



TRANSFORMING TOMORROW TOGETHER

Community Partnership Panel Meeting Summary

Site: Grant County, NM

Date: December 12, 2018

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.

Discussed ladder safety during the holidays.

Industry / Business Update

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

New Mexico Operations Update

- **Headcount: approximately 1,500 employees**
 - Headcount has increased by 44 since September 2018
 - Chino-Cobre: approximately 1,100
 - Tyrone: approximately 370
 - Reclamation Services: 4
- **New Faces**
 - Dusty Gatlin – Superintendent, Technical Training
- **New Mexico Operations Vision**
 - Working together, Living our values, Spanning generations;
Everything I do matters
- **New Mexico Operations Mission**
 - Being accountable to our values
 - Leveraging our resiliency and challenging the status quo
 - Investing in our company, our people, and our community
 - Setting expectations and honoring our commitments
 - Recognizing and celebrating our successes
 - Collaboration and transparency with stakeholders
- **Spanning Generations – Cobre Restart Project**
 - Project on schedule and within budget
 - First ore hauled to Chino on Aug. 8, 2018
- **Living Our Values – Whitewater Creek Cleanup**
 - Removal of contaminated sediments in seven miles of creek

- Tin can plants built by neighbors to collect copper from stormwater and process solutions released from Chino
 - 1940s – 1980s
- Order of Consent with EPA and NMED signed in 1995
- Low pH water and metals
- Significant improvements in Creek since 1995
 - Stopped releases
 - Removed tin can plants
 - Remediated historical mines
 - Conducted multiple studies – human health, ecological, groundwater
- Now removing approximately 100,000 cubic yards additional sub-surface sediments
- Will return Creek to natural flow path
- Improve low pH water, reduce metals and improve vegetation
- **What I Do Matters – Chino 3Q Accomplishments**
 - Hydromet exceeded production by 2 million pounds
 - Operated Hurley CoGen to offset higher electrical rates
 - Shared resources (employees, equipment and expertise) between Chino and Tyrone
 - Improved availability of haul trucks
 - Cost control
- **What I Do Matters – Tyrone**
 - Railroad Washout – Rebecca Garcia conducted offsite inspection and noted washout near railroad track
- **Groundwater and Mining Act Permits**
 - Chino-Cobre
 - Four current
 - Nine renewals in progress
 - Tyrone
 - Two current
 - Six renewals in progress
 - Note: Renewal application dates for permits range from Aug. 28, 2007 to May 31, 2013
- **New Mexico Ops – Life of Mine (LOM)**
 - LOM Challenges:
 - Orebody is increasingly marginal
 - Capital investment to develop future projects is increasing
 - Environmental permitting is critical for future expansions
 - The right/skilled employees beco less available.
 - Copper price forecasts uncertain
 - LOM – Tyrone to 2022
 - LOM – Chino to 2029

Question and Answer Forum:

Q: What is the ratio or percent of recycled copper to new copper used?

A: Reportedly, China uses 20-40% recycled copper from countries, including the U.S., but the practice has declined due to environmental concerns regarding processing recycled copper. India may be increasing its use of recycled copper.

Q: What is the difference between a greenfield site and brownfield site?

A: A greenfield site is a new site that has not been previously developed, whereas a brownfield site is an existing site that has been developed to some extent. Chino and Tyrone are brownfield sites.

Q: Why are costs higher for New Mexico Operations?

A: Our mines have been in production for many years, which increasingly presents challenges for the extraction of easily accessible, higher grade copper.

Q: Is New Mexico Operations extracting copper ore at Hanover Mountain or still mining waste material?

A: We are currently mining copper ore, which was encountered about 20 feet below ground surface.

Q: Is processing cost the same across all mines at FCX?

A: No. For example, Chino is an aging operation with an older concentrator. In addition our ore body is very complex, which adds challenges and costs to processing.

Q: Is there a demand for copper with the advent of alternative energy and electric vehicle technology?

A: That is correct..

Q: Are the challenges New Mexico mines face being forwarded to our legislators?

A: Yes, we communicate regularly with local and state legislators.

Q: Will FCX New Mexico Operations be involved with the Grant County Prospector's during Grant County Day (Jan. 30, 2019) in Santa Fe?

A: Yes, we plan to be represented at the event.

Comment: The community needs skilled trades, such as electricians, mechanics and plumbers. The community is challenged to find qualified contractors.

Response: FCX New Mexico Operations faces similar challenges.

Community Development Update

[Prazen Living Legend of Mining Award](#) – The Freeport-McMoRan Foundation was recognized by the National Mining Hall of Fame and Museum for its significant and sustained commitment to educating the public about the importance of mining to our everyday lives.

The Freeport-McMoRan Foundation recently invested **\$130,000** through its Domestic Violence Shelter Initiative and Boy/Girl Scout grants in North America. In Grant County, New Mexico, the following projects received funding:

- El Refugio, Inc.
- Girl Scouts of the Desert Southwest – Southern New Mexico and West Texas, Inc.
- Yucca Council, Inc. of the Boy Scouts of America

Lights, Camera, ACTION! November 1 – 21 – The Freeport-McMoRan Foundation hosted the annual United Way giving campaign and will be **matching employee gifts**. Company matching dollars are directed to the local United Way to ensure resources are available to a network of health and human service agencies in our community.

During the third quarter, Freeport-McMoRan New Mexico Operations was proud to partner on the following initiatives and projects:

- PFLAG – Educator Training on LGBTQ and anti-bullying
- The Commons (Formerly TVC) – Food pantry
- Cobre Consolidated Schools – Computer coding class software
- Silver Consolidated Schools – Nondiscretionary funds
- Cobre Consolidated Schools – Nondiscretionary funds
- Lordsburg Municipal Schools – Nondiscretionary funds
- Deming Schools – Nondiscretionary funds
- Aldo Leopold Charter Schools – Nondiscretionary funds
- National Dance Institute of NM – Sponsorship for Grant County program
- Grant County Fair – Junior Livestock Auction

The Freeport-McMoRan Foundation is proud to partner with the Town of Silver City and other communities on Economic Diversification Implementation. In 2018, the Town of Silver City and associated communities received \$50,000.

- **Partners/Investors:**
 - Grant County, Bayard, Hurley, Santa Clara, Southwest New Mexico Council of Governments
- **Consultant:** Better City
- **Community Priority/Focus Area:**
 - Community & Economic Development
 - Increased number of new businesses developed/attracted/retained
- **Project Update:**
 - Completed: Analyzed existing plans that are recommended for economic diversity opportunities
 - Underway: Identify opportunities – identify the most appropriate business sector for recruitment opportunities and identify key building and property locations throughout Grant County
- **Next Steps:**
 - Contact local governments in mining district
 - Implementation phase – recruitment of industry sector business

[Leadership for Sustainable Communities Initiative](#)

During the fourth quarter, the Panel welcomed Curtis Clough, Associate Superintendent, Silver Consolidated Schools to present an update related to the district's work around Placement in Local Skilled Jobs, Community Dialogue for Workforce Development.

- A Community Dialogue is a community engagement strategy that is an interactive, participatory communication process of sharing information between people or groups aimed at reaching a common understanding and workable solutions to address common goals and objectives.
- **The Four Phases of the Community Dialogue**
 - **PHASE #1** – Needs Assessment/Asset Mapping to Regional Workforce Development Priorities
 - **PHASE #2** – Community Engagement and Educational/Program Initiatives
 - **PHASE #3** – Policy/Legislative Initiatives (*Aimed at changing existing policy/legislative barriers to success*)

- **PHASE #4** – Fiscal/Funding Initiatives with Fiscal Management/Accountability Structures
- **Desired Outcomes for the Dialogue**
 - Our Community Dialogue is designed to achieve the following outcomes:
 - Open a conversation between the school district and our community partners to assess the needs and desires for a highly skilled, trained workforce for the region.
 - Chart a direction for collaboration that meets the needs of the community and region for employability and career development for our students and community stakeholders.
 - Engage all stakeholders in a strategic, educational initiative that aligns to community and regional priorities for economic and workforce development so the region maintains stability and grows with the ability to retain workers in the area for the betterment of the region.
- **Current Contexts**
 - First Meeting – Oct. 10, 2018
 - 36 individuals from 14 different organizations
 - Activities geared toward exploring needs and assets for the region (see handout)
 - Second Meeting – Dec. 3, 2018
 - 63 individuals from 28 different organizations
 - Activities targeted at gathering information and action steps in the areas of Curriculum/Program Development, Policy, Support Services and Business/Technology/ Health Care Focus Group
 - Third Meeting: Anticipated Feb. 11- 21, 2019 (8:30-11:30 a.m. or 1-4 p.m.)
 - Goal: draw more than 100 attendees to this meeting for planning and action steps
- **Next Steps for the Process**
 - Development of Career and Technical Education Advisory Panel
 - Two meetings/year—working on specific goals and objectives for entire program
 - Identification by Priority Pathways through SCSD Career Pathway Initiative
 - Pathway Advisory panel for priority pathways (as needed)
 - Individual Committees to address Policy, Funding and Collaboration
 - Impact on Workforce Development for the Region
 - Extension of the Community Dialogue Process

Adjournment

The CPP meets on a quarterly basis – for more information please contact kcook@fmi.com.