



TRANSFORMING TOMORROW TOGETHER

Community Partnership Panel Meeting Summary

New Mexico

March 8, 2017

Purpose

The [Community Partnership Panel](#) is hosted by Freeport-McMoRan to keep the community informed about operational activities and to foster open and ongoing dialogue to develop thoughtful solutions to address community issues.

Safety Share

The safety and health of all Freeport-McMoRan (FCX) employees, along with our commitment to the environment, are of the highest priority. Our objective is zero workplace injuries and occupational illness.

Industry/Business Update

For the most recent FCX financial information please visit: [Freeport-McMoRan Investor Center](#).

New Mexico Employment as of March 1, 2017 was 1,412.

Operations Updates:

- **Chino:**

- 2016 Copper Production = 307 million pounds
- Current Mining Focus:
 - Lee Hill (north end of pit) — Two shovels
 - South pit (southside) — One shovel
 - Estrella (westside) — One shovel
- Permits:
 - North Lampbright waste stockpile — Awaiting draft permits and New Mexico Mining and Minerals Division public hearing date
 - 3A waste stockpile — Fully permitted
 - DP-459 (Santa Rita pit and associated stockpiles) — Permit renewal in progress

- **Tyrone:**

- 2016 Copper Production = 76 million pounds
- Current Mining Focus:
 - Mining continues in Little Rock and Valencia pits
- Permits:
 - Two discharge plans being renewed
 - Under New Mexico Environment Department review and renewal

- **Cobre:**

- Cobre Haul Road
 - Some preliminary design work is being completed.
- Standby Status
 - Responding to MMD comments relative to Freeport-McMoRan's request to come off standby status
- Discharge Plan (DP) 181
 - Responded to NMED questions
 - Awaiting further word from NMED

Q: What is the timeframe for Chino Haul Road? People living in the Mimbres who travel through that area will want to know.

A: We are actively working through it. No timeline today, but we will work to keep you informed.

Q: Is the delay in the Cobre project because you are still trying to obtain the necessary permits?

A: No, the haul road is fully permitted. Right now, it is an internal process we are working through. We are working with the state for coming off standby status. You should see public notices for that. We also need to update our Stormwater Pollution Prevention Plan (SWPPP).

Q: Is there a timeframe that work has to be done before the permit expires?

A: The permits typically need to be renewed every five years.

Q: Will you use the railroad to haul material from Cobre to Chino?

A: No, we will only use haul trucks.

New Mexico Financial Assurance Requirements

- Financial Assurance Requirement
 - Requirement under the New Mexico Mining Act of 1993
 - Company must give assurance that sufficient funds are in place to allow a third party to implement the approved reclamation plan, should the operator not be capable of doing this work
- Current financial assurance requirement for FCX New Mexico Operations totals \$373 million for Chino, Tyrone and Cobre
- Financial assurance can be provided with a variety of forms, including bank letters of credit, cash held in trust, surety bonds, pledged assets and third party guarantees
- Ability to provide third party guarantees is subject to certain financial tests
- We have been working cooperatively with the State of New Mexico agencies to maintain compliance with our financial assurance obligations
 - The agencies approved reductions to the amount covered by third party guarantees to account for higher cash balances in the trust accounts and higher real estate collateral values.
 - The state agencies approved our proposal to provide the remaining part of the third party guarantees (\$104 Million) by Freeport Minerals Corporation
 - Freeport Minerals Corporation is the former Phelps Dodge Corporation. It is a separate legal entity that owns significant mine assets
 - The audited financials of this company show that it meets the financial soundness tests required by the state.

Q: Based upon the agency approvals do you meet the financial assurance requirements?

A: Yes

Q: Do you have any predictions on the Copper Production Tax Act for 2017?

A: There haven't been any changes in the ad valorem tax or production tax. The same rules are in place and there are no changes from the state.

Q: Do your byproducts, such as molybdenum, gold and silver have an effect on your bottom line?

A: Yes.

Q: Related to finances, what is the impact on contractors?

A: There was an impact on our contractors during the 2015 downturn, as we brought work in-house. We still rely on contractors to support our operations. For example, leaching crews and security services are contracted. Keep in mind our contractors are our partners.

Community Investment Fund

- Grant County Funds = \$400,000
- Received 30 applications totaling over \$1.3 million requested
- Community Investment Committee currently reviewing applications

Local Funding – Q4 2016 (\$31,150)

Wreaths Across America • The Volunteer Center • Bike Works • El Refugio (Domestic Violence Training) • Harrison Schmidt Elementary School • Grant County Fair

- Total Site Funds Donated in 2016 = \$207,431

Donations

- Forklift donated to Silver Schools
- Meat from Grant County Fair Animal Auction to El Refugio and Silver City Gospel Mission
- Looking at wood donations to youth program for building planters

Community Engagement Update

Freeport-McMoRan employees raised more than \$7 million during the **2016 United Way Campaign**.

At the New Mexico operations, \$404,283 was pledged.

Freeport-McMoRan was named to the Just 100: America's Best Corporate Citizens by Forbes!

Freeport-McMoRan was the top-rated company in the Materials industry. To compile the Just 100, Just Capital surveyed more than 50,000 Americans to determine what they consider to be the most important corporate traits. The survey results were used to derive 36 components that feed into 10 different drivers of company behavior. Nearly 900 companies were evaluated and ranked on those components, and their ensuing scores were utilized to come up with an overall score for their industry.

For the full [Just 100 list](http://forbes.com/just100), methodology, and more, visit forbes.com/just100.

[Mini-Grants for Education](#) are designed to support K-12 teachers and schools in Freeport-McMoRan communities. Over **\$31,000** was invested through the Mini-Grant's process in 2016.

In Grant County, four grants were awarded:

- CC Snell Middle School — Middle School Meteorology
- Hurley Elementary School — From Dirt to Bounty

- San Lorenzo Elementary School — Sow it. Grow it. Eat it. Know it.
- Opportunity High School — Show What You Know

March 15th is the deadline to apply for STEM Innovation Grants! These grants are designed to support K-12 teachers and schools in their efforts to develop, improve or expand innovative instructional programs in science, technology, engineering and math (STEM). Visit FreeportInMyCommunity.com for more information.

Dig Into Mining hosted a Day of Learning Virtual Field Trip at the end of 2016. This Day of Learning, was an exclusive behind-the-scenes look into the mining industry at Freeport-McMoRan, highlighted a different phase of the mining process. In an effort to reach a variety of classrooms and students throughout the course of the day, the Day of Learning had a flexible viewing schedule where classrooms could tune-in for one segment or stay for the whole program. Each segment was paired with a customized companion activity to enhance students' learning. The segments included, Mine Exploration & Mine Planning, Hydrometallurgical Process, Pyrometallurgical Process and Reclamation.

- Participation was the highest to date for Dig Into Mining with an estimated 120,000+ student viewership.
- Approximately 1,000 classrooms and 36,000 students registered for the virtual field trip
- Participants came from 46 states and the District of Columbia

For more information, please visit digintomining.com

Global Volunteer Month. Each April, Freeport-McMoRan employees around the world volunteer for Global Volunteer Month. The theme this year is “Health & Wellness.” We feel it is our responsibility to give back to the communities where we live and work, and Global Volunteer Month is a great opportunity to do this. More information coming soon!

DreamBuilder – the Women’s Business Creator. Dreambuilder consists of a series of 13 classes, delivered online through web-based learning technology.

A new “Financing Your Dream” course – in celebration of International Women’s Day, the English-language version of the new Dreambuilder course called “Financing Your Dream” was launched on the platform on Wednesday, March 8th.

The course takes about two hours to complete and must be finished in one sitting. For more information please visit <http://dreambuilder.org/>

Freeport-McMoRan’s Commitment to Social Investing. In 2017, the Freeport-McMoRan Foundation will make \$400,000 available in Grant County to invest in projects that align with community priorities.

From 2012 – 2016, the total investment for Grant County was \$2,981,568; more specifically:

- Community and Economic Development — \$1,317,084
- Education and Training — \$883,305
- Health and Wellness — \$781,179

Leadership Sustainable Communities Initiative

During the first quarter, the Panel welcomed the Grant County Cohort to present an update related to their work around placement in local skilled jobs.

The Cohort has created a survey for Grant County, Silver City employers designed to identify employee needs. These surveys are being distributed via business sector with the goal of creating a better understanding of business sector needs. In addition to that better business needs understanding the cohort hopes to identify transferable employee skill across multiple business sectors. This resource will help frame the work at identifying a placement strategy in local skilled jobs. The Cohort has been discussing holding an Education Summit with WNMU. The intent of the summit is to start a process to develop plans looking at education needs in Grant County in the future (i.e., What will Grant County education look like in 10, 20 and 30 years?). Tentatively looking at Fall 2017 for the initial summit.

The CPP meets on a quarterly basis — for more information please contact
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