



TOWN OF SUPERIOR

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Resolution Copper Mining LLC
c/o Resolution Copper Company
102 Magma Heights
Superior, Arizona 85273
Attention: President

February 21, 2013

RE: Notice of Termination of Amended and Restated Mutual Benefits Agreement

Due to the financial condition of the Town of Superior, I have been instructed to inform you that we regret that we can no longer express our unqualified support of the Southeast Arizona Land Exchange and Conservation Act (HR 687 or SB 339, as drafted.) In particular, the Town cannot afford to purchase the real property, or interests therein, as contained in Section 9 of the Bill(s). Therefore and pursuant to Section 6.2 of the Amended and Restated Mutual Benefits Agreement which provides that:

“ this Agreement shall terminate automatically upon the occurrence of all or any of the following conditions upon which this Agreement shall have no further for or effect...”

6.2.1 Upon the failure of the Town to include the budgetary items addressed in this Agreement in the Town budget for subsequent fiscal year, at any time during the term of this Agreement.

6.2.1 Provided there has been no Event of Default by RCML, upon any rescission of the Support Letter by the Mayor or Town Council by official action, including the adoption of any ordinance, resolution, order, motion, or policy, or any other action or decision made by the Town Council qualifying their support of the Legislation, the Exchange and/or proposed RCML Operations, or otherwise expressing opposition to the RCML Operations in any communication with any member of the State’s Congressional delegation or the State’s Governor.

In this regard, because we are not in a position to expend public funds for the purpose of acquiring the real property as described in Section 9 of the Bill(s), we cannot express our unqualified support for the Bills, as drafted and submitted, and we do not presently intend to include same in present or future budgets. Further, much of the land described in Section 9 is either already owned or permitted to the Town for present uses.

In addition, we respectfully submit that the entirety of Article 4 of the Agreement may constitute an unlawful delegation of our legislative authority to the “Social Impact Committee” and the entirety of Article 7 similarly may constitute illegal contract zoning under Arizona law. We also find that Section 4.4.4, which allows RCML to suspend or terminate the promised contributions to the Town at will, inter

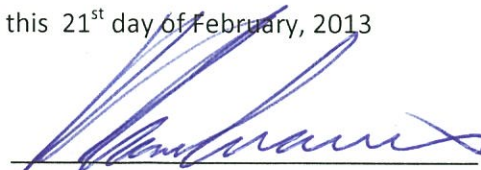
alia, " If RCML abandons or otherwise terminates its interest in the RCML Property...", such as a simple sale of said property. Such terms throughout the Agreement renders the entire Agreement illusory and unfair to the Town of Superior.

As you may be aware, Councilman Henry Gutierrez, was convicted of a conflict of interest in a case brought by the Arizona Attorney General. On December 16, 2010, after a clear warning of the conflict of interest by the then Town Attorney, made the motion to approve the Amended and Superseded Mutual Benefits Agreement. Following that motion, further discussion was held and the then Town Attorney explained on the record that "RCML was willing to add an escape clause Addendum that would hold the Town harmless and would allow future councils to exit the Agreement if they so wish but that it would have to be done through a vote of the Council." (Minutes of 12/16/10). Councilman Peralta requested, without objection, that the council review the actual document before it is signed by the Mayor. An amended motion was then made by the same Councilman Gutierrez to approve the Amended and Superseded Mutual Benefits Agreement with the added Escape Clause Addendum. It is that motion which was passed by the Council on December 16, 2010. No such Addendum is contained in the Agreement or the official files and minutes of the Town Clerk and there is no indication that the Council ever reviewed the document prior to the signature date of January 6, 2011. Inasmuch as the vote was predicated on such an Addendum and Council review of same, which did not occur, the Amended and Superseded Mutual Benefit Agreement failed to pass in the absence of such an Escape Addendum.

The conflicts of interest statutes of the State of Arizona, in relevant part, provide that a contract entered into by a public agency in violation of the conflict of interest statutes is voidable at the instance of the public agency. (See, 38-506(A); 38-511(A).)

Therefore, the Town of Superior hereby terminates and withdraws from the Agreement under its terms and pursuant to the referenced statutes and for the foregoing grounds and reasons. While the Town generally supports the mine, we cannot offer our unqualified support of the Bills, as drafted, nor the Amended and Superseded Mutual Benefits Agreement, as executed. Therefore, by and through this Notice, the Town hereby terminates, rescinds withdraws from, and considers the Amended and Superseded Mutual Benefits Agreement to be of no further force and effect and therefore also withdraws its "unqualified Letter of Support" dated on or about June 28, 2010, as supplemented by the Letter of Support dated February 10, 2012.

Respectfully Submitted this 21st day of February, 2013



K. Kane Graves
Superior Town Attorney

cc.

Senator John McCain

Senator Jeff Flake

Representative Kirkpatrick

Representative Gosar

Governor Brewer