



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

**Sherry Burt-Kested**  
Manager, Environmental Services  
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August 4, 2021

Certified Mail: 70182290000160738587

Mr. Holland Shepherd, Manager  
Mining Act Reclamation Program  
EMNRD Mining and Minerals Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Certified Mail: 701822290000160738570

Kurt Volbrecht, Manager  
Mining Environmental Compliance Section  
NMED Groundwater Quality Bureau  
1190 South St. Francis Drive  
Santa Fe, NM 87505

**Re: Financial Assurance for the Continental Mine  
Freeport-McMoRan Chino Mines Company  
Mining and Minerals Division Permit No. GR002RE and  
New Mexico Environment Department Discharge Permit - 1403**

The following information is provided in response to the Response to FMI Proposal for Adjustment of Cost Estimate and Financial Assurance for Continental Mine dated July 9, 2021 from the New Mexico Mining and Minerals Division and New Mexico Environment Department (Agencies).

As described in the July 9, 2021 letter, MMD Permit No. GR002RE Modification 21-1 will increase the total amount of financial assurance (FA) required by agency permits from \$21,444,901 to \$23,261,489, which reflects an increase of \$1,816,588. Also as stated in the July 9, 2021 letter, \$1,341,500 of the increased FA amount will be covered by the excess value held from the collateral properties based on recent appraisals. The difference of \$475,088 will be provided by Chino upon agreement of the FA instruments.

The Agencies also requested the June 30, 2021 market value of the Cobre Trust and stated that the trust balance should be evaluated prior to any increase in third-party guarantee. Enclosed is the Cobre Trust Report for the period ending June 30, 2021. The market value of the Cobre Trust was \$6,323,515 at June 30, 2021, which represents a difference of \$563,515 from the current cash trust amount provided in MMD Permit GR002RE.

Please note that Chino recently increased the value of Cobre Trust in the MMD permit by \$460,000 and decreased the FMC Third-Party Guarantee by \$7,002,984 in MMD Permit No. GR002RE Modification 20-1 issued March 31, 2020.

As previously agreed by Chino and the Agencies, Chino proposes to maintain a "buffer" between the market value of the cash trust and the amount that is required in the MMD permit to allow for market fluctuations. The current cash trust amount in the permit represents 27% of total FA currently required and the FMC Third-Party Guarantee represents 5% of total FA currently required. Chino proposes to add the required additional \$475,088 in FA to the FMC Third-Party

Guarantee, which would result in the guarantee representing 7% of the total FA required. Chino notes that Mining Act rules provide at 19.10.12.1208.G.(1)(a) NMAC "A third party guarantee may not exceed seventy-five percent of the total amount of the financial assurance".

### FA Proposal

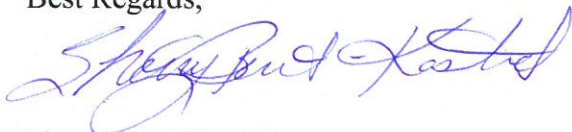
Chino proposes to keep the same FA instruments in place for the Continental Mine, but to modify the value of the Collateral and Third-Party Guarantee to provide the NPV amount shown above. The current and proposed FA instrument amounts are provided in the table below.

Instrument	Current Amount	Proposed Amount	%	Note
Cash Trust (Floor Amount)	\$5,760,000	\$5,760,000	25%	Cash Trust Market Value is \$6,323,515 as of June 30, 2021
Surety Bond	\$632,612	\$632,612	3%	
Collateral	\$13,908,900	\$15,250,400	65%	
3 <sup>rd</sup> Party Guarantee	\$1,143,389	\$1,618,477	7%	
Total	\$21,444,901	\$23,261,489		

Also provided with this letter to MMD is a check in the amount of \$1,000 as requested for the processing of Modification 21-1 to MMD Permit No. GR002RE.

Thank you for your attention to these matters and please call me if you have any questions.

Best Regards,



Sherry Burt-Kested  
Manager, Environmental

Cc: Mr. Kevin Myers, MMD  
Ms. Anne Maurer, NMED

Freeport-McMoRan Inc.  
 Attention: Accounts Payable  
 4340 E Cotton Center Blvd, Suite 110  
 Phoenix, AZ. 85040

**RETURN SERVICE REQUESTED**

Check No. 0000976325  
 Check Date 07/20/2021  
 Check Amount \$1,000.00  
 Vendor No. 0000805500  
 Payment Reference No. 20606480881899



OD-000006 0001 0001 000006

STATE OF NEW MEXICO  
 NM ENRGY MNRLS & NAT RES DPT  
 1220 S SAINT FRANCIS DR  
 SANTA FE, NM 87505-4225

PLEASE DIRECT ANY INQUIRIES  
 TO THE AP HELP DESK:  
 AP@FMI.COM

Invoice Date	Invoice Number	PO#/Freeport Site/ Description	Invoice Amount	Discount Amount	Net Amount
07/12/2021	07122021LP	FM Chino Mines Company MMD MODIFICATION 21-1 FOR PERM	\$1,000.00		\$1,000.00
<b>TOTAL</b>					<b>\$1,000.00</b>

↓ PLEASE FOLD ON PERFORATION AND DETACH HERE ↓

VERIFY THE AUTHENTICITY OF THIS MULTI-TONE SECURITY DOCUMENT.

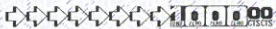
CHECK BACKGROUND AREA CHANGES COLOR GRADUALLY FROM TOP TO BOTTOM.

FREEMPORT MINERALS CORPORATION  
 333 NORTH CENTRAL AVE  
 PHOENIX, AZ 85004-2121



**0000976325**  
 July 20, 2021

64-1278/611  
 VOID AFTER 180 DAYS  
 PAY IN US DOLLARS



Amount: \*\*One Thousand dollars and 00 cents\*\*

**\*\*\$1,000.00\*\***

Pay to the order of  
 STATE OF NEW MEXICO  
 NM ENRGY MNRLS & NAT RES DPT

Bank of America N.A.  
 Atlanta, Dekalb County, Georgia

AUTHORIZED SIGNATURE



COBRE CCP TRUST AGREEMENT ACCOUNT 16915101  
SUMMARY OF PERFORMANCE, ASSETS, INCOME AND EXPENSES  
PERIOD APRIL 1, 2021 THROUGH JUNE 30, 2021

PERFORMANCE SUMMARY

	<u>QUARTER</u>	<u>Y-T-D</u>	<u>1 YEAR</u>	<u>5 YEAR</u>	<u>SINCE INCEPTION</u>
Gross Rate of Return	1.83	(1.56)	0.37	3.51	5.07
Return Net of Taxes and Expenses	1.77	(1.67)	0.15	3.28	4.76
Barclays Aggregate	1.83	(1.60)	(0.33)	3.03	4.11

ASSET SUMMARY AS OF JUNE 30, 2021

(Page 6)

Cash	\$0.00	
Accrued Income	\$9,276.42	
Pending Trade Settlements	\$0.00	
<b>Total Cash</b>		<b>\$9,276.42</b>
Cash Equivalents		
Short Term Funds	\$0.00	
<b>Total Cash Equivalents</b>		<b>\$0.00</b>
Fixed Income		
Bond Funds	\$6,314,238.85	
<b>Total Fixed Income</b>		<b>\$6,314,238.85</b>
<b>Total Market Value of Assets as of 06/30/21</b>		<b>\$6,323,515.27</b>

INCOME & EXPENSES

PERIOD APRIL 1, 2021 THROUGH JUNE 30, 2021

(Page 3 & 4)

<b>Total Market Value of Assets as of 03/31/21</b>		<b>\$6,207,280.83</b>
Income		
Interest	\$0.00	
Dividends	\$28,165.89	
Monthly Accrued Income (Net)	(\$16.46)	
Interfund Transfer Receipts	\$0.00	
Other Receipts	\$0.00	
Addition to Trust	\$0.00	
Net Realized Gain (Loss)	\$576.33	
<b>Total Income</b>		<b>\$28,725.76</b>
Expenses		
Wells Fargo Trustee Fee	(\$3,531.35)	
Investment Management Fee	\$0.00	
Delivery of Security	\$0.00	
Other Cash Disbursements	\$0.00	
<b>Total Expenses</b>		<b>(\$3,531.35)</b>
Unrealized Gain/Loss		\$91,040.03
<b>Total Market Value of Assets as of 06/30/21</b>		<b>\$6,323,515.27</b>



ACCOUNT NUMBER            16915101

REPORT SET    EQ  
RUN DATE    07/13/21  
RUN TIME    21:02

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

FOR THE PERIOD  
MARCH 31,2021 THROUGH    JUNE 30,2021



COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

TABLE OF CONTENTS

PAGE NO.

GLOBAL CR - SUMMARY STATEMENTS

SUMMARY STATEMENT OF INVESTMENT HOLDINGS BY SECURITY CATEGORIZATION . . . . .	1
RECONCILIATION OF CASH . . . . .	2
RECONCILIATION OF ASSETS . . . . .	3
RECONCILIATION OF INCOME . . . . .	5
SUMMARY STATEMENT OF INVESTMENT HOLDINGS BY SECURITY CATEGORIZATION . . . . .	6

GLOBAL CR - GAINS (LOSSES)

DETAIL STATEMENT OF ASSETS AND LIABILITIES . . . . .	7
--	---

GLOBAL CR - DETAIL RECEIPTS AND DISBURSEMENTS

STATEMENT OF INCOME EARNED BY SECURITY CATEGORIZATION . . . . .	9
---	---

GLOBAL CR - DETAIL PURCHASES & SALES

DETAIL STATEMENT OF PURCHASE TRANSACTIONS . . . . .	10
DETAIL STATEMENT OF SALE TRANSACTIONS . . . . .	11
STATEMENT OF OTHER SECURITY CHANGES . . . . .	12

GLOBAL CR - DETAIL RECEIPTS AND DISBURSEMENTS

DETAIL STATEMENT OF INCOME RECEIVED . . . . .	13
DETAIL STATEMENT OF EXPENSES INCURRED . . . . .	14

DISCLAIMER PAGE

ASSET VALUATION PRACTICES

VALUES REFLECTED FOR PUBLICLY-TRADED ASSETS ARE PROVIDED BY UNAFFILIATED FINANCIAL INDUSTRY SOURCES BELIEVED TO BE RELIABLE. VALUES FOR NON-PUBLICLY TRADED ASSETS MAY BE DETERMINED FROM OTHER UNAFFILIATED SOURCES. ASSETS FOR WHICH A CURRENT VALUE IS UNAVAILABLE MAY BE REFLECTED AT THE LAST REPORTED PRICE, AT PAR, OR MAY BE SHOWN AS HAVING NOMINAL OR NO VALUE. REPORTED VALUES MAY NOT BE THE PRICE AT WHICH AN ASSET MAY BE SOLD. ASSET VALUES ARE UPDATED AS PRICING BECOMES AVAILABLE FROM EXTERNAL SOURCES, AND MAY BE UPDATED LESS FREQUENTLY THAN STATEMENTS ARE GENERATED. IN SITUATIONS WHERE AN ASSET VALUE CANNOT BE PROVIDED BY UNAFFILIATED FINANCIAL INDUSTRY SOURCES, WE WILL RELY ON THE CUSTOMER OR THEIR DESIGNATED REPRESENTATIVE TO PROVIDE US WITH THE UPDATED VALUE. IF WELLS FARGO DOES NOT RECEIVE AN UPDATED VALUE, OR IS UNABLE TO USE THE VALUE PROVIDED, THE LAST REPORTED VALUE WILL CONTINUE TO BE REPORTED AND SHOULD NOT BE CONSIDERED TO BE CERTIFIED BY WELLS FARGO.

ASSETS HELD AWAY

AS PART OF STANDARD INDUSTRY PRACTICE, CUSTODY OF CERTAIN ACCOUNT ASSETS MAY REST WITH PARTIES EXTERNAL TO WELLS FARGO BANK, N.A. THESE ACCOUNT ASSETS ARE CONSIDERED ASSETS HELD AWAY.

AT THE DIRECTION OF AND AS A CONVENIENCE TO ITS CLIENTS, WELLS FARGO BANK, N.A. MAY REPORT ON ACCOUNT ASSETS HELD AWAY. THESE ASSETS ARE REPORTED SOLELY AS RECORDKEEPING ITEMS ON ACCOUNT STATEMENTS. WELLS FARGO IS NOT RESPONSIBLE FOR THE ACCURACY OF INFORMATION PROVIDED BY THE EXTERNAL ASSET CUSTODIAN.

CERTIFICATION OF ASSETS HELD AWAY

ANY CERTIFICATION THAT MAY BE CONTAINED ON THIS STATEMENT DOES NOT APPLY TO ASSETS HELD AWAY REFLECTED IN THIS STATEMENT.

RESIDENTS OF TEXAS, EXCEPT PARTICIPANTS IN QUALIFIED ERISA PLANS

YOUR PROPERTY MAY BE TRANSFERRED TO THE APPROPRIATE STATE IF NO ACTIVITY OCCURS IN THE ACCOUNT WITHIN THE TIME PERIOD SPECIFIED BY STATE LAW. IF YOUR STATE OF RESIDENCE ALLOWS, YOU MAY DESIGNATE A REPRESENTATIVE FOR THE PURPOSE OF RECEIVING NOTICE OF ACCOUNT INACTIVITY BY PROVIDING THE NAME AND MAILING OR EMAIL ADDRESS OF A REPRESENTATIVE. THE DESIGNATED REPRESENTATIVE DOES NOT HAVE ANY RIGHTS TO YOUR ACCOUNT. PLEASE REFER TO YOUR STATE'S UNCLAIMED PROPERTY WEBSITE FOR MORE INFORMATION AND INSTRUCTIONS ON HOW TO DESIGNATE A REPRESENTATIVE FOR NOTICE.



FD433  
SUMMARY STATEMENT  
OF INVESTMENT HOLDINGS  
BY SECURITY CATEGORIZATION

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 1  
16915101  
AS OF JUNE 30, 2021

	<u>COST</u>	<u>MARKET VALUE</u>	<u>ACCRUED INCOME</u>	<u>%GAIN (LOSS)</u>	<u>% MKT</u>	<u>ESTIMATED ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
SETTLED CASH	0.00	0.00	0.00	.0	.0	0.00	.00
RECEIVABLES	9,276.42	9,276.42		.0	.1		
NET CASH	<u>9,276.42</u>	<u>9,276.42</u>		<u>.0</u>	<u>.1</u>		
FIXED INCOME	5,314,661.51	6,314,238.85	9,276.42	18.8	99.9	226,761.78	3.59
NET ASSETS	<u>5,323,937.93</u>	<u>6,323,515.27</u>	<u>9,276.42</u>	<u>18.8</u>	<u>100.0</u>	<u>226,761.78</u>	<u>3.59</u>





FD403  
RECONCILIATION OF CASH

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 2  
16915101  
THROUGH MARCH 31, 2021  
JUNE 30, 2021

	<u>CURRENT PERIOD</u>	<u>YEAR-TO-DATE</u>
BEGINNING SETTLED CASH BALANCE	0.00	0.00
<u>RECEIPTS</u>		
DIVIDENDS COLLECTED - COMMON STOCK	28,165.89	56,796.31
SECURITIES SETTLED IN THIS PERIOD	3,531.35	7,088.37
TOTAL RECEIPTS	<u>31,697.24</u>	<u>63,884.68</u>
<u>DISBURSEMENTS</u>		
EXPENSES	(3,531.35)	(7,088.37)
SECURITIES SETTLED IN THIS PERIOD	(28,165.89)	(56,796.31)
TOTAL DISBURSEMENTS	<u>(31,697.24)</u>	<u>(63,884.68)</u>
ENDING SETTLED CASH BALANCE	<u>0.00</u>	<u>0.00</u>



FD402  
RECONCILIATION OF ASSETS

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 3  
16915101  
THROUGH MARCH 31, 2021  
JUNE 30, 2021

	CURRENT PERIOD		YEAR-TO-DATE
	COST	MARKET VALUE	MARKET VALUE
BEGINNING NET ASSETS	5,298,743.52	6,207,280.83	6,422,615.40
<u>RECEIPTS</u>			
<u>CONTRIBUTIONS</u>			
TOTAL CONTRIBUTIONS	0.00	0.00	0.00
<u>OTHER RECEIPTS</u>			
RECEIPT OF SECURITY	0.00	0.00	0.24
TOTAL OTHER RECEIPTS	0.00	0.00	0.24
<u>EARNED INCOME</u>			
INCOME RECEIVED/TRANSFERRED	28,165.89	28,165.89	56,796.31
NET ACCRUED INCOME AS OF			
END OF PERIOD	9,276.42	9,276.42	9,276.42
BEGINNING OF PERIOD	(9,292.88)	(9,292.88)	(10,424.88)
TOTAL EARNED INCOME	28,149.43	28,149.43	55,647.85
NET REALIZED GAIN(LOSS)	576.33	576.33	1,224.41
TOTAL RECEIPTS	28,725.76	28,725.76	56,872.50



FD402  
RECONCILIATION OF ASSETS

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 4  
16915101  
THROUGH MARCH 31, 2021  
JUNE 30, 2021

	CURRENT PERIOD		YEAR-TO-DATE
	COST	MARKET VALUE	MARKET VALUE
<u>DISBURSEMENTS</u>			
<u>BENEFIT PAYMENTS</u>			
TOTAL BENEFIT PAYMENTS	0.00	0.00	0.00
<u>OTHER DISBURSEMENTS</u>			
TOTAL OTHER DISBURSEMENTS	0.00	0.00	0.00
<u>EXPENSES</u>			
INVESTMENT MANAGEMENT FEE	(3,531.35)	(3,531.35)	(3,531.35)
WF TRUSTEE FEE	0.00	0.00	(3,557.02)
TOTAL EXPENSES	(3,531.35)	(3,531.35)	(7,088.37)
	0.00	0.00	0.00
TOTAL DISBURSEMENTS	(3,531.35)	(3,531.35)	(7,088.37)
NET UNREALIZED GAIN(LOSS) AS OF			
END OF PERIOD	999,577.34		
BEGINNING OF YEAR	1,148,461.36		
BEGINNING OF PERIOD	908,537.31		
CHANGE IN NET UNREALIZED GAIN(LOSS)		91,040.03	(148,884.02)
UNREALIZED GAIN/LOSS-OTHER SECURITY CHANGES		0.00	(0.24)
ENDING NET ASSETS	5,323,937.93	6,323,515.27	6,323,515.27



FD404  
RECONCILIATION OF INCOME

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 5  
16915101  
THROUGH MARCH 31, 2021  
JUNE 30, 2021

	<u>CURRENT PERIOD</u>	<u>YEAR-TO-DATE</u>
<u>NET DIVIDENDS - COMMON STOCK</u>		
DIVIDENDS RECEIVED	28,165.89	56,796.31
ACCRUED DIVIDENDS AT END OF PERIOD	9,276.42	9,276.42
ACCRUED DIVIDENDS AT BEGINNING OF PERIOD	(9,292.88)	(10,424.88)
TOTAL NET DIVIDENDS EARNED - COMMON STOCK	<u>28,149.43</u>	<u>55,647.85</u>
TOTAL EARNED INCOME	<u>28,149.43</u>	<u>55,647.85</u>



FD433  
SUMMARY STATEMENT  
OF INVESTMENT HOLDINGS  
BY SECURITY CATEGORIZATION

COBRE CCP TRUST  
WELLS CAPITAL MANAGEMENT

PAGE 6  
16915101  
AS OF JUNE 30, 2021

	<u>COST</u>	<u>MARKET VALUE</u>	<u>ACCRUED INCOME</u>	<u>%GAIN (LOSS)</u>	<u>% MKT</u>	<u>ESTIMATED ANNUAL INCOME</u>	<u>CURRENT YIELD</u>
SETTLED CASH	0.00	0.00	0.00	.0	.0	0.00	.00
RECEIVABLES	9,276.42	9,276.42		.0	.1		
NET CASH	<u>9,276.42</u>	<u>9,276.42</u>		<u>.0</u>	<u>.1</u>		
FIXED INCOME BOND FUNDS	5,314,661.51	6,314,238.85	9,276.42	18.8	99.9	226,761.78	3.59
FIXED INCOME	<u>5,314,661.51</u>	<u>6,314,238.85</u>	<u>9,276.42</u>	<u>18.8</u>	<u>99.9</u>	<u>226,761.78</u>	<u>3.59</u>
NET ASSETS	<u>5,323,937.93</u>	<u>6,323,515.27</u>	<u>9,276.42</u>	<u>18.8</u>	<u>100.0</u>	<u>226,761.78</u>	<u>3.59</u>