

Freeport-McMoRan Inc.
333 North Central Avenue
Phoenix, AZ 85004

Jerry Roose
Director, North America Environmental Operations
Telephone: (602) 366-8458

November 18, 2016

Certified Mail

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

Mr. Bruce Yurdin
Director, Water Protection Division
New Mexico Environment Department
Harold Runnels Building
1190 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Third Party Guarantees for the Chino, Tyrone and Continental Mining Facilities; Mining and Minerals Division Permits No. GR009RE, GR010RE, and GR002RE; New Mexico Environment Department Discharge Permits Nos. 1340, 1341 and 1403

Dear Mr. Martinez and Mr. Yurdin:

In accordance with the terms of Section 5.B, Financial Soundness, and Section 11, Notice Procedure, of the Third Party Guarantees for the Chino, Tyrone and Continental Mining Facilities, Freeport-McMoRan Inc. ("FCX") hereby submits the financial information required by the Third Party Guarantees for the Chino, Tyrone and Continental Mining Facilities to the Mining and Minerals Division ("MMD") of the Energy, Minerals and Natural Resources Department and the New Mexico Environment Department ("NMED").

Enclosed please find one copy of FCX's Quarterly Report on Form 10-Q filed with the United States Securities and Exchange Commission on November 9, 2016. Two separate forms of the Certificate of Compliance are presented, both of which are based upon the "Alternative I financial soundness test" set forth in 19.10.12.1208.G(8)(a) NMAC.

The first form of the enclosed Certificate of Compliance for Freeport-McMoRan Inc. as Guarantor is labeled Exhibit A, along with Attachments A, B and C. That Certificate of Compliance does not show compliance with the Alternative I financial soundness test for the FCX Third Party Guarantees. Attachments A, B and C contain confidential business information and are labeled accordingly.

The second form of the Certificate of Compliance, labeled Exhibit A-1 (*Pro forma* for Freeport Minerals Corporation as Guarantor), which also is presented *pro forma* and is identified as confidential business information, is based on the current amounts of the guarantees and applying the financial Alternative 1 financial test specified in 19.10.12.1208(G)(8)(a) NMAC to the financial statement of Freeport Minerals Corporation. As shown in this *pro forma* Certificate of Compliance, Freeport Minerals Corporation would meet the financial test to provide

guarantees in their current amounts. Enclosed to support this information are Attachments A-1 to A-5, unaudited consolidated financial statements for Freeport Minerals Corporation as of September 30, 2016, which are identified as confidential business information, and Attachments B-1 and C-1, which also are identified as confidential business information.

We intend to substitute the existing FCX guarantees with guarantees from Freeport Minerals Corporation. Audited financial statements as of year-end 2015 and unaudited financials as of September 30, 2016 (the latter enclosed as Attachments A-1 to A-5) are available for this entity. Freeport Minerals Corporation is a strong company and passes the financial ratios. We will continue to monitor Freeport Minerals Corporation's situation, and if its financial condition changes such that it no longer is able to meet the ratios, we will satisfy our financial assurance obligation with alternative forms. All three mines intend to submit amended applications to replace the existing FCX guarantees with Freeport Minerals Corporation guarantees.

Pursuant to the above-referenced New Mexico authorities, MMD and NMED should maintain Attachments A, B and C to the *pro forma* Exhibit A for FCX as well as the Exhibit A-1 (*Pro forma* for Freeport Minerals Corporation as Guarantor) itself and Attachments A-1 to A-5, B-1 and C-1 to that Exhibit A-1 as confidential business information and exempt from public records or disclosure laws. These documents contain financial information regarding FCX and Freeport Minerals Corporation that has not been publicly disclosed and that would harm the competitive position of FCX and Freeport Minerals Corporation if disclosed to third parties. If a request is made for public review of the document or information, MMD and NMED must notify FCX and Freeport Minerals Corporation and provide a reasonable opportunity for those companies to substantiate their claim that public disclosure of the document and information would harm the competitive position of FCX and Freeport Minerals Corporation. Ultimately, if the claim of business confidentiality is substantiated, MMD and NMED must not release the document or information.

I appreciate the consideration of MMD and NMED in this regard. Please contact the undersigned if you have any questions regarding this submittal.

Sincerely,

Handwritten signature in cursive script that reads "Jerry Ellis for Jerry Roose".

Jerry R. Roose

Director, North American Environmental Operations

Cc: Mr. Kurt Vollbrecht, Manager, Mining Environmental Compliance Section, NMED

CONFIDENTIAL INFORMATION

The financial information contained in the enclosed Attachments to the Certificates of Guarantor's Compliance is not publicly available and is being provided to the Mining and Minerals Division of the New Mexico Energy, Minerals, and Natural Resources Department ("MMD") and the New Mexico Environment Department ("NMED") for its exclusive use on the express understanding that it will be treated as confidential. Freeport-McMoRan Inc. ("FCX") is submitting the confidential financial information to MMD and NMED pursuant to the confidentiality provisions of the New Mexico Mining Act, Water Quality Act, and regulations promulgated thereunder.

Under the confidentiality provisions of the New Mexico Mining Act, Water Quality Act, and regulations promulgated thereunder, MMD and NMED are obligated to hold the documents as confidential and prevent public review unless a specific request for review of the documents is made. In that event, MMD and NMED are obligated to notify FCX and provide it with an opportunity to substantiate its confidentiality claim. This financial information should not be reproduced in whole or in part for any purpose or furnished to any other person until FCX has had an opportunity to substantiate its confidentiality claim and that claim has been specifically rejected by MMD and NMED.

Exhibit A (Freeport-McMoRan Inc. as Guarantor)
Certificate of Guarantor's Compliance with Section 19.10.12.1208.G(8)(a) NMAC
As of September 30, 2016
(\$ in millions)

Third-party Guarantees

1. a. Third-party environmental permit guarantees made by Freeport-McMoRan Inc. (Guarantor) on behalf of		
Freeport-McMoRan Chino Mines Company (Permit # GR009RE)		\$45.3
Freeport-McMoRan Tyrone Inc. (Permit # GR010RE)		50.8
Freeport-McMoRan Cobre Mining Company (Permit # GR002RE)		8.2
		104.3
b. All other guarantees for environmental permits issued in the United States for which Guarantor is obligated. List each Environmental Permit and amount below:		
Freeport-McMoRan Sierrita Inc. (Permit # P-101679)		170.6
Freeport-McMoRan Morenci Inc. (Permit # P-100193)		167.0
Arizona Properties - Arizona State Mine Inspector (AMLRA)		69.1
Freeport-McMoRan Bagdad Inc. (Permit # P-105258)		67.7
Freeport-McMoRan Safford Inc. (Permit # P-100534)		27.7
Twin Buttes (Permit # P-100408)		6.1
Climax Molybdenum Company (Permit # 58-SDP-08-80P)		1.9
Cyprus Copperstone Gold Mine (Permit # P-100229)		1.7
Amax Metals Recovery, Inc. Solid Waste (Permit # P-0136)		1.2
Ajo Improvement Company (Permit # P-101678)		0.8
Freeport-McMoRan Bagdad Inc. (Permit # P-102896)		0.7
Freeport-McMoRan United Verde Mine (Permit # P-100536)		0.6
Freeport-McMoRan Bagdad Inc. (Permit # P-50007300A)		0.4
Freeport-McMoRan Bagdad Inc. (Permit # P-101740)		0.1
	Total Other Guarantees	515.6
1c. Total Guarantees (1a plus 1b)		\$619.9

Guarantor's Financial Balances and Calculations

2. a. Total Assets	\$41,400
b. Total Assets in the United States (see Attachment A)	16,284
c. Total Liabilities	31,560
d. Net Loss (see Attachment B)	(8,142)
e. Depreciation, Depletion and Amortization (see Attachment B)	10,785
f. Current Assets	11,505
g. Current Liabilities	4,488
h. Net Working Capital	7,017
3. Net Worth (including noncontrolling interest)(line 2a minus line 2c)	\$9,840
a. Goodwill	-
b. Other Intangible Assets (see Attachment C)	308
3c. Total Intangible Assets (3a plus 3b)	\$308
4. Tangible Net Worth (line 3 minus line 3c)	\$9,532
5. Net Loss plus Depreciation, Depletion and Amortization (sum of lines 2d and e)	\$2,623

Tests

6. Alternative Test I (19.10.12.1208.G(8)(a))

- a. Is Tangible Net Worth (line 4) at least \$10 million?
- b. i. Is Tangible Net Worth (line 4) at least six times Total Obligated Guarantees (line 1c)?
b. ii. Is Net Working Capital (line 2h) at least six times Total Obligated Guarantees (line 1c)?
- c. Are 90% of Guarantor's assets located in the United States? If not, complete line 6d
- d. Is the amount of Guarantor's assets located in the U.S. (line 2b) more than six times Total Guarantees for Environmental Permits (line 1c)?
- e. Meets two of the three financial ratios:
e i. Is ratio of Total Liabilities (line 2c) to Net Worth (line 3) less than 2.0?
e ii. Is ratio of sum of Net Loss plus Depreciation, Depletion and Amortization (line 5) to Total Liabilities (line 2c) greater than 0.1?
e iii. Is ratio of Current Assets (line 2f) to Current Liabilities (line 2g) greater than 1.5?

Minimum Criteria		Actual Result	Test Status
			FAIL
At least	\$10	\$9,532	PASS
At least	6x	15.4	PASS
At least	6x	11.3	PASS
90% U.S. Assets		39%	FAIL
			or
More than	6x	26.0	PASS
2 of 3			FAIL
Less than	2	3.2	FAIL
Greater than	0.1	0.08	FAIL
Greater than	1.5	2.6	PASS

Information reference:

Items 2 (except for Item 2b, 2d and 2e see referenced attachments)

Figures are shown in Freeport-McMoRan Inc.'s (FCX) Form 10-Q filed with the U.S. Securities and Exchange Commission for the quarter ended September 30, 2016, commission file number 001-11307-01. See the Consolidated Statements of Operations, page 4 and Consolidated Balance Sheets, page 3. See Attachment B footnote (a) for additional net loss explanation.

Items 2b and 3b.

U.S. Assets and Other Intangible Assets are determined from Internal FCX Information, see Attachments A & C, respectively.

Items 2d, 2e and 5.

Net Loss and Depreciation, Depletion and Amortization includes impairments of oil and gas properties and mining properties, see Attachment B.