

May 14, 2020

Ms. Mary Rasmussen
US Forest Service
Supervisor's Office
2324 East McDowell Road
Phoenix, AZ 85006-2496

**Subject: Resolution Copper Mining, LLC – Mine Plan of Operations and Land Exchange – USFS
Comment Response Data Request #4 – Updated Socioeconomic Data – Part 1**

Dear Ms. Rasmussen,

In response to USFS Comment Response Data Request #4 – Updated Socioeconomic Data, please find attached answers to the questions 1, 2, 4, and 5.

Should you have any questions or require further information please contact me.

Sincerely,



Vicky Peacey,
Senior Manager, Permitting and Approvals; Resolution Copper Company, as Manager of
Resolution Copper Mining, LLC

Cc: Ms. Mary Morissette; Senior Environmental Specialist; Resolution Copper Mining
Company, LLC

Enclosure(s): Attachment 1 USFS - Projected Future Spend and Payroll April2020.xls

Attachment 2 -Skunk Camp and Filter Plant data April 2020.xlsx

USFS Comment Response Data Request # 4 – Updated Socioeconomic Data – Part 1

1. Updated employment and annual expenditure projections. Near the outset of this NEPA analysis, in the Spring of 2017, Resolution Copper provided projections of employment, annual expenditures and other information for use in the EIS (attached). That information was originally provided to Resolution Copper’s consultants in 2011 and is now approximately nine years old. Please provide updated projections for use in the Final EIS, if available, or confirm that the attached information remains the most accurate forecast of future activity associated with the proposed mine. (Note that we are currently assuming the schedule originally provided in 2011 has shifted by about five years, so that the peak construction employment level would occur in about 2026 instead of 2021.)

Response: The updated annual employment and expenditure projections are included in the attached spreadsheet (*Attachment 1 USFS - Projected Future Spend and Payroll April 2020*). Please note that the peak construction employment level is now estimated to occur in 2030.

2. Future employment based outside of the Superior area. Please identify the proportions of projected construction and operating employment that are expected to be based outside of the Superior area, what types of jobs are likely to be located elsewhere, and where those jobs are expected to be based.

Response: All employees and contractors reporting to the Skunk Camp Tailings Facility site or the Filter Plant site will be based outside of the Superior region due to the geographical locations of those sites. Construction and operational jobs for the Skunk Camp tailings facility will be located in the Dripping Springs area, approximately 20 miles from the Town of Winkelman in Pinal County, while the construction and operational jobs for the Filter Plant will be located near Florence Junction, in Pinal County. This would be approximately 51 full time employees at Skunk Camp and the Filter plant out of 1,400 total employees working on the project. (see *Attachment 2 -Skunk Camp and Filter Plant Data April2020*). Contractors would likely work at all locations and as a result are not including in this number. The project facilities located in the Superior region are the West Plant and East Plant sites where the remaining 1,346 employees will be located.

3. Goods and services procurement from local suppliers in and near Town of Superior. Please provide information on the annual amount of local purchasing and the types of goods and services that are currently being sourced from suppliers located in and near Superior. Please describe trends in local purchasing and the development to date of a local supply chain in Superior. Please describe current constraints on further development of that local supply chain.

Response: Forthcoming and will be submitted separately.

4. Construction and operating employment and tax revenue associated with Skunk Camp tailings facility alternative. Please provide an estimate of the staffing and payroll requirements specifically associated with the construction and operation of the tailings facility under the Skunk Camp alternative. Please provide an estimate of the future taxable value of the proposed Skunk Camp tailings facility.

Response: The predicted future tax payable and staffing and payroll associated with the Skunk Camp tailings facility alternative is provided in the attached spreadsheet (*Attachment 2 -Skunk Camp and Filter Plant Data April2020*).

5. Construction and operating employment and tax revenue associated with proposed filter plant. Please provide an estimate of the staffing and payroll requirements specifically associated with the construction and operation of the filter plant. Please provide an estimate of the future taxable value, or the estimated construction cost, for the proposed filter plant.

Response: The predicted future tax payable and staffing and payroll associated with the filter plant is provided in the attached spreadsheet (*Attachment 2 -Skunk Camp and Filter Plant Data April2020*).

All amounts stated in millions

All Data from 2011 model 120ktpd case, with modifications on timing

Years post land exchange		0	1	2	3	4	5	6	7	8	9
	Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Property Taxes											
Potential		0.6	0.8	1.0	2.0	10.0	13.8	17.5	24.8	30.8	31.8
Net of School District	47%	0.3	0.4	0.5	0.9	4.7	6.5	8.2	11.5	14.3	14.8
Severance Taxes											
		0.0	0	0	0	0	0	0	0	0	0.0
State Income Taxes											
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estimated Annual Expenditures (Excludes all taxes)											
Operating		249	354	269	12	12	76	112	142	154	267
Capital		72	24	10	349	433	598	857	1034	867	620
Total		321	378	279	361	445	674	969	1176	1021	887
Cumulative		321	699	978	1,339	1,784	2,458	3,427	4,603	5,624	6,511
Employment levels (Include Contractors)											
PFS/FS		160	160	160	140	140					
Construction		200	225	250	350	350	500	1,000	1,500	2,000	2,000
Operations						0	0	0	0	0	250
Total		360	385	410	490	490	500	1,000	1,500	2,000	2,250
Estimated average salary (unburdened)		75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Gross Salaries in M's		27	28.875	30.75	36.75	36.75	37.5	75	112.5	150	168.75

**salaries are captured in costs above
In Estimated Annual Expenditures

(Uses state mineral prices).

50	51	52	53	54	55	56	57	58	59	60	61	62	63
2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083
58.0	58.0	50.0	40.0	20.0	10.0	5.0	5.0	5.0	5.0	5.0	5.0	2.0	2.0
27.0	27.0	23.3	18.7	9.3	4.7	2.3	2.3	2.3	2.3	2.3	2.3	0.9	0.9
11	11	11	14	15	16	17	16	18	16	7	2	0	0
25.4	25.4	25.4	32.3	34.6	38.0	41.3	39.8	43.8	40.0	14.9	3.1	0.0	0.0
415	415	415	415	415	415	415	415	415	415	415	337	267	168
103	103	103	98	67	46	20	10	6	10	7	6	6	56
517	517	517	513	481	460	434	424	421	425	421	343	273	224
33,292	33,809	34,327	34,839	35,320	35,780	36,215	36,639	37,059	37,484	37,905	38,248	38,521	38,745
200	200	200	200	200	200	200	200	200	200	200	200	100	50
1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	500	200
1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	600	250
75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
105	105	105	105	105	105	105	105	105	105	105	105	45	18.75

64 2084	65 2085	66 2086	67 2087	Total 54 Yr LOM (2029 throu	
2.0	2.0	2.0	2.0	3,814.1	\$2.75 Cu
0.9	0.9	0.9	0.9	1,778.7	
0	0	0	0	780	
0.0	0.0	0.0	0.0	1,716	
0	0	0	0	27,818	
0	0	0	0	10,927	
0	0	0	0	38,745	
38,745	38,745	38,745	38,745		

6,856

Construction and Operation and Predicted Future Taxable Values - Tailings and Filter Plant

	Cost	Estimated ADOR factor ¹	Central Assessment Prop Tax FCV	Prop Tax Assess Ratio	Jurisdiction Tax Rate ²	Predicted Annual Prop Tax Payable ³	Average Staffing	Average Payroll	Total Ann. Payroll	Annual Bus. Revenue ⁴
Skunk Camp tailings facility										
1 Construction cost	6,000,000	1:1	6,000,000	18%	15.2%	164,214	21	\$ 75,000	\$ 1,575,000	\$ 26,250
2 Equipment cost	268,000,000	0.75:1	201,000,000	18%	15.2%	5,501,169				
						5,665,383				
Filter Plant - Pinal County										
1 Construction cost	4,000,000	1:1	4,000,000	18%	17.5%	125,928	30	\$ 75,000	\$ 2,250,000	\$ 37,500
2 Equipment cost	97,000,000	0.75:1	72,750,000	18%	17.5%	2,290,316				
						2,416,244				

- 1) Per Kirk McKelhany (AZ Dept of Revenue), business value will be assessed dollar for dollar to land/buildings. Then balance of business value factored across equipment. Thus, based on this factoring approach, RC would receive about 75:100 ratio against it's equipment capital cost.
- 2) Blended rate of 1/2 from Gila County (17.49%) and 1/2 from Pinal County (12.92%)
- 3) Predicted annual tax payable is assuming same tax rate currently in place. As RC will increase the assessed value within these jurisdictions, each taxing jurisdiction will have to recalculate it's tax rate (downward). The benefit to taxpayers in these jurisdictions would then benefit from a reduced tax rate
- 4) Assumes \$5/day spending at local businesses (lunches or fuel) for each employee. Profit for local business could be assumed at 5-10% of revenue, and sales tax at 3-4%