

**RESOLUTION NO. 2475**

**A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, EXPRESSING SUPPORT FOR THE SOUTHEAST ARIZONA LAND EXCHANGE AND CONSERVATION ACT AND URGING THE UNITED STATES SENATE AND HOUSE OF REPRESENTATIVES TO PROMPTLY ENACT THIS LEGISLATION AND TO RECOGNIZE RESOLUTION COPPER COMPANY FOR ITS INVESTMENTS AND EFFORTS TO DEVELOP A NEW COPPER MINE AND ENHANCE THE LOCAL, STATE AND NATIONAL ECONOMIES.**

**WHEREAS**, the Town of Payson recognizes the importance of regional economic development;  
and

**WHEREAS**, the Town of Payson recognizes the significant role that copper mining has played in the history of Gila County and the State of Arizona for more than 100 years; and

**WHEREAS**, Resolution Copper is actively engaged in the development of an environmentally sound, socially responsible underground mining project in and around the Oak Flat area east of the Town of Superior; and

**WHEREAS**, the Town of Payson understands the importance of the Southeast Arizona Land Exchange and Conservation Act and Arizona's economic future and urges the United States Senate and House of Representatives to expeditiously pass this legislation; and

**WHEREAS**, the Town of Payson understands the potential positive and negative cultural and financial impacts associated with these bills and proposed copper mine,

**NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA, DO HEREBY RESOLVE AS FOLLOWS:**

Section 1. That the Mayor and Common Council of the Town of Payson hereby declare their full support for the Southeast Arizona Land Exchange and Conservation Act and the development of the Resolution Copper Mine.

**PASSED AND ADOPTED BY THE MAYOR AND COMMON COUNCIL OF THE TOWN OF PAYSON, ARIZONA**, this \_\_\_\_ day of \_\_\_\_\_, 2009, by the following vote:

AYES \_\_\_\_ NOES \_\_\_\_ ABSTENTIONS \_\_\_\_ ABSENT \_\_\_\_

\_\_\_\_\_  
Kenny J. Evans, Mayor

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Silvia Smith, Town Clerk

\_\_\_\_\_  
Samuel I. Streichman, Town Attorney

*Prepared by Town of Payson Legal Department*

*SIS:drs February 24, 2009 (10:28am)  
C:\MyFiles\Resolutions\2400s\2475 Resolution Copper land exchange.wpd*

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**NOT**

**AN EXHIBIT TO RES. #2475**

**FOR INFORMATION ONLY**

## Key Facts About Resolution Copper

- ↳ Resolution is one of the biggest economic development projects in Arizona. When operating, Resolution will provide around 1,200 jobs paying an average of 70k per year and generate more than \$46.4 billion in economic activity.
- ↳ The Resolution land exchange is one of the things that area residents and elected officials can agree on. Miami, Globe, Superior, Mammoth, Kearny have been joined by both Gila and Pinal Counties in the passage of support resolutions. CAAG (the Central Arizona Association of Governments) has also passed a resolution of support.
- ↳ Resolution will train local residents on modern skills needed to work in a high-tech mine. These skills are in demand and highly portable.
- ↳ Resolution will generate around \$4 billion in revenue to the State and another \$5 billion to the federal government.
- ↳ Resolution is the ultimate economic stimulus package, all of the economic development, at no cost to the taxpayer.
- ↳ Resolution has devoted millions of dollars to an extensive cleanup of the Magma Copper mining area in Superior – a 100-year old site of mining, concentration and smelting. To date, Resolution has spent \$15 million and will spend around \$50 million on the reclamation.
- ↳ The Resolution ore body is one of the largest in the world – anticipated to meet 20% of the United States' demand for copper for the life of the mine
- ↳ As a result of the global economic crisis and slow progress on the land exchange, operations have begun to slowdown. The company has no other choice other than to scale back. While some folks can find work elsewhere, the three to four jobs each that each Resolution employee supports (school teachers, restaurant owners, auto mechanics, etc.) are already being affected.
- ↳ Resolution is looking at using former sites previously impacted by mining operations to deposit tailings.
- ↳ Resolution has worked closely with the local communities throughout the Copper Triangle and with the Arizona Department of Commerce to bring diversity and balance in the regional economy.

# Project Profile



## Resolution Copper Mining

# The Resolution Project

### Overview

The Resolution Project is located approximately three miles east of Superior, Arizona in the historic Pioneer Mining District. Initial exploration, conducted from 2001 to 2003, indicates what could be the largest ore body ever found in North America, capable of producing 20 percent of expected future US copper demand over five decades. The ore body rests more than a mile below the surface. In May 2008, Rio Tinto, Resolution Copper's parent company, announced that Resolution Copper had completed sufficient drilling on the deposit to report an inferred resource\* of 1.34 billion tons, containing 1.51 percent copper and 0.040 percent molybdenum.

Determining the most feasible means of mining the ore body at this depth is one element of fact-finding and investigative fieldwork the company is now pursuing as part of its pre-feasibility studies. Technical challenges include a mining depth of 7,000 feet and a temperature of 185 degrees Fahrenheit.

### Long-Term Impact

The Resolution Project will have a projected annual impact of \$798.2 million, the economic equivalent of one and a half National Football League Super Bowls per year, for 66 years.



The Resolution Project

Additional pre-feasibility work is focused on evaluating a broad range of mining, processing and operating alternatives; studying water, transportation and infrastructure needs; and sinking an exploratory shaft. Pre-feasibility studies are expected to conclude in 2012, with first production by 2020. The anticipated production is 500,000 tons of copper metal per year.

\*An inferred resource assumes there is a continuous mineralized body present, based on geological evidence, however, the actual mass of the mineralization is still unproven.

### Economic Benefits

Total economic impact of the 66-year project on the state of Arizona is estimated to be \$46.4 billion. During the peak years of mine production, annual impact of the mine itself is estimated to be \$536.6 million. If the additional development of residential, commercial and industrial land is

considered, peak annual economic impact on the state is projected to be \$798.2 million, the economic equivalent of one and a half NFL Super Bowls per year, every year for 66 years.

In terms of fiscal impact, the project is estimated to generate total federal, state, county and local tax revenue in excess of \$10.7 billion.

Equally important are projected employment figures. Over the 66 years of mine life, an on-site peak of 1,200 mine employees and 200 construction workers are anticipated during normal operations. Including indirect and induced jobs, annual mine operations are initially expected to account for 2,603 total jobs with \$178.7 million in wages.\*

\*Fiscal and economic figures are based on a third-party report commissioned by Resolution Copper and conducted by Elliott D. Pollack & Company.

### **Our Commitment to the Community**

Good relations with the communities we operate in are fundamental to our success as a company. Our approach is to work with the Town of Superior and the surrounding area to support the community's vision for economic development and social stability. Our goal is to help with specific activities that jumpstart economic



John F. Kennedy Elementary School fifth-grade students visited the Arizona Mining and Minerals Museum

resurgence and, over the long term, to act as a partner in maintaining the area's sustainability. To further this goal, Resolution Copper has joined with the Arizona Department of Commerce to help Copper Triangle communities diversify their economies.

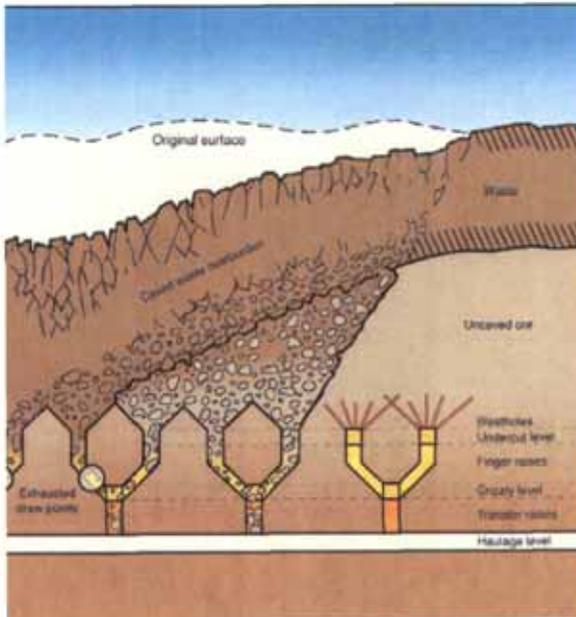
Resolution Copper's commitment to keeping the public informed is central to our operation. We routinely host town hall-style meetings, open houses, and have a Mine Information office on Main Street in downtown Superior. In addition, we've organized community advisory committees throughout the region that we routinely brief on project developments. These committees provide us with valuable information on how to be better neighbors. Resolution Copper has also made philanthropic contributions in the region and has partnered with environmental, educational, regional and state organizations to stay informed and involved.

### **Our Commitment to the Environment**

Resolution Copper has voluntarily undertaken a major cleanup of the Superior-area site effected by previous mining operations. Reclamation costs absorbed by our company will exceed \$50 million, and the majority of work is being completed by local contractors, thereby supporting the local economy. Our reclamation objectives are to protect the health of both the citizens and the environment from any legacy mining residue that may exist, restore the site with natural vegetation and a sustainable cover, and re-establish the area for useful purpose.

## Mining Method

We recognize that by its nature, mining disturbs the land. We're fully committed to minimizing negative impacts and sustaining the environment at every stage of mine development and operation. To that end, we are now planning for the closure of our mine before we begin construction. We will have a course of action in place to return the land to its natural state and help local communities develop sustainable economies once our operations cease.



Block Caving Mining Method

Our underground mining method uses state-of-the-art technology and block caving techniques to preclude the need for open pits and limit waste rock piles. Block caving is an economical, efficient mining approach that uses gravity to extract ore. Below the ore body, a series of tunnels is built to ensure that the ore will fall by gravity to the bottom of the cave into a series of collection points. Loaders then collect the ore and transport it to an underground crusher. Shafts are used to raise the crushed ore to the surface for processing.

## The Land Exchange

Resolution Copper and its predecessors own private land in the immediate and surrounding area of the proposed mine development. The company has also maintained several unpatented mining claims above the potential mine dating back to 1917. Additionally, access is needed to forest land in and around the Oak Flat area where mining is currently prohibited by federal law. This is necessary to complete our feasibility study and to make a final decision regarding how to develop the mine. Passage of the *Southeast Arizona Land Exchange and Conservation Act* will accomplish this goal.

## Key Facts

Resolution Copper is asking for approximately 2,000 acres of National Forest land in the Oak Flat area, 695 acres of which will be set aside as an Apache Leap conservation easement to permanently protect that area. In return, Resolution Copper will transfer over 5,500 acres of high-priority conservation lands to the US government.

The parcels that will be conveyed to the US contain:

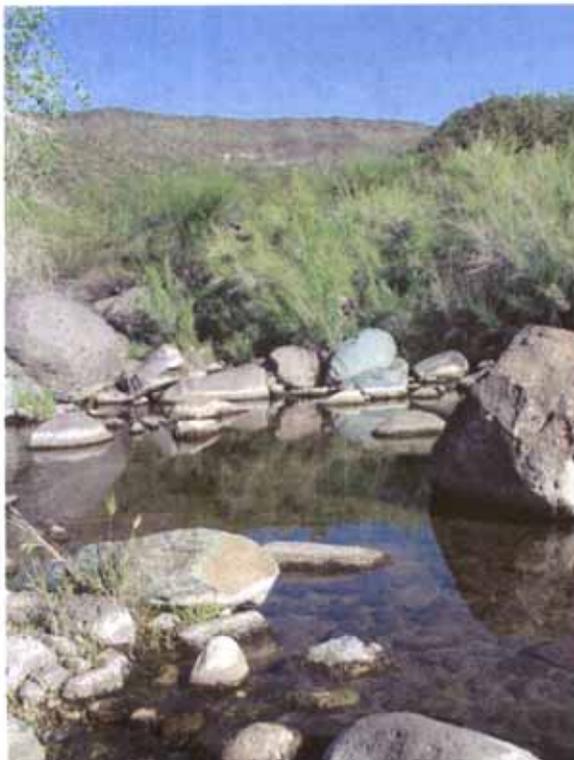
- More than 20 miles of intermittent or ephemeral streams.
- At least two miles of perennial streams.
- More than 1,300 acres of Federal Emergency Management Agency (FEMA)-designated floodplains.
- 1,766 acres of National Wetlands Inventory (NWI)-designated wetlands.
- Habitat for a number of listed, candidate or proposed threatened or endangered species, including the Southwestern willow flycatcher,

Chiricahua leopard frog, Mexican spotted owl, bald eagle, Gila topminnow, headwater chub, Arizona hedgehog cactus and Arizona agave.

- Cultural resources such as Euro-historic sites and unknown prehistoric sites, including significant petroglyphs.
- No hazardous materials amounting to an ASTM-recognized environmental condition have been encountered.

In contrast, the acreage Resolution Copper is requesting contains 12 miles of predominantly ephemeral channels, no floodplain and less than one acre of wetlands. The parcel is home to a few Arizona hedgehog cactus plants, but no other threatened or endangered species.

Cultural resources consist of Civilian Conservation Corps check dams, limited prehistoric sites and some proto-historic/recent Apache sites. The latter are located primarily within the area of



Cave Creek

Apache Leap that is protected from disturbance by the land exchange bill. In addition, the land exchange bill has provisions that help further the Town of Superior's vision for the future. Less than five square miles and almost completely surrounded by public lands, the town is in dire need of developable land for housing and commerce. The land exchange bill will help the town acquire almost 200 acres west of town.

By way of the land exchange, Superior will also receive title to the historic Fairview Cemetery. This site has been used for almost a century by the residents of Superior, but is located on National Forest property. The town has tried to acquire title to this land for many years. The land exchange helps it realize this goal.

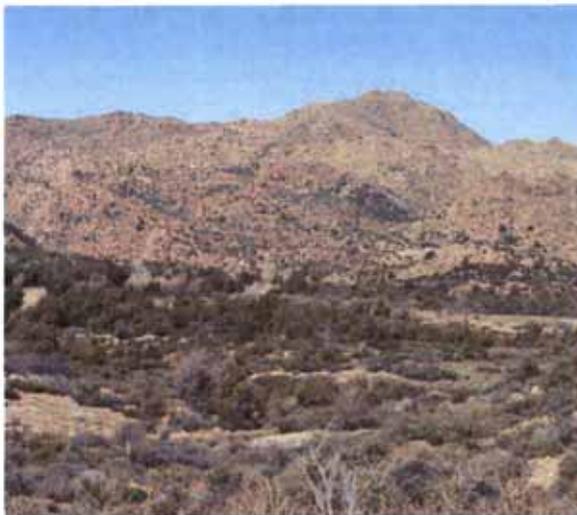
### Key Provisions in the Land Exchange

- Transfer of land needed for mining operations in and around Oak Flat Campground from the federal government to Resolution Copper. (In return, Resolution Copper will transfer over 5,500 acres of high-priority conservation lands to the US government.)
- A financial commitment from Resolution Copper to support development of one or more campgrounds to replace the existing Oak Flat Campground facilities within the Tonto National Forest.
- Conservation and protection of the scenic escarpment above the Town of Superior known as Apache Leap.
- Monies for improved access within and around Apache Leap.

In June 2008, Senator Jon Kyl introduced a new bill, S.3157, with the following improvements to the past land exchange legislation:



Appleton Ranch



Oak Flat



7B Ranch on the San Pedro River

- New language to require a full Environmental Impact Statement (EIS) on all mine activities prior to mine opening. This action will be subject to public comment.
- 956-acre Appleton Ranch parcel added to exchange package in lieu of \$7.5 million cash payment to the US government.
- 110 acres of Resolution Copper land on Apache Leap will be conveyed to the Forest Service to enhance management of Apache Leap conservation easement.
- 7B Ranch on the San Pedro River will be added as a new unit of the San Pedro Riparian National Conservation Area. Cash equalization money paid to the US government placed in a special account to be used solely for San Pedro River land acquisition, management or protection.
- The Forest Service will build an Oak Flat Campground replacement(s) in four years instead of two.
- Funding for Oak Flat Campground replacement doubled from \$500,000 to \$1 million in order to address Forest Service concerns.
- Forest Service will own and operate Oak Flat Campground (approximately 75 acres) for four years after bill enactment. Resolution Copper can drill under that area, but no surface disturbance will be allowed until land transfers to Resolution Copper.
- Resolution Copper's 95-acre "Pond" parcel will be added to lands conveyed to Forest Service for the benefit of area recreation groups.

- Provision was deleted that called for closure of Magma Mine Road, Euro Dog Valley and Looner Land climbing areas upon bill enactment.
- Expanded appraisal provisions to protect the public if actual mine production exceeds levels assumed in appraisals prepared at the time of the exchange.

### Environmental Impact Statement

Resolution Copper is currently completing the extensive baseline work needed to identify all potential environmental impacts of our mining operations. We will then determine how to maximize positive effects while minimizing negative impact. Baseline studies include a detailed analysis of all potential mining operation sites in order to examine a broad range of environmental and cultural factors. Examples include water and air quality studies, determining if endangered species inhabit the areas, and discovery and protection of cultural artifacts. The result of this work will be an Environmental Impact Statement that helps guide our operations and which we plan to make available to the public by 2010.

“As Rio Tinto moves into new geographical areas, our success in meeting economic, social and environmental challenges simultaneously will be an increasingly critical determinant of our business performance.”

—Rio Tinto Chairman Paul Skinner

### About Resolution Copper Mining



Verde Building

Resolution Copper Mining (RCM) is a limited liability company, owned 55 percent by Resolution Copper Company, a Rio Tinto PLC subsidiary, and 45 percent by BHP Copper, Inc., a BHP-Billiton PLC subsidiary. Resolution Copper Company is the manager of RCM, located in Superior, Arizona.

Rio Tinto is a world leader in mining and exploration. The company discovers, mines, processes and supplies metals and minerals that make modern life work. Rio Tinto has over 100,000 employees worldwide, with activities in 50 countries across five continents.