

Meeting #52
February 8, 2017
MEETING SUMMARY

Meeting Attendees

Community Working Group members present:

Karen Kitchayan Jones – San Carlos Apache Tribe
JoAnn Besich – Superior Optimist Club
George Martin – JF Ranch
Lynn Martin – JF Ranch
Jeff Bunklemann – Central Arizona College
Fred Gaudet – Arizona Trail Association
Pam Bennett – Queen Valley Community Liaison
Rick Cartier – Superior Chamber of Commerce alternate
Tiffany Rowell – Superior resident
Nancy Vogler – LOST Trail
Bill Vogler – Superior Copper Alliance
Bruce Wittig – Queen Valley Fire Department
Jim Schenck - Magma Dorada
Hank Gutierrez - Superior Copper Alliance

Community Working Group members not present:

Cecil Fendley – Queen Valley Water Board
Arlynn Godinez – Superior Unified School District Board / Maricopa County
Pamela Rabago – Superior Chamber of Commerce
Tom Spridgen – Rotary Club of Superior
Fernando Shipley – Cobre Valley Regional Medical Center Board
Anthony Huerta – Town of Superior
Roy Chavez - Concerned Citizens and Retired Miners

Resolution Copper Company:

Melissa Rabago – Community Advisor
Kami Ballard - Environmental Permitting
Vicky Peacey – Environmental and Permitting Manager
Diego Ortega - Manager of Communities and Performance
Andrew Lye – Resolution Copper Project Director

Facilitators – Godec, Randall & Associates (GRA)

John Godec
Debra Duerr

Speakers:

Andrew Lye, Diego Ortega, Vicky Peacey - Resolution Copper

Public Guests:

None

Introductions & Housekeeping

John Godec asked everyone to introduce themselves.

He mentioned that Leslie Watson, an environmental planner who has been attending CWG meetings, has offered to talk with the group about the National Environmental Policy Act (NEPA) and visual resource assessment. The group felt they had enough information about these topics, however.

Godec told the CWG that he had prepared a draft news release about the hiring of Southwest Groundwater Consultants, as requested by the Community Monitoring Task Force. He asked the group to review this and let him know if they would like to send it to news outlets. Members agreed that this is a good idea. It was suggested that the news release be very clear that this is an independent effort not performed by Resolution Copper directly.

Godec showed the group the updates that have been done to the CWG website. There was a suggestion that we may want to include documentation about speakers who were invited to meetings but didn't attend. The group also asked to add a meeting category for Community Monitoring.

Resolution Copper Project Updates

Andrew Lye, Resolution Project Director & Diego Ortega, Communities Manager

Godec introduced Andrew Lye and Diego Ortega, saying that there have been some changes within Resolution Copper Company (RCC) in the past several months. These senior managers have been invited to update the group and answer questions.

Andrew Lye told the group that he arrived in Arizona last year with his family to lead the Studies efforts of the project. He asked the group what they were particularly interested in. Their list of questions included the following, which Lye addressed in his talk:

How's the reclamation project coming along?

What's happening with the No. 9 shaft?

It is 5,683 feet deep now, or approximately 1.5 kilometers.

Do Presidential Executive Orders affect the project?

What's going on with the EIS?

What's going on with the Apache Leap Special Management Area?

Will concentrate shipment be by rail or slurry?

Will Resolution be selling to Chinalco?

No.

Will there be replacement property for Oak Flat?

Lye reported that there was a business review of the project recently, which resulted in modified budgets and risk analyses. At the meeting, the company self-reported on some

management mistakes made in the past, and the way community grants are managed. This is the subject of an internal Rio Tinto review at this time. They are hoping to have some answers about this in late March.

As a result of this review, 4 main risks to the project have been identified. About 6 years are estimated to be needed to address all of these risks. RCC is developing estimates of how much money will be needed to do this.

The first identified risk is permitting. Lye said that RCC met with the Regional Manager from the Forest Service today on this topic. They reviewed the various mines being proposed in the state including Rosemont, who expressed some frustrations with the status of their project. He said that the Resolution Copper Project and Land Exchange Environmental Impact Statement (EIS) is currently on track. Lye mentioned some of the approaches Rio Tinto has used in other parts of the world to perform environmental reviews and develop mitigation. The second key risk is tailings. It took 3 years to get the Environmental Assessment (EA) approved to do site characterization, and that assessment process is critical to understanding whether the site is suitable. "Order-of-magnitude" studies will be completed by July, as all the data is in now. Another risk is shaft development, with provision of a secondary means of access being critical. Board approval is needed for this. Rehabilitation of the existing shaft will take 2 years. The shaft is "deep and hot". The fourth key risk is how the rock will behave once mining begins and tunnels are installed. Lye said that, as well, there must be a market for the ore when it is processed.

Rio Tinto has been looking at potential acquisitions that may be bargains now that the price of copper is lower. There don't seem to be any good prospects out there. The company considers this project to be very important and seems to be supportive. This may depend, to some extent, on a deeper assessment of the identified risks and costs. These discussions are going on right now, over the next several days. He mentioned that an offsetting concern at the corporate level is that the Grasberg mine in Indonesia is in the portfolio, which has been poorly managed and has been very unsafe with dozens of deaths.

Regarding the mining method, a CWG member mentioned that she saw a show on Direct TV that reported that Roy Chavez has developed a model of the subsidence with block cave mining. She wondered whether this was true, and felt that the implication is that cut and fill should be used. The group thought that this is something the public doesn't understand very well, and so represents misinformation in a way. Lye noted that there are continued questions about why cut and fill can't be done; it's primarily an issue of economics. Also, it would not solve the tailings problems. Lye has built and operated a block cave mine before. He said it's a slow, measured process. He said the Forest Service also asked about this at the meeting today, as they are in the process of starting to develop project alternatives. Kami Ballard reported that RCC is working on an animation of the mine site, and subsidence, and offered to show this at a future meeting. The group asked that this be done.

Following up on the tailings risk, a CWG member asked whether RCC would look for another tailings site if a “fatal flaw” were to be discovered at this one. Lye responded the company has been working with the Forest Service to start developing alternatives, which might include construction methodologies and alternative tailings sites. The Forest Service has asked for data from RCC so they can evaluate what alternatives should be studied. One alternative is likely to be looking at a filter plant closer to the mine. There are potential issues with pipelines and spills. This might have implications for transportation and the railroad. A member asked whether the rail line could be made operable into Superior again; this did not seem likely.

In answer to a question about recent presidential Executive Orders, Lye said there is growing optimism within the company that they will be able to get through their permitting under this administration. He emphasized, however, that the company does not want to take shortcuts or circumvent requirements. Decisions being made in Washington now are having global effects. There is no plan to seek special provisions for the Resolution Copper Project.

CWG members asked Mr. Lye how community grants are being managed at present. He said that there has been an internal sustainability review of community grants, with the objective of making sure the company is leaving a lasting legacy. Their main goals are to make money, promote a positive environmental impact, and have a positive community impact. They need to make sure they are leveraging money they spend from the project to achieve these objectives. This review has also led to some changes in the project team to streamline things. Diego Ortega is preparing a social investment plan to make sure it’s sustainable and connected to milestones. This will be based on agreed-upon priorities with the community, and will have both short-term and long-term benefits for the community and the mine. Rio Tinto is asking for a plan that lasts throughout the entire mine development process through closure. The CWG requested that this plan be shared with them when completed, and Lye promised to do this. Ortega emphasized that this plan is not only being prepared by the local Communities team but also by senior management. Once the plan is approved by Rio Tinto, funding will be forthcoming.

Godec asked about the community investment fund discussion that has taken place in the CWG, which came to an abrupt end. He asked if this just on hold, or whether it has been dropped from consideration. Ortega said it has not been dropped, but that some things are beyond the control of the company, like the price of copper. If this is an approach that is consistent with sustainability and milestones, Ortega will take the proposal to Rio Tinto. This needs to be a very careful decision, since once you establish a funding mechanism, there is no way back. The next milestone seems to be a 4-year permitting period, and the company wants to make sure that such an approach will be feasible. If expectations are too high, there could be disappointment all around; he gave an example from a mine in Peru.

The CWG thanked Ortega for this explanation, which was much better than any they have heard in the past. Ortega said this has been a thinking process that has taken several months, and a lot of information has been evaluated during that time. Lye shared that the Communities budget is the smallest one, yet is still the most closely scrutinized. He asked the CWG to please let him know if they have ideas, requests, or concerns so that the company can make sure they

understand them. Ortega noted that they want to share bad news as well as good news, in the interest of transparency and collaboration. He felt that a community investment plan could be ready to share with the CWG in July, and that a charitable foundation may be part of it.

A CWG member endorsed the concept of proceeding cautiously. In the past, community assistance has been done on a wholesale basis, and when that needs to be cut down or cut off, it leaves a bad taste for everybody involved. Another issue has been RCC investment in the Globe area, which some CWG members felt was unfair because Freeport won't invest anything in Superior. Ortega said that a main reason for the new Globe office is to make it easier for the Native American community to get information, since it is difficult for many to come to Superior. He noted that budget freezes and cuts affect the entire region, not just Superior, and this needs to be addressed in the social investment plan.

Members asked whether the smelter area reclamation is still on schedule. Yes, it is on schedule for completion in 2020. The main issue is the gas pipeline that needs to be relocated. Recent rains have not affected this. A challenge has been the ability to obtain consistent contract labor.

The group thanked Mr. Lye and Mr. Ortega very much for coming and providing answers to their questions. Mr. Lye thanked the CWG for their work and contributions.

Update on Apache Leap Special Management Area Plan (ALSMA)

Vicky Peacey, Resolution Permits Manager

Vicky Peacey gave an update on the ALSMA progress. The public comment period closed on January 31. The Forest Service is finalizing a summary report on comments, to be posted to the project website next week. A Forest Service Interdisciplinary (ID) Team has started to develop a management plan, and their next meeting will be on February 14. A draft plan will be released concurrent with scoping for the Environmental Assessment (EA), hopefully in March. If there is a public meeting for this, it would also be in March.

Regarding the ALSMA, it was reported that the Town of Superior has developed a vision statement in concert with the Forest Service. This was well-received. Several CWG members thought that the Forest Service representatives were much more positive and approachable in this government-to-government consultation meeting than they had been in previous meetings with the public, the CWG, and the Recreation User Group (RUG).

Regarding a land exchange for Oak Flat, Peacey said that this issue had been raised during scoping and the Forest Service has asked RCC to look at compensation or replacement. The JI Ranch (300 acres) and Castlebury property (10 acres) are both owned by RCC and could be evaluated for exchange. A member asked if there could be services at this campground (dump station, electrical, water), since there is nothing similar in the region; this would also be a great economic benefit to the region. Peacey said this is a valuable suggestion. A new campground may be developed as a partnership between RCC and State Parks, or other arrangements could be used. A member said there would need to be a campground coordinator to ensure that it's

not “trashed”. Lynn Martin, who operates the JI Ranch, pointed out that the residents around that area would be very opposed to a campground there. Peacey said she recognizes this, and there are many other options for recreational uses in that location that could be used as offsets that wouldn’t involve campgrounds (acorn harvesting, hiking, etc.) A member observed that ADOT’s reconstruction of the highway in this area will also be controversial for local residents.

The Apache community representative pointed out that Oak Flat is not the only place that acorns are harvested, as has been portrayed in the media, nor is it the only place where holy ceremonies are conducted. Another member remembered that the director of the Apache Cultural Center told the group about several locations where acorns are collected, and described the Sunrise Ceremony and others. Peacey said that the Forest Service is meeting with 10 tribes, but that San Carlos has declined to participate in formal consultations so far; this may be changing. She suggested that the CWG may want to talk with Forest Service about this when they come next.

Subcommittee Updates

The RUG met this morning. There will be a slight change in the way the group will function, because the group is becoming quite large. Each member organization will appoint a spokesperson and an alternate. The RUG reviewed and approved operating policies. Their next meeting will be on April 12, and they will probably meet about every other month.

Regarding the community water quality monitoring initiative, Peacey said that Resolution is drilling a new well that will also be monitored. A CWG member wondered if Resolution will still be paying for the community monitoring. Peacey has committed to doing this, and the budget is separate from the Communities budget. The first joint sampling trip will be set up soon.

Pamela Rabago is not here tonight, but it was reported that the requested meeting with Vicky Peacey on historic preservation has not yet taken place. However, it is unlikely that the company will do anything with the stack and associated buildings soon. A CWG member suggested that the best approach would be to get a written commitment from RCC that the buildings will not be demolished without future consultation with the community. It was suggested that the entire CWG should discuss this issue, as any person’s opinion may not necessarily reflect the opinion of the group.

San Carlos Apache Tribal Council Resolution

Karen Jones described the recent resolution adopted by the tribal council to request that Oak Flat be designated as a national monument. After this, Mr. Wensler Nosey went before the council to offer to serve as a liaison between the tribe and the group Apache Stronghold, for a fee. This proposal wasn’t accepted. Godec asked if there is a march at Oak Flat scheduled in the near future; yes, there is. The White Mountain tribe had passed a resolution prohibiting acceptance of funding from Resolution, but this has been rescinded; this means they may be ready to do business with Resolution. It was observed that past water rights negotiations were

not beneficial to San Carlos because they were so late in coming to the table. A CWG member felt that the tribe wants to be a 'victim'.

Public Comments

There were no public visitors.

Next Meeting

The Forest Service will be invited to talk about both the Apache Leap Special Management Area and the Environmental Impact Statement alternatives development process.

*Wednesday, March 8, 2017
Superior Chamber of Commerce
5:30pm light dinner for CWG members and invited speakers
6:00pm Meeting*