

Chino Mines Company  
P.O. Box 10  
Bayard, NM 88023

April 21, 2016

Mr. Fernando Martinez, Director  
Mining and Minerals Division  
Energy, Minerals and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Freeport-McMoRan Chino Mines Company, Permit GR009RE and Notice of Failure to Maintain Financial Soundness (March 18, 2016)

Dear Director Martinez:

By this letter, Freeport-McMoRan Chino Mines Company (“Chino”) requests a modification to its Permit GR009RE to change two aspects of its financial assurance for closeout of Chino’s mining operations. Chino requests that the permit be modified to (1) increase the amount in the Chino CCP Trust recognized as part of Chino’s total financial assurance obligation by ten million dollars (\$10,000,00.00), and (2) decrease the amount of Chino’s total financial assurance obligation covered by the Freeport-McMoRan Inc. (“FCX”) guarantee by ten million dollars (\$10,000,000.00). Enclosed is a check in the amount of \$1,000.00 for the modification fee.

Under the most recent Permit Modification 14-3 to Revision 01-1 to Permit GR009RE, the current required financial assurance amount for Chino is \$166,336,545. This amount is currently covered by the Third Party Guarantee in the amount of \$102,294,241 and a “cash contribution” of \$64,042,304, which is covered by the funds available in the Chino CCP Trust. Under this proposed modification, the amount covered by the Third Party Guarantee would be reduced to \$92,294,241 and the “cash contribution” would be increased to \$74,042,304. The most recent quarterly report for the Chino CCP Trust issued March 31, 2016, recently received and provided to the Mining and Minerals Division, indicates that the current market value (net assets) in the Trust is \$120,464,354.76. Consequently, there are sufficient funds in the Chino CCP Trust to cover the increase in the “cash contribution.”

This modification is intended to address the “Notice of Failure to Maintain Financial Soundness” that you issued on March 18, 2016 in the manner discussed during our meeting on March 9, 2016. As documented in the *pro forma* Certificate of Compliance submitted with FCX’s March 7, 2016 letter, by reducing the amount of the FCX guarantee by ten million dollars, FCX meets the “Alternative 1” financial soundness test specified in 19.10.12.1208(G)(8) NMAC, based on FCX’s most recent Form 10-K, filed with the United States Securities and Exchange Commission on February 26, 2016. This can be accomplished through a simple change in the amounts specified in the permit, as MMD and NMED already have access to sufficient funds in the Chino CCP Trust to cover the additional ten million dollars reassigned from the Third Party Guarantee to the “cash contribution.” As a result of the changes to the Chino permit sought by this modification, FCX meets the “Alternative 1” financial soundness test for the guarantees

provided by FCX for the Chino operations, as well as for Freeport-McMoRan Tyrone Inc. and Freeport-McMoRan Cobre Mining Company.

An application for a permit modification or revision must be accompanied by sufficient information for the Director to determine whether any of the factors listed in 19.10.5.505 NMAC are present. Based upon the factors set forth in 19.10.5.505(B) NMAC, this application for a modification should not be treated as a revision. In particular, the requested modification would not have a significant environmental impact because it does not authorize an expansion of the “design limits” beyond that currently specified in the permit, it does not result in a significant increase in the amount of financial assurance, and does not significantly depart from the nature or scale of the current permit.

Enclosed is a Certificate of Face Amount Adjustment to the Third Party Guarantee in the form previously accepted by MMD and the Environment Department, which holds financial assurance for Chino as required by Discharge Permit, DP-1340. The Certificate has been executed on behalf of FCX. Once MMD has processed the permit modification, please have the Certificate of Face Amount Adjustment executed on behalf of both agencies and return a fully-executed copy.

We appreciate your attention to this matter and look forward to timely action on this request.

Sincerely,

A handwritten signature in black ink, appearing to read "W E Cobb".

William E. Cobb  
Vice President

Cc: Bill Brancard, General Counsel, New Mexico Energy, Minerals and Natural Resources Department  
Gabriel Wade, Assistant General Counsel, New Mexico Energy, Minerals and Natural Resources Department  
Holland Shepherd, Manager, Mining Act Reclamation Program, MMD  
Trais Kliphuis, Division Director, Water Protection Division, NMED  
Kurt Vollbrecht, Manager, Mining Environmental Compliance Section, NMED

Certificate of Face Amount Adjustment  
to the Third Party Guarantee

Date: April 21, 2016

Director  
Energy, Minerals and Natural  
Resources Department  
Mining & Minerals Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Phone: 505/476-3400; Fax: 505/476-3402

Secretary  
New Mexico Environment Department  
1190 South St. Francis Drive  
Santa Fe, New Mexico 87502  
Phone: 505/827-2855; Fax: 505/827-2836

**RE: Financial Assurance for the Chino Mine  
Freeport-McMoRan Chino Mines Company  
Mining and Minerals Division Permit No. GR009RE  
New Mexico Environment Department Discharge Permit DP-1340**

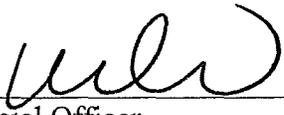
Gentlemen:

1. Existing Third Party Guarantee: On December 18, 2008, Freeport-McMoRan Copper & Gold Inc. (FCX), now known as Freeport-McMoRan Inc., a corporation incorporated under the laws of the State of Delaware, made a Third Party Guarantee (the "Guarantee") on behalf of Freeport-McMoRan Chino Mines Company (the "Operator") to the State of New Mexico, acting through the New Mexico Mining and Minerals Division of the Energy, Minerals, and Natural Resources Department ("MMD") and the New Mexico Environment Department ("NMED"). The Guarantee was in the amount of one hundred twenty one million, one hundred thirty six thousand, two hundred and one dollars (\$121,136,201) subject to adjustment as provided in Section 4 of the Guarantee. Three prior adjustments have been made to reduce the face amount to one hundred two million, two hundred ninety-four thousand, and two hundred forty-one dollars (\$102,294,241), which is the current amount of the Guarantee.
2. Face Amount Adjustment: Section 4 of the Guarantee provides that the Face Amount may be adjusted from time to time if approved in writing by MMD and NMED and shall be automatically modified as of the date of their approval. Section 4 further provides that following such automatic modification of the Face Amount, any party may request of another party, and the other party shall then provide, a certificate setting forth the adjusted Face Amount (the "Certificate") and that said Certificate shall constitute an amendment to the Guarantee.

3. Written Approval by MMD and NMED: Pursuant to Section 4 of the Guarantee, MMD and NMED have requested that the Guarantor provide them with a Certificate setting forth the adjusted Face Amount. By providing their approval below, MMD and NMED hereby consent to an adjustment of the Face Amount of the Guarantee, to ninety-two million, two hundred ninety four thousand, and two hundred forty-one dollars (\$92,294,241), subject to further adjustment as provided by Section 4 of the Guarantee.
4. Issuance and Approval by Guarantor: The duly authorized agents of Guarantor hereby represent that they are authorized officers of the Guarantor, and, in such capacity, they have authority from the Guarantor's Board of Directors to issue and approve this Certificate on behalf of the Guarantor.
5. Approval and Acceptance by Operator: The duly authorized agent of the Operator hereby represents that he is a duly authorized agent of the Operator, and, in such capacity, he has authority from the Operator's Board of Directors to approve and accept this Certificate on behalf of the Operator by authority of the Operator.
6. Guarantee Not Affected: Except as to the Face Amount, as stated above, all other provisions of the Guarantee shall remain in full force and effect and shall continue to be binding on the Guarantor.

Very truly yours,

Guarantor: Freeport-McMoRan Inc.

By:   
Chief Financial Officer

Printed Name:

Kathleen L. Quirk  
Executive Vice President, Chief Financial Officer,  
And Treasurer

By: \_\_\_\_\_  
Chief Legal Officer

Printed Name:

L. Richards McMillan II  
Senior Vice President and General Counsel

**Acknowledgment of Authorized Guarantor Agent:**

On this 20<sup>th</sup> day of April, 2016, before me appeared Kathleen L. Quirk to me personally known, who, being by me duly sworn, did depose and say that she is a duly authorized official of Freeport-McMoRan Inc. ("FCX"), that the Certificate of Face Amount Adjustment to the Third Party Guarantee was signed on behalf of the Guarantor by the authority of its Board of Directors, and acknowledged said Certificate of Face Amount Adjustment to the Third Party Guarantee to be a free act and deed of the Guarantor.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.



Ruth M. Hack  
Notary Public

My commission expires: April 12, 2019

**Acknowledgment of Authorized Legal Counsel:**

On this \_\_\_ day of April, 2016, before me appeared L. Richards McMillan II to me personally known, who, being by me duly sworn, did depose and say that he is a duly authorized Legal Counsel of Freeport-McMoRan Inc. ("FCX"), that the certifications made are true and accurate, that the certifications were made on behalf of the Guarantor by the authority of its Board of Directors, and acknowledged said certifications to be a free act and deed of the Guarantor.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

\_\_\_\_\_  
Notary Public

My commission expires:

(Additional signatures appear on page that follows)

3. Written Approval by MMD and NMED: Pursuant to Section 4 of the Guarantee, MMD and NMED have requested that the Guarantor provide them with a Certificate setting forth the adjusted Face Amount. By providing their approval below, MMD and NMED hereby consent to an adjustment of the Face Amount of the Guarantee, to ninety-two million, two hundred ninety four thousand, and two hundred forty-one dollars (\$92,294,241), subject to further adjustment as provided by Section 4 of the Guarantee.
4. Issuance and Approval by Guarantor: The duly authorized agents of Guarantor hereby represent that they are authorized officers of the Guarantor, and, in such capacity, they have authority from the Guarantor's Board of Directors to issue and approve this Certificate on behalf of the Guarantor.
5. Approval and Acceptance by Operator: The duly authorized agent of the Operator hereby represents that he is a duly authorized agent of the Operator, and, in such capacity, he has authority from the Operator's Board of Directors to approve and accept this Certificate on behalf of the Operator by authority of the Operator.
6. Guarantee Not Affected: Except as to the Face Amount, as stated above, all other provisions of the Guarantee shall remain in full force and effect and shall continue to be binding on the Guarantor.

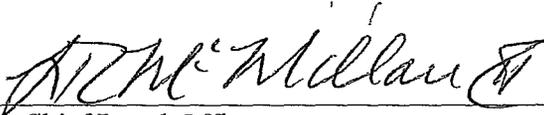
Very truly yours,

Guarantor: Freeport-McMoRan Inc.

By: \_\_\_\_\_  
Chief Financial Officer

Printed Name:

Kathleen L. Quirk  
Executive Vice President, Chief Financial Officer,  
And Treasurer

By:  \_\_\_\_\_  
Chief Legal Officer

Printed Name:

L. Richards McMillan II  
Senior Vice President and General Counsel

**Acknowledgment of Authorized Guarantor Agent:**

On this \_\_\_\_ day of April, 2016, before me appeared Kathleen L. Quirk to me personally known, who, being by me duly sworn, did depose and say that she is a duly authorized official of Freeport-McMoRan Inc. ("FCX"), that the Certificate of Face Amount Adjustment to the Third Party Guarantee was signed on behalf of the Guarantor by the authority of its Board of Directors, and acknowledged said Certificate of Face Amount Adjustment to the Third Party Guarantee to be a free act and deed of the Guarantor.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.

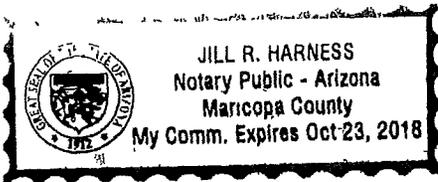
\_\_\_\_\_  
Notary Public

My commission expires:

**Acknowledgment of Authorized Legal Counsel:**

On this 21<sup>st</sup> day of April, 2016, before me appeared L. Richards McMillan II to me personally known, who, being by me duly sworn, did depose and say that he is a duly authorized Legal Counsel of Freeport-McMoRan Inc. ("FCX"), that the certifications made are true and accurate, that the certifications were made on behalf of the Guarantor by the authority of its Board of Directors, and acknowledged said certifications to be a free act and deed of the Guarantor.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.



Jill R. Harness  
Notary Public

My commission expires: 10.23.18

(Additional signatures appear on page that follows)

**Agreement by Operator:**

The foregoing instrument is agreed upon by the Operator as shown below by signature of an authorized representative.

By: W E Cobb  
Authorized Agent of Operator

Printed Name: William E. Cobb  
Authorized Agent of Operator

Title: Vice President  
Freeport-McMoRan Chino Mines Company

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**Acknowledgment of Authorized Agent of the Operator:**

On this 19<sup>th</sup> day of April, 2016, before me appeared William E. Cobb to me personally known, who, being by me duly sworn, did depose and say that he signed the attached Certificate of Face Amount Adjustment to the Third Party Guarantee on behalf of Freeport-McMoRan Chino Mines Company.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in this certificate first written above.



Sandra G. Skinner  
Notary Public

My commission expires: July 22, 2018

(Additional signatures appear on page that follows)