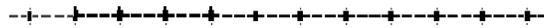




Aviation Safety Policy



Basic Aviation Risk Standard

Preamble

This Policy will establish comprehensive minimum standards to provide a consistent approach for all Freeport-McMoRan (FCX) Aviation Safety activities to source, select and use only qualified air carriers to support FCX mining activities globally to reduce the potential risk of injuries and incidents through the safe transport and movement of personnel by air. These documents apply to all FCX Operations, Projects and Exploration activities.

We have an obligation to our Board of Directors and our Shareholders to ensure we have the maximum safety plan in place to protect our Board and Employees.

The FCX Global Aviation Safety Manager, will have administrative responsibilities to the policy and will coordinate the activities of the Aviation Advisors relative to this policy. The FCX Global Aviation Safety Manager will also represent FCX at Flight Safety International and will serve on the Technical Advisory Committee. In conjunction with this policy, the Department of Occupational Safety and Health will maintain corporate oversight of the policy of all aviation activities.

FCX is a member of the Flight Safety Foundation and the Flight Safety Foundation's Basic Aviation Risk Standard (BARS). This policy incorporates by reference the BARS which is a risk-based standard designed to be used as a primary reference for FCX personnel involved in the sourcing, selection, and use of only qualified carriers.

FCX Aviation Policy

1.0 Purpose

To establish a comprehensive company-wide standard for chartering and hiring fixed wing and rotor wing aircraft for use in support of FCX global operations and activities. This Standard pertains to requirements for sourcing and selecting qualified air carriers, particularly in remote geographic locations, for the purpose of ensuring safe, efficient and reliable air transportation services and to promote overall air transportation safety. This standard is designed to provide optimum protection to FCX's employees, dependents, contractor personnel and general aviation cargo.

2.0 Policy

This Policy sets forth requirements for FCX Exploration Managers, Operations Managers and stakeholders, in cooperation with the Corporate Global Supply Chain (CGSC) Management Department, to source, select and use only qualified air carriers to support FCX's global activities..

Aviation transportation carriers are to be selected from the list of carriers that have been approved and certified in accordance with the Flight Safety Foundation (FSF) BARS. The responsible managers are required to exercise sound judgment and apply Best Practices with an over-riding concern for passenger and operational safety.

This Standard does not apply to commercial airlines that are IATA certified.

The following Best Practices shall be applied with the understanding that time constraints, critical scheduling requirements and limited time to plan are not valid reasons to waive any of the following practices:

3.1 Requirements for Use of Non-Owned Aircraft

FCX business needs may require the use of various types of non-owned aircraft. These standards provide the minimum requirements which are to be followed when using non-owned aircraft. Exceptions to these standards will be made only by the FCX Department of Occupational Health and Safety (DOHS) Vice President, or delegate. Under some circumstances when following these requirements may be impossible, we should enforce the following:

1. Company employees **may not** pilot privately owned borrowed, rented or leased aircraft for Company business.
2. Company employees **may not** rent, lease or charter any aircraft with more than 40 total seats (including passenger and crew) for Company business without the approval of the DOHS..
3. Company employees involved in renting, leasing or chartering any aircraft **must** obtain a duly executed written agreement from CGSC Management prior to the flight. Said agreement must be reviewed and approved by Chief Counsel and/or legal staff prior to flight.

3.2 Corporate Air Travel Policy

Effective administration of the Company's business affairs and the management of its widely separated operations may require the use of air transportation.

Good judgment shall be used in making air travel arrangements with appropriate allowance for individual circumstances while considering the degree of risk involved. Air travel should be made on globally recognized airlines. Where possible, no more than two consecutive reporting levels shall be on board the same aircraft. All levels of management must use discretion as to the number of key personnel from any one organizational area of the Company allowed to fly on the same aircraft. This applies to all air travel whether on commercial or charter flights or in group exploration charters and other business unit charters.

Whenever possible, to avoid undue risk to the Company's ongoing operations, consideration should be given to flight arrangements so the following senior executives do not travel together on the same aircraft:

1. Chairman, President and CEO;
2. All Board Members;
3. More than three Senior Vice-Presidents or more than two Senior Vice-Presidents with the Chairman, President or CEO.

3.3 Aviation Transportation Planning

The responsible FCX Manager, in cooperation with other stakeholders and the CGSC Management Department shall develop an Air Transportation Plan for its respective project, mine operation, exploration program or region that identifies specific long term air transport requirements. Proper planning of any proposed activities involving aircraft shall be undertaken to ensure that the applicable requirements of this Policy are included. This Policy shall be applied in a manner that ensures aviation companies and aircraft operations for Company business are provided by approved scheduled commercial air services and/or pre-approved air charter companies based on being appropriately certified in accordance with the FSF BARS.

Where more than one certified air charter company is available for use, safety and reliability shall be primary considerations for the final selection of the air charter company.

3.4 Airline Certification

Regional (non IATA certified) commercial airline companies, and scheduled commercial air services should provide to CGSC appropriate airline certifications that demonstrate acceptable operations and safety performance.

Many countries do not have governing bodies that appropriately administer and regulate aircraft and air transport safety. In these circumstances, an established system of audits and inspections by a FCX assigned Aviation Auditor must take place to ensure safety and operational compliances. Refer to clause 3.5 below for the appropriate methods for planning audits.

3.5 Airline and Aircraft Audit Requirement

In the event certifications cannot be provided by the regional airline or commercial air service or the certifications provided by the airline company cannot be reasonably determined as being acceptable by the FCX Aviation Specialist, an airline company audit shall be required in accordance with the FSF BARS. FCX's CGSC representative and the local Company manager requiring the air services are jointly responsible for ensuring an airline company audit by a FSF BARS certified Aviation Auditor takes place prior to placing FCX employees, dependents or contractors on board an airline company's aircraft.

3.6 Method for Planning and Conducting Audits

FCX's CGSC Management Department will maintain a directory of BARS certified operators provided to them by the FCX Global Aviation Safety Manager.. Prior to arranging charter travel, the responsible manager requesting air services should consult with FCX Aviation Specialist for recommendation to determine if said operator is BARS certified or initiate the request to conduct an audit to become BARS certified.

3.7 Charter Services/Aircraft Selection

The following order of preference shall be used when selecting aircraft (fixed wing and helicopters) for charter flight transportation of passengers:

- Pressurized, multi engine, turbine powered.
- Single engine, turbine powered.
- Multi-engine, piston powered (except helicopters): and single engine, piston powered (except helicopters).
- Helicopters used for passenger transport shall be turbine powered.

Single engine aircraft shall only be used for passenger transport when:

- Flights are conducted under daytime Visual Flight Rules (VFR);
- Flights are conducted with scheduled position reports, and comprehensive flight plans are logged with and maintained by an approved ground facility;
- Search and rescue (SAR) capability is established in the area of operations;
- Emergency response procedures are in place; and
- Comprehensive risk assessment has been undertaken.

Twin engine helicopters shall be used for flights over water when the operations are conducted at a radius of more than 25 nautical miles from the nearest suitable landing area.

Piston engine helicopters may only be considered after a formal assessment by FCX Risk Management together with a FCX approved Aviation Auditor, and then approved by CGSC department.

An approved list of charter aircraft must be established through the FSF BARS and such list will be maintained by the FCX Global Aviation Safety Manager. The charter company will not be permitted to fly vendor/outside aircraft without prior written approval of the FCX Global Aviation Safety Manager. Any vendor/outside aircraft must fly under the same guidelines as the charter company.

3.8 Charter Aircraft Services

Aviation charter companies hired by FCX under a charter agreement shall be hired with either a term charter contract or a miscellaneous charter services contract. Charter agreements shall be awarded to aviation charter companies that have been audited by the FSF BARS and meet minimum requirements as approved by FCX management.

3.9 Insurance Requirements

The Company employee hiring the aircraft shall obtain a certificate of insurance from the Operator or aircraft owner prior to departure with the minimum required insurance limits and coverage set forth below, naming FCX and the applicable Company as additional insured's (see exact wording in paragraphs 1, 2 and 3 below).

Certificates of insurance must show an Operator's full policy limits and shall include War Risk liability coverage in addition to the minimum liability limits provided in the table below. The following are minimum liability limits based on the type of aircraft:

| Type of Aircraft | Minimum Liability Limits |
|---------------------------------|--|
| Single Engine Piston Fixed Wing | Prior approval required from FCX Risk Management |
| Multi-Engine Piston Fixed Wing | \$3,000,000 per passenger* |
| Single Engine Turboprop | \$3,000,000 per passenger* |
| Multi-Engine Turboprop/jet | \$5,000,000 per passenger* |
| Helicopters (6 seats or less) | \$10,000,000 Combined Single Limit, Including Passengers |
| Helicopters (7 - 12 Seats) | \$15,000,000 Combined Single Limit, Including Passengers |
| Helicopters(13 seats & greater) | \$30,000,000 Combined Single Limit, Including Passengers |

*If the maximum number of passengers to be flown is not accurately known, multiply the per passenger limit shown above by the total number of passengers seats of the aircraft.

1. Aircraft Liability Insurance. Aircraft Liability insurance (including War Risk), including bodily injury (including passengers) and property damage liability with a limit of not less than the appropriate US\$ limit per the chart above including aircraft passengers for each occurrence/aggregate. Such aircraft liability policy shall name Charterer and, if different, FCX Copper & Gold, Inc. and their respective parent, subsidiary and affiliated companies and the directors, officers, employees, contractors and subcontractors of each, as additional insured's, as their respective interests may appear, and shall include cross liability and a clause stating that such insurance is primary with respect to the aircraft, or substitute, or replacement aircraft used in performing the Agreement and such insurance shall not be contributory with or excess over any insurance carried by Charterer and, if different, FCX Copper & Gold, Inc. and their respective parent, subsidiary and affiliated companies and the directors, officers, employees, and contractor/subcontractor of each. Such insurance coverage shall include War Risk liability coverage.
2. Aircraft Hull Insurance. Aircraft hull insurance covering the aircraft hull and engines and all aircraft equipment against "All Risks" of loss or damage for the full replacement value of the aircraft. Such insurance shall contain, by endorsement, a waiver of subrogation in favor of Charterer and, if different, FCX and their respective parent, subsidiary and affiliated companies and the directors, officers, employees, and contractor/subcontractor of each. All deductibles under such insurance shall be for the account of Operator.
3. Worker's Compensation and Employer's Liability Insurance or Equivalent. Worker's Compensation and Employer's Liability Insurance (or equivalent insurance) covering statutory benefits for all of Operator's employees with a minimum employer's liability limit of \$1,000,000 per occurrence. To the extent permitted by any applicable law, such insurance shall contain, by endorsement, a waiver of subrogation in favor of Charterer and, if different, FCX and their respective subsidiary and affiliated companies and the directors, officers, employees, contractors and subcontractors of each.

- Certificate of Insurance. Prior to commencement of the Agreement, Operator shall provide Charterer with a Certificate of Insurance complying with the provisions contained in paragraphs 1, 2 and 3 of clause 3.9 above. Such certificate of insurance shall also provide that insurers agree to provide 30 days written notice to Charterer prior to a cancellation, or material restrictive change, of the policy with respect to the aircraft for which the certificate is issued which would adversely affect the interest of such additional insureds.

3.10 Dangerous Goods and Firearms

Dangerous goods include gases (compressed, liquefied, refrigerated), flammable solids (e.g. liable to spontaneous combustion or reactive on contact with water), oxidizing materials, poisonous or infectious substances, corrosives and a range of other hazardous materials (e.g. mercury). The aircraft operator can advise on the acceptability of the goods and specific packaging instructions. If any doubt exists as to the nature of the goods proposed to be transported by air, or to the correct packaging or handling procedures, the goods shall not be transported by air.

3.11 Non-FCX Limited Charter Flights

Except in emergencies, FCX personnel and their dependents shall not fly on non-Company chartered flights unless:

- The charter service conforms to the requirements of this Standard; and
- Appropriate agreements have been arranged in advance with the provider of the charter flights,

Approval shall be obtained from CGSC department in such cases.

4.0. FCX Aviation Specialist

An FCX Aviation Coordinator will be named for each Regional Area of the FCX organization. They will receive BARS training certification, and assume specific responsibilities related to Aviation Management practices. For purposes of this policy they will report administratively to the FCX Global Aviation Safety Manager.

A current roster of the Regional FCX Aviation Coordinators will be kept current by the FCX Global Aviation Safety Manager and will be distributed as changes to the roster are made.

| | |
|-------------------|---|
| Debby Chauppetta | Global Aviation Safety Manager |
| Cynthia Davis | Director, GSC North American Operations |
| John Melfi | Exploration Safety Manager |
| Chris Rose | Department of Occupational Safety and Health |
| John Fulton | Safety Manger (Tenke Fungurume Mining) |
| Chris Christenson | Field Operations and SHE Director (MineServe International) |
| Paul Bass | Senior Aircraft Mechanic (Tenke Fungurume Mining) |
| David Jones | General Supt. of Technical Department Aviation (PTFI – Airfast) |
| Solihin | Safety Manager, PTFI |

Aircraft Charter, Airplane and Helicopter Basic Aviation Risk Standard

Introduction

The following requirements should where applicable be read in conjunction with the following General Charter Standards for the specialist activity being undertaken which may contain more restrictive requirements:

| | |
|------------------|---------------------------------------|
| All Threats 1.0: | Common Controls |
| Threat 2.0: | Runway Excursions |
| Threat 3.0: | Fuel Exhaustion |
| Threat 4.0: | Fuel Contamination |
| Threat 5.0: | Controlled Flight Into Terrain (CFIT) |
| Threat 6.0: | Incorrect Loading |
| Threat 7.0: | Collision on Ground |
| Threat 8.0: | Collision in Air |
| Threat 9.0: | Structural or Mechanical Failure |
| Threat 10.0: | Weather |
| Defences 11.0: | Aircraft Accident |
| Appendix 1: | Aircrew Qualifications and Experience |
| Appendix 2: | Basic Aircraft Equipment Fit |
| Appendix 3: | Abbreviations |
| Appendix 4: | External Load Operations |
| Appendix 5: | Offshore Operations |

Unless otherwise stated, these requirements will be applied to both short and long term aircraft charter and form the basis for ongoing aircraft charter support.

The unique nature of many FCX activities requiring long term aircraft charter contracts may result in variations to these requirements. Any such variations shall be reflected in contract documentation, after approval from the responsible FCX Manager, and in coordination with CGSC management.

Local Regulatory requirements take precedence over FCX's requirements where they are more stringent.

Purpose of Basic Aviation Risk Standard¹

This document is to provide FCX with a standard to assist in the risk-based management of aviation operations supporting operational activities.

All national and international regulations pertaining to aviation operations must always be followed. The detail contained in this standard is intended to supplement those requirements.

Standard

The standard herein adapted by FCX is presented in a risk-based format to emphasize the relationship between threats to aviation operations, associated controls and applicable recovery/mitigation measures as presented in Figure 1.

¹ The materials herein have been adapted from the "Flight Safety Foundation" Basic Aviation Risk Standard – Resource Section, Version 3.

The risk-based presentation is further intended to assist all FCX personnel engaged in coordinating aviation activities to manage and understand the aviation risk to their operation.

As a basic standard, all FCX staff and aircraft operators are encouraged to further risk-assess all controls to the level of detail they consider necessary for their individual operations.

Aircraft Operator Review

This standard is designed to be used as a primary reference for the review and approval of aircraft operators supporting FCX operations.

Emergency Response Procedure

Each jobsite, operation or asset using aviation services should make provisions for aviation emergencies in their Emergency Response Plans (ERP), and communicate these plans to all relevant personnel. The ERP should be developed in co-operation with the aircraft operator providing services to ensure that in the event of an aviation emergency, any adverse outcome is minimized.

Search & Rescue capabilities by aircraft are significantly limited at night, and should be taken into account if late afternoon or night flights are undertaken.

Scenario based emergency drills with specific objectives should be conducted within 30 days of a new project start and annually for ongoing operations. The drill should involve the aviation resource and include pilots, support staff, aircraft, and be integrated with marine or land surface resources as appropriate.

Exercises involving aviation aspects of the ERP should test field communication capabilities where applicable, as well as aviation coordination with ground and resources.

The types of exercises that can be planned (but not be limited to) include the following:

- a) Fire – involving an aircraft, and/or helipad.
- b) Missing, or overdue aircraft.
- c) An aircraft forced landing.
- d) Search & Rescue operation, use of emergency equipment
- e) Helicopter winching exercises.
- f) Oil and Fuel spill
- g) Medical evacuation, including stretcher drills.

Planning & conducting emergency response drills

The planning for the safe conduct of drills should be documented and discussed with the aviation participants prior to the conduct of any exercise. Any safety restraints as a result of night operations or restrictions due to weather should be documented in this plan. Active participation from the Aircraft Operator is expected in the determination of the weather minimums for the conduct of the drills. Areas that should be taken into account include visibility, wind speed, temperature limits and sea states. To validate the integrity of the specific scenario drill, the exercises should be varied with regard to the time of day, and the day of the week. At the conclusion of each exercise, the drill should be critically assessed and all personnel fully debriefed. All subsequent recommendations should be documented for follow-up action.

Search & Rescue (SAR) services & equipment

Operators carrying company personnel should be equipped as necessary with SAR supportive equipment and be backed by an appropriate level of rescue service that can be directed to the operating area without delay. In some instances civil or military authorities must also be notified and cooperation maintained to facilitate SAR activity. The FCX Aviation Specialist can assist with determination of which equipment and services may be necessary. Factors to be considered include the following:

- a) Environment of hostile versus non-hostile.
- b) Anticipated survival time of occupants versus anticipated rescue time.

- c) Local agency support.
- d) SAR Support Equipment.

Survival equipment

All aircraft should carry safety equipment and survival kits that, as a minimum, comply with local civil aviation authority or regulation. When considered necessary, the Company may request additional equipment subject to the operating environment. The items contained in survival kits should be appropriate for the geographical location and climatic conditions; for example, offshore, arctic, jungle or desert. The capacity of each survival kit should be proportionate to the number of persons carried in the aircraft and sufficient to sustain all persons on board for a minimum of two (2) days at normal consumption rates.

Overdue aircraft

An aircraft which fails to contact flight following at required time intervals, or fails to respond to radio contact, is considered overdue. If any aircraft is reported overdue through the Flight Following facility, or other means, actions detailed in the Emergency Response Plan should be initiated. A check list sheet should be used from the first instance to ensure all appropriate actions are undertaken and to document all relevant information.

Emergency Preparedness Plan

Notwithstanding the air operator's regulatory, local and/or national legislative Mandatory Occurrence Reporting obligations, all contracted air operators will advise the FCX manager chartering the aircraft and the onsite Health and Safety manager of any incident, accident or occurrence that has, or potentially has, disrupted operations or jeopardized safety. Notification will be made verbally immediately and in writing as soon as practicable. The written report will include any follow up or corrective action as appropriate. (In the interests of sharing safety related material any non-FCX incidents involving the aircraft operator should also be notified.) The definitions of an Accident, Incident & Serious Incident are contained in International Civil Aviation Organization (ICAO) Standards & Recommended Practices, Aircraft Accident and Incident Investigation – Annex 13 to the Convention on International Civil Aviation. In any event, the adherence to a detailed Emergency Response Plan will assist in providing clear and coordinated procedures to deal with all possible scenarios.

Once a FCX Manager has been advised of a serious incident or disaster involving FCX chartered aircraft, they will immediately make the following notifications:

- Ensure that local Emergency Medical Services and Fire Department have been notified
- Contact local regulatory and/or Law Enforcement authorities as appropriate.
- Notify FCX Department of Occupational Health and Safety who will notify FCX Communications, and FCX Senior Management
- Consult FCX Chief Counsel and Legal team for guidance
- Notification to ISOS for additional emergency medical services support if needed
- Notification to Control Risk Group (CRG) for additional security support

The Manager will also begin to document the sequence of events, collect written statements and relevant records in a timely manner.