet are contingent upon the completion of the Grant County Regional Water Project initiated by the local governments. Both parties agree to work together and cooperatively to effectuate the terms included in this Term Sheet.

Randy B. Ellison
General Manager
Freeport-McMoRan Chino Inc.

Date

The Honorable Chon Fierro
Mayor, City of Bayard

Date