

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 24, 2018



FREEMPORT-McMoRan INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

001-11307-01
(Commission File Number)

74-2480931
(I.R.S. Employer Identification No.)

333 North Central Avenue
Phoenix, AZ
(Address of Principal Executive Offices)

85004
(Zip Code)

Registrant's telephone number, including area code: (602) 366-8100

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR § 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

Freeport-McMoRan Inc. (FCX) issued a press release dated October 24, 2018 , announcing its third-quarter and nine-month 2018 financial and operating results, referencing supplementary schedules (see Exhibit 99.1).

Item 7.01. Regulation FD Disclosure.

The slides presented in connection with FCX's third-quarter 2018 earnings conference call conducted via the internet on October 24, 2018 are attached hereto as Exhibit 99.2.

The information furnished pursuant to this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Exhibit Title
99.1	Press release dated October 24, 2018, titled "Freeport-McMoRan Reports Third-Quarter and Nine-Month 2018 Results" and supplementary schedules.
99.2	Slides presented in connection with FCX's third-quarter 2018 earnings conference call conducted via the internet on October 24, 2018.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FREEPORT-McMoRan INC.

By: /s/ C. Donald Whitmire, Jr.

C. Donald Whitmire, Jr.
Vice President and Controller -
Financial Reporting
(authorized signatory and
Principal Accounting Officer)

Date: October 24, 2018



Freeport-McMoRan Reports Third-Quarter and Nine-Month 2018 Results

- **Net income** attributable to common stock totaled \$556 million , \$0.38 per share, in third-quarter 2018 . After adjusting for net gains of \$42 million , \$0.03 per share, third-quarter 2018 adjusted net income attributable to common stock totaled \$514 million , \$0.35 per share.
- **Consolidated sales** totaled 1.04 billion pounds of copper, 837 thousand ounces of gold and 22 million pounds of molybdenum in third-quarter 2018 .
- **Consolidated sales** for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.45 million ounces of gold and 95 million pounds of molybdenum, including 790 million pounds of copper, 330 thousand ounces of gold and 25 million pounds of molybdenum in fourth-quarter 2018 .
- **Average realized prices** in third-quarter 2018 were \$2.80 per pound for copper, \$1,191 per ounce for gold and \$12.40 per pound for molybdenum.
- **Average unit net cash costs** in third-quarter 2018 were \$0.93 per pound of copper and are expected to average \$1.06 per pound of copper for the year 2018 .
- **Operating cash flows** totaled \$1.25 billion in third-quarter 2018 and \$3.9 billion for the first nine months of 2018 . Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound for copper, \$1,200 per ounce for gold and \$12.00 per pound for molybdenum for fourth-quarter 2018 , operating cash flows are expected to approximate \$4.2 billion (net of \$0.5 billion in working capital uses and timing of other tax payments) for the year 2018 .
- **Capital expenditures** totaled \$0.5 billion (including approximately \$0.4 billion for major mining projects) in third-quarter 2018 and \$1.4 billion (including approximately \$0.9 billion for major mining projects) for the first nine months of 2018 . Capital expenditures for the year 2018 are expected to approximate \$2.0 billion , including \$1.2 billion for major mining projects primarily associated with underground development activities in the Grasberg minerals district in Indonesia and development of the Lone Star oxide project in Arizona.
- On September 27, 2018, FCX and PT Freeport Indonesia (PT-FI) **entered into a definitive agreement** with PT Indonesia Asahan Aluminium (Persero) (PT Inalum) consistent with previously agreed economic terms. Closing is expected to occur in late 2018 or early 2019, subject to satisfaction of conditions.
- On September 26, 2018, FCX **declared a quarterly cash dividend** of \$0.05 per share on its common stock, which will be paid on November 1, 2018.
- At September 30, 2018 , **consolidated debt** totaled \$11.1 billion and **consolidated cash** totaled \$4.6 billion . FCX had no borrowings and \$3.5 billion available under its revolving credit facility at September 30, 2018 .



PHOENIX, AZ, October 24, 2018 - Freeport-McMoRan Inc. (NYSE: FCX) reported net income attributable to common stock of \$556 million (\$0.38 per share) in third-quarter 2018 and \$2.1 billion (\$1.45 per share) for the first nine months of 2018 . After adjusting for net gains of \$42 million (\$0.03 per share), primarily reflecting adjustments to assets held for sale and the fair value of potential contingent consideration, partly offset by nonrecurring charges for Cerro Verde's new three-year collective labor agreement (CLA), adjusted net income attributable to common stock totaled \$514 million (\$0.35 per share) in third-quarter 2018 . Refer to the supplemental schedule, "Adjusted Net Income," on page VII , which is available on FCX's website, "fcx.com," for additional information.

Richard C. Adkerson, President and Chief Executive Officer, said, "Our global team delivered a solid operating quarter and maintained a sharp focus on productivity, cost management, capital discipline and initiatives to build value for shareholders. The pending completion of our new long-term partnership with the Indonesian government will enable us to de-risk a world class asset. Supported by a premier portfolio of geographically diverse long-lived copper assets, a solid balance sheet, a large resource position to support future growth and a positive fundamental outlook for copper, FCX is poised to deliver substantial value to shareholders."

SUMMARY FINANCIAL DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(in millions, except per share amounts)			
Revenues a,b	\$ 4,908	\$ 4,310	\$ 14,944	\$ 11,362
Operating income a	\$ 1,315	\$ 928	\$ 4,438	\$ 2,211
Net income from continuing operations	\$ 668	\$ 242	\$ 2,535	\$ 836
Net income attributable to common stock c,d	\$ 556	\$ 280	\$ 2,117	\$ 776
Diluted net income (loss) per share of common stock:				
Continuing operations	\$ 0.38	\$ 0.19	\$ 1.46	\$ 0.50
Discontinued operations	—	—	(0.01)	0.03
	<u>\$ 0.38</u>	<u>\$ 0.19</u>	<u>\$ 1.45</u>	<u>\$ 0.53</u>
Diluted weighted-average common shares outstanding	1,458	1,454	1,458	1,453
Operating cash flows e	\$ 1,247	\$ 1,183	\$ 3,925	\$ 3,012
Capital expenditures	\$ 507	\$ 314	\$ 1,391	\$ 1,020
At September 30:				
Cash and cash equivalents	\$ 4,556	\$ 4,957	\$ 4,556	\$ 4,957
Total debt, including current portion	\$ 11,127	\$ 14,782	\$ 11,127	\$ 14,782

a. For segment financial results, refer to the supplemental schedules, "Business Segments," beginning on page IX , which are available on FCX's website, "fcx.com."

b. Includes adjustments to prior period provisionally priced concentrate and cathode copper sales totaling \$(111) million (\$(48) million to net income attributable to common stock or \$(0.03) per share) in third-quarter 2018 , \$95 million (\$39 million to net income attributable to common stock or \$0.03 per share) in third-quarter 2017 , \$(70) million (\$(31) million to net income attributable to common stock or \$(0.02) per share) for the first nine months of 2018 and \$81 million (\$35 million to net income attributable to common stock or \$0.02 per share) for the first nine months of 2017 . For further discussion, refer to the supplemental schedule, "Derivative Instruments," beginning on page VIII , which is available on FCX's website, "fcx.com."

c. Includes net gains (charges) of \$42 million (\$0.03 per share) in third-quarter 2018 , \$(212) million (\$(0.15) per share) in third-quarter 2017 , \$69 million (\$0.04 per share) for the first nine months of 2018 and \$(178) million (\$(0.12) per share) for the first nine months of 2017 that are described in the supplemental schedule, "Adjusted Net Income," on page VII , which is available on FCX's website, "fcx.com."

d. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. For a summary of net impacts from changes in these deferrals, refer to the supplemental schedule, "Deferred Profits," on page IX , which is available on FCX's website, "fcx.com."



e. Includes net working capital sources (uses) and timing of other tax payments of \$59 million in third-quarter 2018, \$46 million in third-quarter 2017, \$(154) million for the first nine months of 2018 and \$389 million for the first nine months of 2017.

SUMMARY OPERATING DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	1,006	996	2,972	2,730
Sales, excluding purchases	1,044	932	3,026	2,683
Average realized price per pound	\$ 2.80	\$ 2.94	\$ 2.96	\$ 2.79
Site production and delivery costs per pound ^a	\$ 1.73 ^b	\$ 1.56 ^c	\$ 1.70 ^b	\$ 1.59 ^c
Unit net cash costs per pound ^a	\$ 0.93 ^b	\$ 1.20 ^c	\$ 0.95 ^b	\$ 1.25 ^c
Gold (thousands of recoverable ounces)				
Production	760	418	2,105	1,010
Sales, excluding purchases	837	355	2,123	969
Average realized price per ounce	\$ 1,191	\$ 1,290	\$ 1,249	\$ 1,261
Molybdenum (millions of recoverable pounds)				
Production	23	24	69	70
Sales, excluding purchases	22	22	70	71
Average realized price per pound	\$ 12.40	\$ 9.22	\$ 12.41	\$ 9.18

- a. Reflects per pound weighted-average production and delivery costs and unit net cash costs (net of by-product credits) for all copper mines, before net noncash and other costs. For reconciliations of per pound unit costs by operating division to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."
- b. Includes \$0.07 per pound of copper in third-quarter 2018 and \$0.02 per pound of copper for the first nine months of 2018 associated with nonrecurring charges for Cerro Verde's new three-year CLA. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for additional information.
- c. Excludes \$0.01 per pound of copper in third-quarter 2017 and \$0.04 per pound of copper for the first nine months of 2017 associated with PT-FI workforce reductions. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for additional information.

Consolidated Sales Volumes

Third-quarter 2018 **copper** sales of 1.04 billion pounds were 8 percent higher than the July 2018 estimate of 970 million pounds and 12 percent higher than third-quarter 2017 sales of 932 million pounds, primarily reflecting higher ore grades and operating rates in Indonesia.

Third-quarter 2018 **gold** sales of 837 thousand ounces were 20 percent higher than the July 2018 estimate of 700 thousand ounces and more than double third-quarter 2017 sales of 355 thousand ounces, primarily reflecting higher ore grades and operating rates in Indonesia.

Third-quarter 2018 **molybdenum** sales of 22 million pounds were lower than the July 2018 estimate of 24 million pounds and approximated third-quarter 2017 sales.

Sales volumes for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.45 million ounces of gold and 95 million pounds of molybdenum, including 790 million pounds of copper, 330 thousand ounces of gold and 25 million pounds of molybdenum in fourth-quarter 2018.

Projections for 2018 and other forward looking statements in this release assume extension of PT-FI's long-term mining rights or an extension of PT-FI's temporary special mining license (IUPK) after October 31, 2018. Refer to "Indonesia Mining," beginning on page 7, for further discussion of Indonesia regulatory matters.



Consolidated Unit Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines of \$0.93 per pound of copper in third-quarter 2018 were lower than unit net cash costs of \$1.20 per pound in third-quarter 2017 , primarily reflecting higher by-product credits, partly offset by nonrecurring charges associated with Cerro Verde's new three-year CLA.

Assuming average prices of \$1,200 per ounce of gold and \$12.00 per pound of molybdenum for fourth-quarter 2018 and achievement of current sales volume and cost estimates, consolidated unit net cash costs (net of by-product credits) for copper mines are expected to average \$1.06 per pound of copper for the year 2018 (including \$1.45 per pound of copper in fourth-quarter 2018). The impact of price changes for fourth-quarter 2018 on consolidated unit net cash costs would approximate \$0.01 per pound for each \$50 per ounce change in the average price of gold and \$0.005 per pound for each \$2 per pound change in the average price of molybdenum. Quarterly unit net cash costs vary with fluctuations in sales volumes and realized prices, primarily for gold and molybdenum.

MINING OPERATIONS

North America Copper Mines. FCX operates seven open-pit copper mines in North America - Morenci, Bagdad, Safford, Sierrita and Miami in Arizona, and Chino and Tyrone in New Mexico. In addition to copper, certain of FCX's North America copper mines produce molybdenum concentrate, gold and silver. All of the North America mining operations are wholly owned, except for Morenci. FCX records its 72 percent undivided joint venture interest in Morenci using the proportionate consolidation method.

Operating and Development Activities. FCX has significant undeveloped reserves and resources in North America and a portfolio of potential long-term development projects. Future investments will be undertaken based on the results of economic and technical feasibility studies, and are dependent on market conditions. FCX continues to study opportunities to reduce the capital intensity of its potential long-term development projects.

Through exploration drilling, FCX has identified a significant resource at its wholly owned Lone Star project located near the Safford operation in eastern Arizona. An initial project to develop the Lone Star oxide ores commenced in first-quarter 2018, with first production expected by the end of 2020. Total capital costs, including mine equipment and pre-production stripping, are expected to approximate \$850 million and will benefit from the utilization of existing infrastructure at the adjacent Safford operation. As of September 30, 2018 , approximately \$200 million has been incurred for this project. Production from the Lone Star oxide ores is expected to average approximately 200 million pounds of copper per year with an approximate 20-year mine life. The project also advances exposure to a significant sulfide resource. FCX continues to advance drilling activities to define future large-scale development opportunities in the Lone Star/Safford minerals district.



Operating Data. Following is summary consolidated operating data for the North America copper mines for the third quarters and first nine months of 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	349	375	1,051	1,151
Sales, excluding purchases	350	347	1,095	1,130
Average realized price per pound	\$ 2.77	\$ 2.92	\$ 3.02	\$ 2.74
Molybdenum (millions of recoverable pounds)				
Production ^a	8	8	23	25
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.98	\$ 1.65	\$ 1.92	\$ 1.57
By-product credits	(0.26)	(0.17)	(0.23)	(0.16)
Treatment charges	0.10	0.11	0.10	0.11
Unit net cash costs	\$ 1.82	\$ 1.59	\$ 1.79	\$ 1.52

a. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the North America copper mines.

b. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

North America's consolidated copper sales volumes totaled 350 million pounds in third-quarter 2018 and 347 million pounds in third-quarter 2017. North America copper sales are estimated to approximate 1.4 billion pounds for the year 2018, compared with 1.5 billion pounds in 2017.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.82 per pound of copper in third-quarter 2018 were higher than unit net cash costs of \$1.59 per pound in third-quarter 2017, primarily reflecting increased mining rates and higher mining and milling costs.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.78 per pound of copper for the year 2018, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$12.00 per pound for fourth-quarter 2018. North America's average unit net cash costs for the year 2018 would change by approximately \$0.01 per pound for each \$2 per pound change in the average price of molybdenum.

South America Mining. FCX operates two copper mines in South America - Cerro Verde in Peru (in which FCX owns a 53.56 percent interest) and El Abra in Chile (in which FCX owns a 51 percent interest). These operations are consolidated in FCX's financial statements. In addition to copper, the Cerro Verde mine produces molybdenum concentrate and silver.

Operating and Development Activities. Cerro Verde's expanded operations benefit from its large-scale, long-lived reserves and cost efficiencies. The Cerro Verde expansion project, which achieved capacity operating rates in early 2016, expanded the concentrator facilities' capacity from 120,000 metric tons of ore per day to 360,000 metric tons of ore per day. During 2018, Cerro Verde received a modified environmental permit allowing it to operate its existing concentrator facilities at rates up to 409,500 metric tons of ore per day. Cerro Verde's concentrator facilities have continued to perform well, with average mill throughput rates of 384,800 metric tons of ore per day for the first nine months of 2018.

FCX continues to evaluate a large-scale expansion at El Abra to process additional sulfide material and to achieve higher recoveries. El Abra's large sulfide resource could potentially support a major mill project similar to



facilities constructed at Cerro Verde. Technical and economic studies are being advanced to determine the optimal scope and timing for the project.

Operating Data. Following is summary consolidated operating data for the South America mining operations for the third quarters and first nine months of 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	325	328	931	932
Sales	326	327	928	923
Average realized price per pound	\$ 2.80	\$ 2.95	\$ 2.93	\$ 2.82
Molybdenum (millions of recoverable pounds)				
Production ^a	7	8	20	21
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.84 ^c	\$ 1.60	\$ 1.80 ^c	\$ 1.55
By-product credits	(0.23)	(0.19)	(0.24)	(0.17)
Treatment charges	0.20	0.22	0.20	0.22
Royalty on metals	—	0.01	—	0.01
Unit net cash costs	<u>\$ 1.81</u>	<u>\$ 1.64</u>	<u>\$ 1.76</u>	<u>\$ 1.61</u>

- a. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at Cerro Verde.
- b. For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."
- c. Includes \$0.21 per pound of copper in third-quarter 2018 and \$0.07 per pound of copper for the first nine months of 2018 associated with nonrecurring charges for Cerro Verde's new three-year CLA. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for a summary of these charges.

South America's consolidated copper sales volumes totaled 326 million pounds in third-quarter 2018 and 327 million pounds in third-quarter 2017. Sales from South America mining are expected to approximate 1.2 billion pounds of copper for the year 2018, compared with 1.2 billion pounds of copper in 2017.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.81 per pound of copper in third-quarter 2018 were higher than unit net cash costs of \$1.64 per pound in third-quarter 2017, primarily reflecting nonrecurring charges associated with Cerro Verde's new three-year CLA. Excluding this charge, South America's average unit site production and delivery costs of \$1.63 per pound of copper would have approximated third-quarter 2017.

Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.73 per pound of copper for the year 2018, based on current sales volume and cost estimates and assuming an average price of \$12.00 per pound of molybdenum for fourth-quarter 2018.



Indonesia Mining. Through its 90.64 percent owned and consolidated subsidiary PT-FI, FCX's assets include one of the world's largest copper and gold deposits at the Grasberg minerals district in Papua, Indonesia. PT-FI operates a proportionately consolidated joint venture, which produces copper concentrate that contains significant quantities of gold and silver.

Regulatory Matters. On September 27, 2018, FCX, PT-FI, PT Indocopper Investama (PT-II) and PT Inalum entered into a Divestment Agreement on previously agreed economic terms in connection with PT Inalum's acquisition of shares of PT-FI. Under the Divestment Agreement, PT Inalum will acquire, for cash consideration of \$350 million, 100 percent of FCX's interests in PT-II, which owns 9.36 percent of PT-FI (equates to a 5.6 percent interest after 2022). PT Inalum also entered into a definitive agreement with Rio Tinto to acquire for cash consideration of \$3.5 billion, all of Rio Tinto's interests (40 percent interest after 2022) associated with its joint venture with PT-FI (the Joint Venture).

The arrangements provide for FCX and existing PT-FI shareholders to retain the economics of the revenue and cost sharing arrangements under the Joint Venture and for FCX to continue to manage PT-FI's operations. Following completion of the transaction, which includes Rio Tinto's interest being merged into PT-FI, PT-FI will have an expanded asset base and PT Inalum's share ownership will be 51.2 percent of PT-FI (subject to a dividend assignment mechanism to replicate the Joint Venture economics), and FCX's ownership will be 48.8 percent.

Concurrent with the closing of the divestment transaction, PT-FI will be granted an IUPK providing long-term mining rights with assured legal and fiscal terms and legal enforceability through 2041. PT-FI has agreed to construct a smelter within five years of the closing with economics shared pro rata by FCX and PT Inalum according to their respective equity ownership in PT-FI.

The transaction, which is expected to close in late 2018 or early 2019, is subject to certain conditions, including the issuance of the IUPK in a form acceptable to FCX and PT Inalum; resolution of environmental regulatory matters satisfactory to the Indonesian government, FCX and PT Inalum; various other Indonesian regulatory actions and approvals; and receipt of customary approvals from international competition authorities.

PT-FI's export license is effective through February 15, 2019, and PT-FI's temporary IUPK is effective through October 31, 2018. PT-FI will continue to seek extensions to its temporary IUPK until closing of the pending transaction. Until the pending transaction is completed, PT-FI has reserved all rights under its Contract of Work (COW).

Operating and Development Activities. PT-FI is currently mining the final phase of the Grasberg open pit, which contains high copper and gold ore grades. Following results of an economic analysis in the first half of 2018, PT-FI revised its mine plans to continue to mine ore from the open pit until transitioning to the Grasberg Block Cave (GBC) underground mine in the first half of 2019.

PT-FI has several projects in the Grasberg minerals district related to the development of its large-scale, long-lived, high-grade underground ore bodies. In aggregate, these underground ore bodies are expected to produce large-scale quantities of copper and gold following the transition from the Grasberg open pit.

Substantial progress has been made to prepare for the transition to mining of the GBC underground mine. First undercut blasting occurred in September 2018, and cave production is scheduled for the first half of 2019. All underground mining levels and the ore flow system are being commissioned. Production rates over the next five years are expected to ramp up to 130,000 metric tons of ore per day.

During second-quarter 2018, PT-FI initiated plans to conduct hydraulic fracturing activities to manage rock stresses and pre-condition the Deep Mill Level Zone (DMLZ) underground mine for large-scale production following mining induced seismic activity experienced in 2017 and 2018. Hydraulic fracturing activities designed to safely manage production commenced in third-quarter 2018 and to date have accomplished expected results. PT-FI's revised mine plans for the DMLZ underground mine, which continue to be reviewed, currently project block cave mining activities in the DMLZ underground mine to commence in mid-2019. PT-FI expects the DMLZ to reach full production rates of 80,000 metric tons per day in 2022. Estimates of timing of future production continue to be reviewed and may be modified as additional information becomes available.



PT-FI's estimated annual capital spending on underground mine development projects is expected to average \$0.8 billion per year (\$0.7 billion per year net to PT-FI) over the next five years. Considering the long-term nature and size of these projects, actual costs could vary from these estimates.

PT-FI is also evaluating plans for the development of a new copper smelter in Indonesia, including site selection, engineering, joint venture and financing arrangements.

Operating Data. Following is summary consolidated operating data for the Indonesia mining operations for the third quarters and first nine months of 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	332	293	990	647
Sales	368	258	1,003	630
Average realized price per pound	\$ 2.81	\$ 2.95	\$ 2.93	\$ 2.81
Gold (thousands of recoverable ounces)				
Production	754	412	2,089	992
Sales	831	352	2,105	956
Average realized price per ounce	\$ 1,191	\$ 1,290	\$ 1,248	\$ 1,261
Unit net cash (credits) costs per pound of copper ^a				
Site production and delivery, excluding adjustments	\$ 1.40	\$ 1.41 ^b	\$ 1.36	\$ 1.70 ^b
Gold and silver credits	(2.72)	(1.80)	(2.69)	(1.98)
Treatment charges	0.26	0.27	0.26	0.27
Export duties	0.14	0.08	0.15	0.10
Royalty on metals	0.20	0.17	0.21	0.16
Unit net cash (credits) costs	\$ (0.72)	\$ 0.13	\$ (0.71)	\$ 0.25

a. For a reconciliation of unit net cash (credits) costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII , which are available on FCX's website, "fcx.com."

b. Excludes fixed costs charged directly to production and delivery costs totaling \$0.03 per pound of copper in third-quarter 2017 and \$0.18 per pound of copper for the first nine months of 2017 associated with workforce reductions. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, which is available on FCX's website, "fcx.com," for a summary of these charges.

Indonesia's consolidated sales of 368 million pounds of copper and 831 thousand ounces of gold in third-quarter 2018 were higher than third-quarter 2017 sales of 258 million pounds of copper and 352 thousand ounces of gold, primarily reflecting higher operating rates and ore grades.

Assuming achievement of planned operating rates for fourth-quarter 2018, consolidated sales volumes from Indonesia mining are expected to approximate 1.16 billion pounds of copper and 2.45 million ounces of gold for the year 2018 , compared with 1.0 billion pounds of copper and 1.5 million ounces of gold for the year 2017 .

As PT-FI transitions mining from the open pit to underground, its production is expected to be significantly lower in 2019 and 2020, compared to 2018. Metal production is expected to improve significantly by 2021 following a ramp-up period.

A significant portion of PT-FI's costs are fixed and unit costs vary depending on production volumes and other factors. As a result of higher sales volumes and gold and silver credits, Indonesia had unit net cash credits (including gold and silver credits) of \$0.72 per pound of copper in third-quarter 2018 , compared with unit net cash costs of \$0.13 per pound in third-quarter 2017 .



Assuming an average gold price of \$1,200 per ounce for fourth-quarter 2018 and achievement of current sales volume and cost estimates, unit net cash credits (including gold and silver credits) for Indonesia mining are expected to approximate \$0.54 per pound of copper for the year 2018 (including unit net cash costs of \$0.48 per pound of copper in fourth-quarter 2018). Indonesia mining's unit net cash credits for the year 2018 would change by approximately \$0.03 per pound for each \$50 per ounce change in the average price of gold for fourth-quarter 2018. Because of the fixed nature of a large portion of Indonesia's costs, unit net cash credits/costs vary from quarter to quarter depending on copper and gold volumes.

Indonesia mining's projected sales volumes and unit net cash credits for the year 2018 are dependent on a number of factors, including operational performance, workforce productivity, timing of shipments, and Indonesia regulatory matters, including extension of PT-FI's long-term mining rights or an extension of PT-FI's temporary IUPK after October 31, 2018.

Molybdenum Mines. FCX has two wholly owned molybdenum mines - the Henderson underground mine and the Climax open-pit mine - both in Colorado. The Henderson and Climax mines produce high-purity, chemical-grade molybdenum concentrate, which is typically further processed into value-added molybdenum chemical products. The majority of molybdenum concentrate produced at the Henderson and Climax mines, as well as from FCX's North America and South America copper mines, is processed at FCX's conversion facilities.

Operating and Development Activities. Production from the Molybdenum mines totaled 8 million pounds of molybdenum in both third-quarter 2018 and third-quarter 2017. Refer to summary operating data on page 3 for FCX's consolidated molybdenum sales and average realized prices, which includes sales of molybdenum produced at the Molybdenum mines, and from FCX's North America and South America copper mines.

Unit net cash costs for the Molybdenum mines averaged \$9.02 per pound of molybdenum in third-quarter 2018 and \$7.82 per pound in third-quarter 2017. Based on current sales volume and cost estimates, average unit net cash costs for the Molybdenum mines are expected to approximate \$8.80 per pound of molybdenum for the year 2018.

For a reconciliation of unit net cash costs per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XII, which are available on FCX's website, "fcx.com."

Mining Exploration Activities. FCX's mining exploration activities are generally associated with its existing mines, focusing on opportunities to expand reserves and resources to support development of additional future production capacity. A drilling program to further delineate the Lone Star resource continues to indicate significant additional mineralization in this district, with higher ore grades than FCX's other North America copper mines. Exploration results continue to indicate opportunities for significant future potential reserve additions in North America and South America. Exploration spending is expected to approximate \$85 million for the year 2018.

CASH FLOWS, CASH and DEBT

Operating Cash Flows. FCX generated operating cash flows of \$1.25 billion in third-quarter 2018 and \$3.9 billion for the first nine months of 2018.

Based on current sales volume and cost estimates, and assuming average prices of \$2.85 per pound of copper, \$1,200 per ounce of gold and \$12.00 per pound of molybdenum for fourth-quarter 2018, FCX's consolidated operating cash flows are estimated to approximate \$4.2 billion for the year 2018 (net of \$0.5 billion in working capital uses and timing of other tax payments). The impact of price changes during fourth-quarter 2018 on operating cash flows would approximate \$105 million for each \$0.10 per pound change in the average price of copper, \$15 million for each \$50 per ounce change in the average price of gold and \$15 million for each \$2 per pound change in the average price of molybdenum.

Capital Expenditures. Capital expenditures totaled \$0.5 billion in third-quarter 2018 (including approximately \$0.4 billion for major mining projects) and \$1.4 billion for the first nine months of 2018 (including approximately \$0.9 billion for major mining projects). Capital expenditures are expected to approximate \$2.0 billion for the year 2018, including \$1.2 billion for major mining projects primarily associated with underground development activities in the Grasberg minerals district and development of the Lone Star oxide project.



Cash. Following is a summary of the U.S. and international components of consolidated cash and cash equivalents available to the parent company, net of noncontrolling interests' share, taxes and other costs at September 30, 2018 (in billions):

Cash at domestic companies	\$	2.7
Cash at international operations		1.9
Total consolidated cash and cash equivalents		4.6
Noncontrolling interests' share		(0.5)
Cash, net of noncontrolling interests' share		4.1
Withholding taxes and other		(0.1)
Net cash available	\$	4.0

Debt. Following is a summary of total debt and the related weighted-average interest rates at September 30, 2018 (in billions, except percentages):

		Weighted- Average Interest Rate	
Senior Notes	\$	9.9	4.6%
Cerro Verde credit facility		1.2	4.1%
Total debt	\$	11.1	4.5%

At September 30, 2018, FCX had no borrowings, \$13 million in letters of credit issued and \$3.5 billion available under its revolving credit facility.

FINANCIAL POLICY

In February 2018, the FCX Board of Directors (Board) reinstated a cash dividend on FCX common stock. On September 26, 2018, FCX declared a quarterly cash dividend of \$0.05 per share on its common stock, which will be paid on November 1, 2018, to shareholders of record as of October 15, 2018. The declaration of dividends is at the discretion of the Board and will depend upon FCX's financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

WEBCAST INFORMATION

A conference call with securities analysts to discuss FCX's third-quarter 2018 results is scheduled for today at 10:00 a.m. Eastern Time. The conference call will be broadcast on the Internet along with slides. Interested parties may listen to the conference call live and view the slides by accessing "fcx.com." A replay of the webcast will be available through Friday, November 23, 2018.

FCX is a leading international mining company with headquarters in Phoenix, Arizona. FCX operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. FCX is the world's largest publicly traded copper producer.

FCX's portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits; and significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America. Additional information about FCX is available on FCX's website at "fcx.com."



Cautionary Statement and Regulation G Disclosure: This press release contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as projections or expectations relating to ore grades and milling rates, production and sales volumes, unit net cash costs, operating cash flows, capital expenditures, expectations related to the pending transaction between FCX, PT-FI, PT-II, and PT Inalum, including, but not limited to, replication of the economics of the revenue and cost sharing arrangements under the Joint Venture pursuant to a dividend assignment mechanism, FCX's continued management of PT-FI's operations, the expected timing of completion of the pending transaction, exploration efforts and results, development and production activities and costs, liquidity, tax rates, the impact of copper, gold and molybdenum price changes, the impact of deferred intercompany profits on earnings, reserve estimates, future dividend payments, and share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements. The declaration of dividends is at the discretion of the Board and will depend on FCX's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause FCX's actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; production rates; potential inventory adjustments; potential impairment of long-lived mining assets; the ability to satisfy conditions to close the pending transaction, including, but not limited to, the documentation and issuance of an IUPK providing for the extension and stability of PT-FI's long-term mining rights with assured legal and fiscal terms and legal enforceability through 2041 in a form acceptable to FCX and PT Inalum, resolution of environmental regulatory matters that include amendments to the decrees imposing unattainable environmental standards on PT-FI pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian government, FCX and PT Inalum, various other Indonesian regulatory actions and approvals, including modification or revocation of current regulations and implementation of new regulations by the Indonesian government and assurances or approvals by Indonesian tax authorities with respect to the pending transaction, including confirmation of withholding tax treatment, and obtaining customary approvals from international competition authorities; obtaining an extension of PT-FI's temporary IUPK after October 31, 2018; the potential effects of violence in Indonesia generally and in the province of Papua; industry risks; regulatory changes; political risks; labor relations; weather- and climate-related risks; environmental risks; litigation results (including the outcome of Cerro Verde's royalty dispute with the Peruvian national tax authority); and other factors described in more detail under the heading "Risk Factors" in FCX's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission (SEC) as updated by FCX's subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which FCX's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes and costs, some aspects of which FCX may not be able to control. Further, FCX may make changes to its business plans that could affect its results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to update any forward-looking statements.

This press release also contains certain financial measures such as unit net cash (credits) costs per pound of copper and molybdenum and adjusted net income, which are not recognized under U.S. generally accepted accounting principles. As required by SEC Regulation G, reconciliations of these measures to amounts reported in FCX's consolidated financial statements are in the supplemental schedules of this press release, which are also available on FCX's website, "fcx.com."

FREEPORT-McMoRan INC.
SELECTED OPERATING DATA

	Three Months Ended September 30,			
	2018	2017	2018	2017
	Production		Sales	
MINING OPERATIONS:				
COPPER (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
<u>North America</u>				
Morenci (72%) ^a	170	186	174	169
Bagdad (100%)	45	45	47	41
Safford (100%)	32	37	31	35
Sierrita (100%)	36	40	36	37
Miami (100%)	4	4	3	4
Chino (100%)	46	48	45	47
Tyrone (100%)	15	13	14	12
Other (100%)	1	2	—	2
Total North America	349	375	350	347
<u>South America</u>				
Cerro Verde (53.56%)	275	284	280	291
El Abra (51%)	50	44	46	36
Total South America	325	328	326	327
<u>Indonesia</u>				
Grasberg (90.64%) ^b	332	293	368	258
Total	1,006	996	1,044 ^c	932 ^c
Less noncontrolling interests	183	181	186	177
Net	823	815	858	755
Average realized price per pound			\$ 2.80	\$ 2.94
GOLD (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)	6	6	6	3
Indonesia (90.64%) ^b	754	412	831	352
Consolidated	760	418	837	355
Less noncontrolling interests	70	39	77	32
Net	690	379	760	323
Average realized price per ounce			\$ 1,191	\$ 1,290
MOLYBDENUM (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	3	3	N/A	N/A
Climax (100%)	5	5	N/A	N/A
North America copper mines (100%) ^a	8	8	N/A	N/A
Cerro Verde (53.56%)	7	8	N/A	N/A
Consolidated	23	24	22	22
Less noncontrolling interests	3	4	2	3
Net	20	20	20	19
Average realized price per pound			\$ 12.40	\$ 9.22

a. Amounts are net of Morenci's undivided joint venture partners' interests.

b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

c. Consolidated sales volumes exclude purchased copper of 93 million pounds in third-quarter 2018 and 75 million pounds in third-quarter 2017.

FREEPORT-McMoRan INC.
SELECTED OPERATING DATA (continued)

	Nine Months Ended September 30,			
	2018	2017	2018	2017
	Production		Sales	
MINING OPERATIONS:				
Copper (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
<u>North America</u>				
Morenci (72%) ^a	521	554	544	537
Bagdad (100%)	142	128	146	122
Safford (100%)	94	116	99	120
Sierrita (100%)	113	121	118	117
Miami (100%)	12	14	12	14
Chino (100%)	126	168	133	170
Tyrone (100%)	41	47	42	47
Other (100%)	2	3	1	3
Total North America	1,051	1,151	1,095	1,130
<u>South America</u>				
Cerro Verde (53.56%)	780	806	780	803
El Abra (51%)	151	126	148	120
Total South America	931	932	928	923
<u>Indonesia</u>				
Grasberg (90.64%) ^b	990	647	1,003	630
Total	2,972	2,730	3,026 ^c	2,683 ^c
Less noncontrolling interests	529	497	528	491
Net	2,443	2,233	2,498	2,192
Average realized price per pound			\$ 2.96	\$ 2.79
Gold (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)	16	18	18	13
Indonesia (90.64%) ^b	2,089	992	2,105	956
Consolidated	2,105	1,010	2,123	969
Less noncontrolling interests	195	93	197	89
Net	1,910	917	1,926	880
Average realized price per ounce			\$ 1,249	\$ 1,261
Molybdenum (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	10	9	N/A	N/A
Climax (100%)	16	15	N/A	N/A
North America (100%) ^a	23	25	N/A	N/A
Cerro Verde (53.56%)	20	21	N/A	N/A
Consolidated	69	70	70	71
Less noncontrolling interests	9	10	9	9
Net	60	60	61	62
Average realized price per pound			\$ 12.41	\$ 9.18

a. Amounts are net of Morenci's undivided joint venture partners' interests.

b. Amounts are net of Grasberg's joint venture partner's interest, which varies in accordance with the terms of the joint venture agreement.

c. Consolidated sales volumes exclude purchased copper of 257 million pounds for the first nine months of 2018 and 195 million pounds for the first nine months of 2017.

FREEPORT-McMoRan INC.
SELECTED OPERATING DATA (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
100% North America Copper Mines				
<i>Leach Operations</i>				
Leach ore placed in stockpiles (metric tons per day)	657,600	657,200	673,800	683,700
Average copper ore grade (percent)	0.22	0.27	0.25	0.28
Copper production (millions of recoverable pounds)	242	252	723	763
<i>Mill Operations</i>				
Ore milled (metric tons per day)	297,800	297,200	297,900	300,000
Average ore grades (percent):				
Copper	0.34	0.38	0.35	0.40
Molybdenum	0.03	0.03	0.02	0.03
Copper recovery rate (percent)	87.4	86.6	88.1	86.6
Production (millions of recoverable pounds):				
Copper	173	195	531	603
Molybdenum	8	9	24	27
100% South America Mining				
<i>Leach Operations</i>				
Leach ore placed in stockpiles (metric tons per day)	194,400	164,000	203,100	136,900
Average copper ore grade (percent)	0.34	0.36	0.32	0.37
Copper production (millions of recoverable pounds)	72	65	214	190
<i>Mill Operations</i>				
Ore milled (metric tons per day)	383,900	379,200	384,800	355,400
Average ore grades (percent):				
Copper	0.39	0.44	0.39	0.44
Molybdenum	0.02	0.02	0.01	0.02
Copper recovery rate (percent)	86.1	80.9	83.2	82.7
Production (millions of recoverable pounds):				
Copper	253	263	717	742
Molybdenum	7	8	20	21
100% Indonesia Mining				
Ore milled (metric tons per day): ^a				
Grasberg open pit	149,500	130,500	141,100	91,200
Deep Ore Zone underground mine	31,000	34,500	33,200	29,400
Deep Mill Level Zone underground mine	2,500	2,400	2,600	3,100
Grasberg Block Cave underground mine	3,700	4,200	3,800	3,600
Big Gossan underground mine	3,900	—	3,400	500
Total	190,600	171,600	184,100	127,800
Average ore grades:				
Copper (percent)	1.00	0.91	1.06	1.00
Gold (grams per metric ton)	1.77	0.98	1.73	1.08
Recovery rates (percent):				
Copper	92.4	91.1	92.4	91.6
Gold	85.7	84.7	85.5	84.9
Production (recoverable):				
Copper (millions of pounds)	337	277	1,030	670
Gold (thousands of ounces)	817	405	2,306	993
100% Molybdenum Mines				
Ore milled (metric tons per day)	29,400	24,200	27,100	22,600
Average molybdenum ore grade (percent)	0.17	0.18	0.18	0.20
Molybdenum production (millions of recoverable pounds)	8	8	26	24

a. Amounts represent the approximate average daily throughput processed at PT Freeport Indonesia's (PT-FI) mill facilities from each producing mine and from development activities that result in metal production.

FREEMPORT-McMoRan INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017 ^a	2018	2017 ^a
(In Millions, Except Per Share Amounts)				
Revenues ^b	\$ 4,908	\$ 4,310	\$ 14,944	\$ 11,362
Cost of sales:				
Production and delivery ^c	3,069	2,794 ^d	8,792	7,462 ^d
Depreciation, depletion and amortization	458	418	1,351	1,257
Total cost of sales	<u>3,527</u>	<u>3,212</u>	<u>10,143</u>	<u>8,719</u>
Selling, general and administrative expenses ^c	101	104	341	362
Mining exploration and research expenses	27	27	72	60
Environmental obligations and shutdown costs	8	72	76	76
Net gain on sales of assets	(70)	(33)	(126)	(66)
Total costs and expenses	<u>3,593</u>	<u>3,382</u>	<u>10,506</u>	<u>9,151</u>
Operating income	1,315	928	4,438	2,211
Interest expense, net ^{d,e}	(143)	(304)	(436)	(633)
Net gain on early extinguishment of debt	—	11	8	8
Other income (expense), net	14	(9)	63 ^f	(9)
Income from continuing operations before income taxes and equity in affiliated companies' net earnings	1,186	626	4,073	1,577
Provision for income taxes ^{d,g}	(522)	(387)	(1,543)	(747)
Equity in affiliated companies' net earnings	4	3	5	6
Net income from continuing operations	668	242	2,535	836
Net (loss) income from discontinued operations ^h	(4)	3	(19)	50
Net income	<u>664</u>	<u>245</u>	<u>2,516</u>	<u>886</u>
Net (income) loss attributable to noncontrolling interests:				
Continuing operations ^d	(108)	35	(399)	(106)
Discontinued operations	—	—	—	(4)
Net income attributable to FCX common stock ⁱ	<u>\$ 556</u>	<u>\$ 280</u>	<u>\$ 2,117</u>	<u>\$ 776</u>
Basic net income (loss) per share attributable to common stock:				
Continuing operations	\$ 0.38	\$ 0.19	\$ 1.47	\$ 0.50
Discontinued operations	—	—	(0.01)	0.03
	<u>\$ 0.38</u>	<u>\$ 0.19</u>	<u>\$ 1.46</u>	<u>\$ 0.53</u>
Diluted net income (loss) per share attributable to common stock:				
Continuing operations	\$ 0.38	\$ 0.19	\$ 1.46	\$ 0.50
Discontinued operations	—	—	(0.01)	0.03
	<u>\$ 0.38</u>	<u>\$ 0.19</u>	<u>\$ 1.45</u>	<u>\$ 0.53</u>
Weighted-average common shares outstanding:				
Basic	1,450	1,448	1,449	1,447
Diluted	<u>1,458</u>	<u>1,454</u>	<u>1,458</u>	<u>1,453</u>
Dividends declared per share of common stock	<u>\$ 0.05</u>	<u>\$ —</u>	<u>\$ 0.15</u>	<u>\$ —</u>

- a. The adoption of accounting guidance related to the presentation of retirement benefits resulted in the reclassification of the non-service components of net periodic benefit cost to other income (expense), net.
- b. Includes adjustments to provisionally priced concentrate and cathode sales. For a summary of adjustments to provisionally priced copper sales, refer to the supplemental schedule, "Derivative Instruments," beginning on page VIII.
- c. Includes net mining and oil and gas (credits) charges that are summarized in the supplemental schedule, "Adjusted Net Income," on page VII.
- d. Includes charges associated with disputed Cerro Verde royalties for prior years, which are summarized in the supplemental schedule, "Adjusted Net Income," on page VII.
- e. Consolidated interest costs (before capitalization and excluding interest expense associated with disputed Cerro Verde royalties) totaled \$166 million in third-quarter 2018, \$196 million in third-quarter 2017, \$501 million for the first nine months of 2018 and \$583 million for the first nine months of 2017.
- f. Includes \$30 million of interest received on tax refunds, mostly associated with the refund of PT-FI's prior years' tax receivables. Refer to the supplemental schedule, "Adjusted Net Income," on page VII.
- g. For a summary of FCX's provision for income taxes, refer to the supplemental schedule, "Income Taxes," on page VIII.
- h. Primarily reflects adjustments to the estimated fair value of contingent consideration related to the 2016 sale of FCX's interest in TF Holdings Limited (TFHL), which will continue to be adjusted through December 31, 2019.
- i. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. Refer to the supplemental schedule, "Deferred Profits," on page IX for a summary of net impacts from changes in these deferrals.

FREEPORT-McMoRan INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)

	September 30, 2018	December 31, 2017
(In Millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,556	\$ 4,447
Trade accounts receivable	1,064	1,246
Income and other tax receivables	226	325
Inventories:		
Materials and supplies, net	1,439	1,305
Mill and leach stockpiles	1,439	1,422
Product	1,169	1,166
Other current assets	402	270
Held for sale	626	508
Total current assets	10,921	10,689
Property, plant, equipment and mine development costs, net	23,013	22,934
Long-term mill and leach stockpiles	1,355	1,409
Other assets	2,460	2,270
Total assets	\$ 37,749	\$ 37,302
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,396	\$ 2,321
Accrued income taxes	645	565
Current portion of environmental and asset retirement obligations	460	388
Dividends payable	73	—
Current portion of debt	4	1,414
Held for sale	273	323
Total current liabilities	3,851	5,011
Long-term debt, less current portion	11,123	11,703
Deferred income taxes	3,839	3,649
Environmental and asset retirement obligations, less current portion	3,564	3,631
Other liabilities	1,918	2,012
Total liabilities	24,295	26,006
Equity:		
Stockholders' equity:		
Common stock	158	158
Capital in excess of par value	26,603	26,751
Accumulated deficit	(12,526)	(14,722)
Accumulated other comprehensive loss	(532)	(487)
Common stock held in treasury	(3,726)	(3,723)
Total stockholders' equity	9,977	7,977
Noncontrolling interests	3,477	3,319
Total equity	13,454	11,296
Total liabilities and equity	\$ 37,749	\$ 37,302

FREEPORT-McMoRan INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine Months Ended September 30,	
	2018	2017
	(In Millions)	
Cash flow from operating activities:		
Net income	\$ 2,516	\$ 886
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,351	1,257
Net gain on sales of assets	(126)	(66)
Stock-based compensation	70	58
Net charges for Cerro Verde royalty dispute	—	359
Payments for Cerro Verde royalty dispute	(32)	(32)
Net charges for environmental and asset retirement obligations, including accretion	206	196
Payments for environmental and asset retirement obligations	(179)	(85)
Net charges for defined pension and postretirement plans	59	95
Pension plan contributions	(60)	(152)
Net gain on early extinguishment of debt	(8)	(8)
Deferred income taxes	202	77
Loss (gain) on disposal of discontinued operations	19	(41)
Decrease in long-term mill and leach stockpiles	54	181
Non-cash drillship settlements/idle rig costs and other oil and gas adjustments	—	(33)
Oil and gas contract settlement payments	—	(70)
Other, net	7	1
Changes in working capital and other tax payments:		
Accounts receivable	321	420
Inventories	(326)	(314)
Other current assets	(16)	(17)
Accounts payable and accrued liabilities	(2)	(93)
Accrued income taxes and timing of other tax payments	(131)	393
Net cash provided by operating activities	<u>3,925</u>	<u>3,012</u>
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(413)	(106)
South America	(188)	(65)
Indonesia	(695)	(663)
Molybdenum mines	(6)	(4)
Other	(89)	(182)
Proceeds from sales of assets	10	68
Intangible water rights and other, net	(91)	(2)
Net cash used in investing activities	<u>(1,472)</u>	<u>(954)</u>
Cash flow from financing activities:		
Proceeds from debt	475	795
Repayments of debt	(2,410)	(1,991)
Cash dividends paid:		
Common stock	(145)	(2)
Noncontrolling interests	(241)	(67)
Stock-based awards net proceeds (payments)	4	(10)
Debt financing costs and other, net	(23)	(12)
Net cash used in financing activities	<u>(2,340)</u>	<u>(1,287)</u>
Net increase in cash, cash equivalents, restricted cash and restricted cash equivalents	113	771
Decrease (increase) in cash and cash equivalents in assets held for sale	55	(45)
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	4,631	4,403
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period ^a	<u>\$ 4,799</u>	<u>\$ 5,129</u>

a. Includes restricted cash and restricted cash equivalents of \$243 million at September 30, 2018, and \$172 million at September 30, 2017.

FREEPORT-McMoRan INC.
ADJUSTED NET INCOME

Adjusted net income is intended to provide investors and others with information about FCX's recurring operating performance. This information differs from net income attributable to common stock determined in accordance with U.S. generally accepted accounting principles (GAAP) and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. FCX's adjusted net income follows, which may not be comparable to similarly titled measures reported by other companies (in millions, except per share amounts).

	Three Months Ended September 30,					
	2018			2017		
	Pre-tax	After-tax ^a	Per Share	Pre-tax	After-tax ^a	Per Share
Net income attributable to common stock	N/A	\$ 556	\$ 0.38	N/A	\$ 280	\$ 0.19
Cerro Verde royalty dispute ^b	\$ (1)	\$ —	\$ —	\$ (357)	\$ (188)	\$ (0.13)
Cerro Verde labor agreement	(69)	(22)	(0.02)	—	—	—
PT-FI net charges for workforce reductions	—	—	—	(9)	(5)	—
Other net mining credits	—	—	—	4	4	—
Net oil and gas credits	—	—	—	4	4	—
Net adjustments to environmental obligations and related litigation reserves	(2)	(2)	—	(64)	(64)	(0.04)
Net gain on sales of assets	70 ^c	70	0.05	33	33	0.02
Net gain on early extinguishment of debt	—	—	—	11	11	0.01
Net tax charges ^d	N/A	—	—	N/A	(10)	(0.01)
(Loss) gain on discontinued operations ^e	(4)	(4)	—	3	3	—
	\$ (6)	\$ 42	\$ 0.03	\$ (375)	\$ (212)	\$ (0.15)
Adjusted net income attributable to common stock	N/A	\$ 514	\$ 0.35	N/A	\$ 492	\$ 0.34

	Nine Months Ended September 30,					
	2018			2017		
	Pre-tax	After-tax ^a	Per Share	Pre-tax	After-tax ^a	Per Share
Net income attributable to common stock	N/A	\$ 2,117	\$ 1.45	N/A	\$ 776	\$ 0.53
Cerro Verde royalty dispute ^b	\$ (7)	\$ —	\$ —	\$ (357)	\$ (188)	\$ (0.13)
Cerro Verde labor agreement	(69)	(22)	(0.02)	—	—	—
PT-FI charges for workforce reductions	—	—	—	(117) ^f	(62)	(0.04)
Other net mining credits (charges)	10	4	—	(24)	(24)	(0.02)
Net oil and gas credits	—	—	—	8 ^g	8	0.01
Net adjustments to environmental obligations and related litigation reserves	(52)	(52)	(0.04)	(53)	(53)	(0.04)
Net gain on sales of assets	126 ^c	126	0.09	66	66	0.05
Net gain on early extinguishment of debt	8	8	0.01	8	8	0.01
Interest on tax refunds	30	19	0.01	—	—	—
Net tax credits ^d	N/A	5	—	N/A	21	0.01
(Loss) gain on discontinued operations ^e	(19)	(19)	(0.01)	54	46	0.03
	\$ 27	\$ 69	\$ 0.04	\$ (415)	\$ (178)	\$ (0.12)
Adjusted net income attributable to common stock	N/A	\$ 2,048	\$ 1.41	N/A	\$ 954	\$ 0.65

a. Reflects impact to FCX net income attributable to common stock (i.e., net of any taxes and noncontrolling interests).

b. The 2017 periods include net charges of \$188 million associated with disputed Cerro Verde royalties for prior years, consisting of \$216 million to production and delivery costs, \$141 million to interest expense and \$2 million to provision for income taxes, net of \$171 million to noncontrolling interests. The 2018 periods include net charges to interest expense, offset by provision for income taxes and noncontrolling interests.

c. Reflects adjustments to assets held for sale and fair value adjustments associated with potential contingent consideration related to the 2016 sale of onshore California oil and gas properties. FCX would receive contingent consideration related to this transaction consisting of \$50 million per year for 2018, 2019 and 2020 if the price of Brent crude oil averages over \$70 per barrel in each of these calendar years. The average Brent crude oil price for the first nine months of 2018 is above \$70 per barrel.

d. Refer to "Income Taxes" on page VIII, for further discussion of net tax (charges) credits.

e. Primarily reflects adjustments to the estimated fair value of the potential \$120 million in contingent consideration related to the 2016 sale of FCX's interest in TFHL, which will continue to be adjusted through December 31, 2019.

f. Includes net charges in selling, general and administrative expenses totaling \$5 million.

g. Includes adjustments totaling \$25 million in production and delivery costs primarily related to the 2016 drillship settlements, partly offset by charges totaling \$17 million in selling, general and administrative expenses for contract termination costs.

FREEPORT-McMoRan INC.
INCOME TAXES

Following is a summary of the approximate amounts used in the calculation of FCX's consolidated income tax provision for the third quarters and first nine months of 2018 and 2017 (in millions, except percentages):

	Three Months Ended September 30,					
	2018			2017		
	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S.	\$ 28	21%	\$ (6)	\$ 5	(60)%	\$ 3 ^b
South America	108	40%	(43)	323	42%	(137)
Indonesia	1,037	41%	(424)	548	43%	(233)
Cerro Verde royalty dispute	(1)	N/A	1	(357)	N/A	(2) ^c
Eliminations and other	14	N/A	(6)	107	N/A	(14)
Rate adjustment ^d	—	N/A	(44)	—	N/A	(4)
Continuing operations	<u>\$ 1,186</u>	44%	<u>\$ (522)</u>	<u>\$ 626</u>	62%	<u>\$ (387)</u>

	Nine Months Ended September 30,					
	2018			2017		
	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income (Loss) ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S.	\$ 339	(1)%	\$ 3 ^e	\$ 66	(40)%	\$ 27 ^b
South America	573	40%	(229)	709	42%	(296)
Indonesia	2,982	42%	(1,254)	1,035	42%	(435)
Cerro Verde royalty dispute	(7)	N/A	7	(357)	N/A	(2) ^c
Eliminations and other	186	N/A	(37)	124	N/A	(38)
Rate adjustment ^d	—	N/A	(33)	—	N/A	(3)
Continuing operations	<u>\$ 4,073</u>	38%	<u>\$ (1,543)</u>	<u>\$ 1,577</u>	47%	<u>\$ (747)</u>

a. Represents income from continuing operations by geographic location before income taxes and equity in affiliated companies' net earnings.

b. Includes net tax (charges) credits of \$(10) million in third-quarter 2017 and \$21 million for the first nine months of 2017 associated with anticipated recovery of alternative minimum tax credit carryforwards.

c. Reflects tax charges of \$127 million for disputed royalties and other related mining taxes for the period October 2011 through the year 2013, mostly offset by a tax benefit of \$125 million associated with disputed royalties and other related mining taxes for the period December 2006 through the year 2013. Refer to the supplemental schedule, "Adjusted Net Income," on page VII, for a summary of charges related to disputed royalties at Cerro Verde.

d. In accordance with applicable accounting rules, FCX adjusts its interim provision for income taxes equal to its consolidated tax rate.

e. Includes a tax credit of \$5 million associated with the settlement of a state income tax examination.

f. The consolidated effective income tax rate is a function of the combined effective tax rates for the jurisdictions in which FCX operates. Accordingly, variations in the relative proportions of jurisdictional income result in fluctuations to FCX's consolidated effective income tax rate. Assuming achievement of current sales volume and cost estimates and average prices of \$2.85 per pound for copper, \$1,200 per ounce for gold and \$12.00 per pound for molybdenum for fourth-quarter 2018, FCX estimates its consolidated effective tax rate for the year 2018 would approximate 37 percent and would decrease with higher prices.

DERIVATIVE INSTRUMENTS

For the first nine months of 2018, FCX's mined copper was sold 60 percent in concentrate, 20 percent as cathode and 20 percent as rod from North America operations. Substantially all of FCX's copper concentrate and cathode sales contracts provide final pricing in a specified future month (generally one to four months from the shipment date) based primarily on quoted London Metal Exchange (LME) monthly average copper prices. FCX records revenues and invoices customers at the time of shipment based on then-current LME prices, which results in an embedded derivative on provisionally priced concentrate and cathode sales that is adjusted to fair value through earnings each period, using the period-end forward prices, until final pricing on the date of settlement. LME copper settlement prices averaged \$2.77 per pound during third-quarter 2018 and settled at \$2.80 per pound on September 30, 2018. Because a significant portion of FCX's copper concentrate and cathode sales in any quarterly period usually remain subject to final pricing, the quarter-end forward price is a major determinant of the average recorded copper price for the period. FCX's average realized copper price was \$2.80 per pound in third-quarter 2018.

FREEPORT-McMoRan INC.
DERIVATIVE INSTRUMENTS (continued)

Following is a summary of the adjustments to prior period and current period provisionally priced copper sales (in millions, except per share amounts):

	Three Months Ended September 30,					
	2018			2017		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ (111)	\$ 18	\$ (93)	\$ 95	\$ 38	\$ 133
Net income attributable to common stock	\$ (48)	\$ 6	\$ (42)	\$ 39	\$ 13	\$ 52
Net income per share of common stock	\$ (0.03)	\$ —	\$ (0.03)	\$ 0.03	\$ 0.01	\$ 0.04

a. Reflects adjustments to prior period provisionally priced copper sales (i.e., provisionally priced copper sales at June 30, 2018 and 2017).

b. Reflects adjustments to provisionally priced copper sales in third-quarter 2018 and 2017.

	Nine Months Ended September 30,					
	2018			2017		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ (70)	\$ (172)	\$ (242)	\$ 81	\$ 194	\$ 275
Net income attributable to common stock	\$ (31)	\$ (75)	\$ (106)	\$ 35	\$ 78	\$ 113
Net income per share of common stock	\$ (0.02)	\$ (0.05)	\$ (0.07)	\$ 0.02	\$ 0.05	\$ 0.07

a. Reflects adjustments to prior period provisionally priced copper sales (i.e., provisionally priced copper sales at December 31, 2017 and 2016).

b. Reflects adjustments to provisionally priced copper sales for the first nine months of 2018 and 2017.

At September 30, 2018, FCX had provisionally priced copper sales at its copper mining operations totaling 373 million pounds of copper (net of intercompany sales and noncontrolling interests) recorded at an average of \$2.84 per pound, subject to final pricing over the next several months. FCX estimates that each \$0.05 change in the price realized from the September 30, 2018, provisional price recorded would have an approximate \$11 million effect on 2018 net income attributable to common stock. The LME copper price settled at \$2.80 per pound on October 23, 2018.

DEFERRED PROFITS

FCX defers recognizing profits on sales from its mining operations to Atlantic Copper and on 25 percent of PT-FI's sales to PT Smelting (PT-FI's 25 percent-owned Indonesian smelting unit) until final sales to third parties occur. Changes in these deferrals attributable to variability in intercompany volumes resulted in net (reductions) additions to net income attributable to common stock totaling \$(24) million in third-quarter 2018, \$24 million in third-quarter 2017, \$(4) million for the first nine months of 2018 and less than \$1 million for the first nine months of 2017. FCX's net deferred profits on its inventories at Atlantic Copper and PT Smelting to be recognized in future periods' net income attributable to common stock totaled \$85 million at September 30, 2018. Quarterly variations in ore grades, the timing of intercompany shipments and changes in product prices will result in variability in FCX's net deferred profits and quarterly earnings.

BUSINESS SEGMENTS

FCX has organized its mining operations into four primary divisions – North America copper mines, South America mining, Indonesia mining and Molybdenum mines, and operating segments that meet certain thresholds are reportable segments. Separately disclosed in the following tables are FCX's reportable segments, which include the Morenci, Cerro Verde and Grasberg (Indonesia Mining) copper mines, the Rod & Refining operations and Atlantic Copper Smelting & Refining.

Intersegment sales between FCX's business segments are based on terms similar to arms-length transactions with third parties at the time of the sale. Intersegment sales may not be reflective of the actual prices ultimately realized because of a variety of factors, including additional processing, the timing of sales to unaffiliated customers and transportation premiums.

FCX allocates certain operating costs, expenses and capital expenditures to its operating divisions and individual segments. However, not all costs and expenses applicable to an operation are allocated. U.S. federal and state income taxes are recorded and managed at the corporate level (included in Corporate, Other & Eliminations), whereas foreign income taxes are recorded and managed at the applicable country level. In addition, most mining exploration and research activities are managed on a consolidated basis, and those costs along with some selling, general and administrative costs, are not allocated to the operating divisions or individual segments. Accordingly, the following segment information reflects management determinations that may not be indicative of what the actual financial performance of each operating division or segment would be if it was an independent entity.

FREEPORT-McMoRan INC.
BUSINESS SEGMENTS (continued)

(In millions)

	North America Copper Mines			South America Mining			Indonesia Mining	Molybdenum Mines	Rod & Refining	Atlantic	Corporate,	FCX
	Morenci	Other	Total	Cerro Verde	Other	Total				Smelting & Refining	Other & Eliminations	
		Mines			Mines							
Three Months Ended September 30, 2018												
Revenues:												
Unaffiliated customers	\$ 30	\$ 2	\$ 32	\$ 687	\$ 122	\$ 809	\$ 1,703 ^a	\$ —	\$ 1,212	\$ 579	\$ 573 ^b	\$ 4,908
Intersegment	467	587	1,054	71	—	71	61	101	8	—	(1,295)	—
Production and delivery	304	485	789	519 ^c	105	624	522	76	1,215	559	(716)	3,069
Depreciation, depletion and amortization	43	45	88	122	20	142	181	20	3	6	18	458
Selling, general and administrative expenses	1	—	1	3	—	3	29	—	—	5	63	101
Mining exploration and research expenses	—	1	1	—	—	—	—	—	—	—	26	27
Environmental obligations and shutdown costs	—	2	2	—	—	—	—	—	—	—	6	8
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(70)	(70)
Operating income (loss)	149	56	205	114	(3)	111	1,032	5	2	9	(49)	1,315
Interest expense, net	1	—	1	15	—	15	—	—	—	7	120	143
Provision for income taxes	—	—	—	37	5	42	424	—	—	—	56	522
Total assets at September 30, 2018	2,826	4,465	7,291	8,613	1,709	10,322	11,764	1,808	284	835	5,445 ^d	37,749
Capital expenditures	63	118	181	47	3	50	246	4	1	3	22	507

Three Months Ended September 30, 2017

Revenues:												
Unaffiliated customers	\$ 57	\$ 40	\$ 97	\$ 850	\$ 109	\$ 959	\$ 1,121 ^a	\$ —	\$ 1,137	\$ 554	\$ 442 ^b	\$ 4,310
Intersegment	460	548	1,008	64	—	64	—	65	8	1	(1,146)	—
Production and delivery	242	410	652	683 ^e	76	759	407	57	1,140	533	(754)	2,794
Depreciation, depletion and amortization	42	54	96	116	18	134	136	20	2	7	23	418
Selling, general and administrative expenses	1	1	2	2	—	2	32	—	—	4	64	104
Mining exploration and research expenses	—	—	—	—	—	—	—	—	—	—	27	27
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	72	72
Net gain on sale of assets	—	—	—	—	—	—	—	—	—	—	(33)	(33)
Operating income (loss)	232	123	355	113	15	128	546	(12)	3	11	(103)	928
Interest expense, net	1	—	1	156 ^e	—	156	1	—	—	5	141	304
Provision for income taxes	—	—	—	134 ^e	5	139	233	—	—	1	14	387
Total assets at September 30, 2017	2,844	4,223	7,067	8,851	1,595	10,446	11,100	1,885	264	751	5,814 ^d	37,327
Capital expenditures	26	13	39	17	3	20	206	2	1	5	41	314

a. Includes PT-FI's sales to PT Smelting totaling \$827 million in third-quarter 2018 and \$652 million in third-quarter 2017 .

b. Includes revenues from FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

c. Includes nonrecurring charges of \$69 million associated with Cerro Verde's new three-year collective labor agreement (CLA).

d. Includes assets held for sale, primarily Freeport Cobalt, totaling \$626 million at September 30, 2018 , and \$459 million at September 30, 2017 .

e. Includes net charges of \$216 million in production and delivery costs, \$141 million in interest expense and \$2 million in provision for income taxes associated with disputed royalties for prior years.

FREEMPORT-McMoRAN INC.
BUSINESS SEGMENTS (continued)

(In millions)

	North America Copper Mines			South America Mining			Indonesia Mining	Molybdenum Mines	Rod & Refining	Atlantic Copper	Corporate Other	FCX Total
	Morenci	Other Mines	Total	Cerro Verde	Other Mines	Total				Smelting & Refining	& Eliminations	
Nine Months Ended September 30, 2018												
Revenues:												
Unaffiliated customers	\$ 58	\$ 30	\$ 88	\$ 2,031	\$ 443	\$ 2,474	\$ 4,863 ^a	\$ —	\$ 3,984	\$ 1,758	\$ 1,777 ^b	\$ 14,944
Intersegment	1,636	1,917	3,553	273	—	273	114	307	24	2	(4,273)	—
Production and delivery	892	1,477	2,369	1,391 ^c	354	1,745	1,404	214	3,992	1,694	(2,626)	8,792
Depreciation, depletion and amortization	133	141	274	336	66	402	534	60	8	20	53	1,351
Selling, general and administrative expenses	3	2	5	7	—	7	96	—	—	16	217	341
Mining exploration and research expenses	—	2	2	—	—	—	—	—	—	—	70	72
Environmental obligations and shutdown costs	—	2	2	—	—	—	—	—	—	—	74	76
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(126)	(126)
Operating income (loss)	666	323	989	570	23	593	2,943	33	8	30	(158)	4,438
Interest expense, net	3	—	3	48	—	48	—	—	—	18	367	436
Provision for income taxes	—	—	—	207	15	222	1,254	—	—	1	66	1,543
Capital expenditures	151	262	413	178	10	188	695	6	3	10	76	1,391

Nine Months Ended September 30, 2017

Revenues:												
Unaffiliated customers	\$ 168	\$ 122	\$ 290	\$ 2,057	\$ 332	\$ 2,389	\$ 2,720 ^a	\$ —	\$ 3,290	\$ 1,412	\$ 1,261 ^b	\$ 11,362
Intersegment	1,354	1,704	3,058	237	—	237	—	199	22	1	(3,517)	—
Production and delivery	765	1,273	2,038	1,450 ^d	245	1,695	1,224 ^e	167	3,296	1,369	(2,327)	7,462
Depreciation, depletion and amortization	138	192	330	332	60	392	372	58	7	21	77	1,257
Selling, general and administrative expenses	2	2	4	7	—	7	92 ^e	—	—	13	246	362
Mining exploration and research expenses	—	2	2	—	—	—	—	—	—	—	58	60
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	76	76
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(66)	(66)
Operating income (loss)	617	357	974	505	27	532	1,032	(26)	9	10	(320)	2,211
Interest expense, net	2	1	3	187 ^d	—	187	1	—	—	13	429	633
Provision for income taxes	—	—	—	288 ^d	10	298	435	—	—	4	10	747
Capital expenditures	78	28	106	60	5	65	663	4	3	30	149	1,020

a. Includes PT-FI's sales to PT Smelting totaling \$2.1 billion for the first nine months of 2018 and \$1.4 billion for the first nine months of 2017.

b. Includes revenues from FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

c. Includes nonrecurring charges of \$69 million associated with Cerro Verde's new three-year CLA.

d. Includes net charges of \$216 million in production and delivery, \$141 million in interest expense and \$2 million in provision for income taxes associated with disputed royalties for prior years.

e. Includes net charges at PT-FI associated with workforce reductions totaling \$112 million in production and delivery costs and \$5 million in selling, general and administrative expenses.

FREEMPORT-McMoRAN INC.
PRODUCT REVENUES AND PRODUCTION COSTS

Unit net cash costs (credits) per pound of copper and molybdenum are measures intended to provide investors with information about the cash-generating capacity of FCX's mining operations expressed on a basis relating to the primary metal product for the respective operations. FCX uses this measure for the same purpose and for monitoring operating performance by its mining operations. This information differs from measures of performance determined in accordance with U.S. GAAP and should not be considered in isolation or as a substitute for measures of performance determined in accordance with U.S. GAAP. These measures are presented by other metals mining companies, although FCX's measures may not be comparable to similarly titled measures reported by other companies.

FCX presents gross profit per pound of copper in the following tables using both a "by-product" method and a "co-product" method. FCX uses the by-product method in its presentation of gross profit per pound of copper because (i) the majority of its revenues are copper revenues, (ii) it mines ore, which contains copper, gold, molybdenum and other metals, (iii) it is not possible to specifically assign all of FCX's costs to revenues from the copper, gold, molybdenum and other metals it produces and (iv) it is the method used by FCX's management and Board to monitor FCX's mining operations and to compare mining operations in certain industry publications. In the co-product method presentations, shared costs are allocated to the different products based on their relative revenue values, which will vary to the extent FCX's metals sales volumes and realized prices change.

FCX shows revenue adjustments for prior period open sales as a separate line item. Because these adjustments do not result from current period sales, these amounts have been reflected separately from revenues on current period sales. Noncash and other costs, which are removed from site production and delivery costs in the calculation of unit net cash (credits) costs, consist of items such as stock-based compensation costs, start-up costs, inventory adjustments, long-lived asset impairments, restructuring and/or unusual charges. As discussed above, gold, molybdenum and other metal revenues at copper mines are reflected as credits against site production and delivery costs in the by-product method. The following schedules are presentations under both the by-product and co-product methods together with reconciliations to amounts reported in FCX's consolidated financial statements.

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended September 30, 2018

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 971	\$ 971	\$ 93	\$ 24	\$ 1,088
Site production and delivery, before net noncash and other costs shown below	695	628	79	15	722
By-product credits	(90)	—	—	—	—
Treatment charges	35	34	—	1	35
Net cash costs	640	662	79	16	757
Depreciation, depletion and amortization (DD&A)	88	80	6	2	88
Noncash and other costs, net	26	23	2	1	26
Total costs	754	765	87	19	871
Other revenue adjustments, primarily for pricing on prior period open sales	(7)	(7)	—	—	(7)
Gross profit	\$ 210	\$ 199	\$ 6	\$ 5	\$ 210

Copper sales (millions of recoverable pounds)	350	350		
Molybdenum sales (millions of recoverable pounds) ^a			8	

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.77	\$ 2.77	\$ 11.54
Site production and delivery, before net noncash and other costs shown below	1.98	1.79	9.76
By-product credits	(0.26)	—	—
Treatment charges	0.10	0.10	—
Unit net cash costs	1.82	1.89	9.76
DD&A	0.25	0.23	0.80
Noncash and other costs, net	0.08	0.06	0.29
Total unit costs	2.15	2.18	10.85
Other revenue adjustments, primarily for pricing on prior period open sales	(0.02)	(0.02)	—
Gross profit per pound	\$ 0.60	\$ 0.57	\$ 0.69

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	
		DD&A	
Totals presented above	\$ 1,088	\$ 722	\$ 88
Treatment charges	(6)	29	—
Noncash and other costs, net	—	26	—
Other revenue adjustments, primarily for pricing on prior period open sales	(7)	—	—
Eliminations and other	11	12	—
North America copper mines	1,086	789	88
Other mining ^c	4,544	2,996	352
Corporate, other & eliminations	(722)	(716)	18
As reported in FCX's consolidated financial statements	\$ 4,908	\$ 3,069	\$ 458

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations, including South America mining, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX.

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended September 30, 2017

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 1,011	\$ 1,011	\$ 62	\$ 19	\$ 1,092
Site production and delivery, before net noncash and other costs shown below	571	536	45	11	592
By-product credits	(60)	—	—	—	—
Treatment charges	39	38	—	1	39
Net cash costs	550	574	45	12	631
DD&A	96	90	4	2	96
Noncash and other costs, net	15	14	1	—	15
Total costs	661	678	50	14	742
Other revenue adjustments, primarily for pricing on prior period open sales	7	7	—	—	7
Gross profit	\$ 357	\$ 340	\$ 12	\$ 5	\$ 357

Copper sales (millions of recoverable pounds)	345	345		
Molybdenum sales (millions of recoverable pounds) ^a			8	

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.92	\$ 2.92	\$ 7.59
Site production and delivery, before net noncash and other costs shown below	1.65	1.55	5.55
By-product credits	(0.17)	—	—
Treatment charges	0.11	0.11	—
Unit net cash costs	1.59	1.66	5.55
DD&A	0.28	0.27	0.49
Noncash and other costs, net	0.04	0.04	0.06
Total unit costs	1.91	1.97	6.10
Other revenue adjustments, primarily for pricing on prior period open sales	0.03	0.03	—
Gross profit per pound	\$ 1.04	\$ 0.98	\$ 1.49

Reconciliation to Amounts Reported

(In millions)	Production		
	Revenues	and Delivery	DD&A
Totals presented above	\$ 1,092	\$ 592	\$ 96
Treatment charges	(8)	31	—
Noncash and other costs, net	—	15	—
Other revenue adjustments, primarily for pricing on prior period open sales	7	—	—
Eliminations and other	14	14	—
North America copper mines	1,105	652	96
Other mining ^c	3,909	2,896	299
Corporate, other & eliminations	(704)	(754)	23
As reported in FCX's consolidated financial statements	\$ 4,310	\$ 2,794	\$ 418

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations, including South America mining, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX.

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Nine Months Ended September 30, 2018

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 3,301	\$ 3,301	\$ 260	\$ 69	\$ 3,630
Site production and delivery, before net noncash and other costs shown below	2,100	1,933	202	39	2,174
By-product credits	(255)	—	—	—	—
Treatment charges	109	105	—	4	109
Net cash costs	1,954	2,038	202	43	2,283
DD&A	273	250	17	6	273
Noncash and other costs, net	68	63	4	1	68
Total costs	2,295	2,351	223	50	2,624
Other revenue adjustments, primarily for pricing on prior period open sales	(5)	(5)	—	—	(5)
Gross profit	\$ 1,001	\$ 945	\$ 37	\$ 19	\$ 1,001

Copper sales (millions of recoverable pounds)	1,094	1,094			
Molybdenum sales (millions of recoverable pounds) ^a			23		

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 3.02	\$ 3.02	\$ 11.53	
Site production and delivery, before net noncash and other costs shown below	1.92	1.76	8.93	
By-product credits	(0.23)	—	—	
Treatment charges	0.10	0.10	—	
Unit net cash costs	1.79	1.86	8.93	
DD&A	0.25	0.23	0.76	
Noncash and other costs, net	0.06	0.06	0.18	
Total unit costs	2.10	2.15	9.87	
Other revenue adjustments, primarily for pricing on prior period open sales	(0.01)	(0.01)	—	
Gross profit per pound	\$ 0.91	\$ 0.86	\$ 1.66	

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 3,630	\$ 2,174	\$ 273
Treatment charges	(19)	90	—
Noncash and other costs, net	—	68	—
Other revenue adjustments, primarily for pricing on prior period open sales	(5)	—	—
Eliminations and other	35	37	1
North America copper mines	3,641	2,369	274
Other mining ^c	13,799	9,049	1,024
Corporate, other & eliminations	(2,496)	(2,626)	53
As reported in FCX's consolidated financial statements	\$ 14,944	\$ 8,792	\$ 1,351

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations, including South America mining, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX.

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

North America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Nine Months Ended September 30, 2017

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 3,091	\$ 3,091	\$ 184	\$ 62	\$ 3,337
Site production and delivery, before net noncash and other costs shown below	1,777	1,672	136	34	1,842
By-product credits	(181)	—	—	—	—
Treatment charges	121	116	—	5	121
Net cash costs	1,717	1,788	136	39	1,963
DD&A	329	309	14	6	329
Noncash and other costs, net	67	65	1	1	67
Total costs	2,113	2,162	151	46	2,359
Other revenue adjustments, primarily for pricing on prior period open sales	4	4	—	—	4
Gross profit	\$ 982	\$ 933	\$ 33	\$ 16	\$ 982

Copper sales (millions of recoverable pounds)

1,127

Molybdenum sales (millions of recoverable pounds) ^a

25

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.74	\$ 2.74	\$ 7.57
Site production and delivery, before net noncash and other costs shown below	1.57	1.49	5.59
By-product credits	(0.16)	—	—
Treatment charges	0.11	0.10	—
Unit net cash costs	1.52	1.59	5.59
DD&A	0.29	0.27	0.56
Noncash and other costs, net	0.06	0.06	0.06
Total unit costs	1.87	1.92	6.21
Other revenue adjustments, primarily for pricing on prior period open sales	—	—	—
Gross profit per pound	\$ 0.87	\$ 0.82	\$ 1.36

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery		DD&A
Totals presented above	\$ 3,337	\$ 1,842	\$ 329	
Treatment charges	(36)	85	—	
Noncash and other costs, net	—	67	—	
Other revenue adjustments, primarily for pricing on prior period open sales	4	—	—	
Eliminations and other	43	44	1	
North America copper mines	3,348	2,038	330	
Other mining ^c	10,270	7,751	850	
Corporate, other & eliminations	(2,256)	(2,327)	77	
As reported in FCX's consolidated financial statements	\$ 11,362	\$ 7,462	\$ 1,257	

a. Reflects sales of molybdenum produced by certain of the North America copper mines to FCX's molybdenum sales company at market-based pricing.

b. Includes gold and silver product revenues and production costs.

c. Represents the combined total for FCX's other mining operations, including South America mining, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX.

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended September 30, 2018

(In millions)	By-Product	Co-Product Method		
	Method	Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 911	\$ 911	\$ 88	\$ 999
Site production and delivery, before net noncash and other costs shown below	599 ^b	549	62	611
By-product credits	(76)	—	—	—
Treatment charges	65	65	—	65
Royalty on metals	2	2	—	2
Net cash costs	590	616	62	678
DD&A	142	130	12	142
Noncash and other costs, net	14	14	—	14
Total costs	746	760	74	834
Other revenue adjustments, primarily for pricing on prior period open sales	(52)	(52)	—	(52)
Gross profit	\$ 113	\$ 99	\$ 14	\$ 113

Copper sales (millions of recoverable pounds)

326 326

Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.80	\$ 2.80
Site production and delivery, before net noncash and other costs shown below	1.84 ^b	1.70
By-product credits	(0.23)	—
Treatment charges	0.20	0.20
Royalty on metals	—	—
Unit net cash costs	1.81	1.90
DD&A	0.44	0.40
Noncash and other costs, net	0.04	0.04
Total unit costs	2.29	2.34
Other revenue adjustments, primarily for pricing on prior period open sales	(0.16)	(0.16)
Gross profit per pound	\$ 0.35	\$ 0.30

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 999	\$ 611	\$ 142
Treatment charges	(65)	—	—
Royalty on metals	(2)	—	—
Noncash and other costs, net	—	14	—
Other revenue adjustments, primarily for pricing on prior period open sales	(52)	—	—
Eliminations and other	—	(1)	—
South America mining	880	624	142
Other mining ^c	4,750	3,161	298
Corporate, other & eliminations	(722)	(716)	18
As reported in FCX's consolidated financial statements	\$ 4,908	\$ 3,069	\$ 458

a. Includes silver sales of 1.2 million ounces (\$14.74 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.

b. Includes nonrecurring charges for Cerro Verde's new three-year CLA totaling \$69 million (\$0.21 per pound of copper).

c. Represents the combined total for FCX's other mining operations, including North America copper mines, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Mining Product Revenues and Production Costs and Unit Net Cash Costs

Three Months Ended September 30, 2017

(In millions)	By-Product	Co-Product Method		
	Method	Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 965	\$ 965	\$ 75	\$ 1,040
Site production and delivery, before net noncash and other costs shown below	524	490	46	536
By-product credits	(63)	—	—	—
Treatment charges	73	73	—	73
Royalty on metals	2	2	—	2
Net cash costs	536	565	46	611
DD&A	134	125	9	134
Noncash and other costs, net	225	207	18	225
Total costs	895	897	73	970
Other revenue adjustments, primarily for pricing on prior period open sales	59	59	—	59
Gross profit	\$ 129	\$ 127	\$ 2	\$ 129

Copper sales (millions of recoverable pounds)	327	327
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Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.95	\$ 2.95
Site production and delivery, before net noncash and other costs shown below	1.60	1.50
By-product credits	(0.19)	—
Treatment charges	0.22	0.22
Royalty on metals	0.01	0.01
Unit net cash costs	1.64	1.73
DD&A	0.41	0.38
Noncash and other costs, net	0.69	0.63
Total unit costs	2.74	2.74
Other revenue adjustments, primarily for pricing on prior period open sales	0.18	0.18
Gross profit per pound	\$ 0.39	\$ 0.39

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,040	\$ 536	\$ 134
Treatment charges	(73)	—	—
Royalty on metals	(2)	—	—
Noncash and other costs, net	—	225	—
Other revenue adjustments, primarily for pricing on prior period open sales	59	—	—
Eliminations and other	(1)	(2)	—
South America mining	1,023	759	134
Other mining ^c	3,991	2,789	261
Corporate, other & eliminations	(704)	(754)	23
As reported in FCX's consolidated financial statements	\$ 4,310	\$ 2,794	\$ 418

a. Includes silver sales of 1.0 million ounces (\$16.15 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.

b. Includes charges totaling \$216 million (\$0.66 per pound of copper) associated with disputed Cerro Verde royalties for prior years.

c. Represents the combined total for FCX's other mining operations, including North America copper mines, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

South America Copper Mines Product Revenues, Production Costs and Unit Net Cash Costs

Nine Months Ended September 30, 2017

(In millions)	By-Product	Co-Product Method		Total
	Method	Copper	Other ^a	
Revenues, excluding adjustments	\$ 2,605	\$ 2,605	\$ 190	\$ 2,795
Site production and delivery, before net noncash and other costs shown below	1,429	1,340	123	1,463
By-product credits	(156)	—	—	—
Treatment charges	204	204	—	204
Royalty on metals	6	5	1	6
Net cash costs	1,483	1,549	124	1,673
DD&A	392	365	27	392
Noncash and other costs, net	234 ^b	217	17	234
Total costs	2,109	2,131	168	2,299
Other revenue adjustments, primarily for pricing on prior period open sales	40	40	—	40
Gross profit	\$ 536	\$ 514	\$ 22	\$ 536

Copper sales (millions of recoverable pounds)	923	923		
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Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.82	\$ 2.82		
Site production and delivery, before net noncash and other costs shown below	1.55	1.45		
By-product credits	(0.17)	—		
Treatment charges	0.22	0.22		
Royalty on metals	0.01	0.01		
Unit net cash costs	1.61	1.68		
DD&A	0.42	0.40		
Noncash and other costs, net	0.25 ^b	0.23		
Total unit costs	2.28	2.31		
Other revenue adjustments, primarily for pricing on prior period open sales	0.04	0.04		
Gross profit per pound	\$ 0.58	\$ 0.55		

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 2,795	\$ 1,463	\$ 392
Treatment charges	(204)	—	—
Royalty on metals	(6)	—	—
Noncash and other costs, net	—	234	—
Other revenue adjustments, primarily for pricing on prior period open sales	40	—	—
Eliminations and other	1	(2)	—
South America mining	2,626	1,695	392
Other mining ^c	10,992	8,094	788
Corporate, other & eliminations	(2,256)	(2,327)	77
As reported in FCX's consolidated financial statements	\$ 11,362	\$ 7,462	\$ 1,257

a. Includes silver sales of 2.8 million ounces (\$16.66 per ounce average realized price). Also reflects sales of molybdenum produced by Cerro Verde to FCX's molybdenum sales company at market-based pricing.

b. Includes charges totaling \$216 million (\$0.23 per pound of copper) associated with disputed Cerro Verde royalties for prior years.

c. Represents the combined total for FCX's other mining operations, including North America copper mines, Indonesia mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash (Credits) Costs

Three Months Ended September 30, 2018

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 1,036	\$ 1,036	\$ 989	\$ 17	\$ 2,042
Site production and delivery, before net noncash and other costs shown below	514	261	249	4	514
Gold and silver credits	(1,001)	—	—	—	—
Treatment charges	98	50	48	—	98
Export duties	52	26	25	1	52
Royalty on metals	73	35	37	1	73
Net cash (credits) costs	(264)	372	359	6	737
DD&A	181	92	87	2	181
Noncash and other costs, net	14	7	7	—	14
Total (credits) costs	(69)	471	453	8	932
Other revenue adjustments, primarily for pricing prior period open sales	(50)	(50)	(5)	—	(55)
PT Smelting intercompany profit	6	3	3	—	6
Gross profit	\$ 1,061	\$ 518	\$ 534	\$ 9	\$ 1,061

Copper sales (millions of recoverable pounds) 368 368

Gold sales (thousands of recoverable ounces) 831

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.81	\$ 2.81	\$ 1,191
Site production and delivery, before net noncash and other costs shown below	1.40	0.71	300
Gold and silver credits	(2.72)	—	—
Treatment charges	0.26	0.13	57
Export duties	0.14	0.07	30
Royalty on metals	0.20	0.10	45
Unit net cash (credits) costs	(0.72)	1.01	432
DD&A	0.49	0.25	105
Noncash and other costs, net	0.04	0.02	8
Total unit (credits) costs	(0.19)	1.28	545
Other revenue adjustments, primarily for pricing prior period open sales	(0.14)	(0.14)	(7)
PT Smelting intercompany profit	0.02	0.02	3
Gross profit per pound/ounce	\$ 2.88	\$ 1.41	\$ 642

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 2,042	\$ 514	\$ 181
Treatment charges	(98)	—	—
Export duties	(52)	—	—
Royalty on metals	(73)	—	—
Noncash and other costs, net	—	14	—
Other revenue adjustments, primarily for pricing prior period open sales	(55)	—	—
PT Smelting intercompany profit	—	(6)	—
Indonesia mining	1,764	522	181
Other mining ^b	3,866	3,263	259
Corporate, other & eliminations	(722)	(716)	18
As reported in FCX's consolidated financial statements	\$ 4,908	\$ 3,069	\$ 458

a. Includes silver sales of 1.2 million ounces (\$14.10 per ounce average realized price).

b. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEMPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash Costs

Three Months Ended September 30, 2017

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 762	\$ 762	\$ 453	\$ 11	\$ 1,226
Site production and delivery, before net noncash and other costs shown below	365	226	135	4	365
Gold and silver credits	(466)	—	—	—	—
Treatment charges	71	44	26	1	71
Export duties	21	13	8	—	21
Royalty on metals	43	26	17	—	43
Net cash costs	34	309	186	5	500
DD&A	136	85	50	1	136
Noncash and other costs, net	24 ^b	15	9	—	24
Total costs	194	409	245	6	660
Other revenue adjustments, primarily for pricing prior period open sales	28	28	2	—	30
PT Smelting intercompany loss	(18)	(11)	(7)	—	(18)
Gross profit	\$ 578	\$ 370	\$ 203	\$ 5	\$ 578
Copper sales (millions of recoverable pounds)	258	258			
Gold sales (thousands of recoverable ounces)			352		

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.95	\$ 2.95	\$ 1,290
Site production and delivery, before net noncash and other costs shown below	1.41	0.88	384
Gold and silver credits	(1.80)	—	—
Treatment charges	0.27	0.17	74
Export duties	0.08	0.05	22
Royalty on metals	0.17	0.10	48
Unit net cash costs	0.13	1.20	528
DD&A	0.53	0.33	143
Noncash and other costs, net	0.09 ^b	0.06	25
Total unit costs	0.75	1.59	696
Other revenue adjustments, primarily for pricing prior period open sales	0.11	0.11	4
PT Smelting intercompany loss	(0.07)	(0.04)	(19)
Gross profit per pound/ounce	\$ 2.24	\$ 1.43	\$ 579

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,226	\$ 365	\$ 136
Treatment charges	(71)	—	—
Export duties	(21)	—	—
Royalty on metals	(43)	—	—
Noncash and other costs, net	—	24	—
Other revenue adjustments, primarily for pricing prior period open sales	30	—	—
PT Smelting intercompany loss	—	18	—
Indonesia mining	1,121	407	136
Other mining ^c	3,893	3,141	259
Corporate, other & eliminations	(704)	(754)	23
As reported in FCX's consolidated financial statements	\$ 4,310	\$ 2,794	\$ 418

a. Includes silver sales of 666 thousand ounces (\$16.64 per ounce average realized price).

b. Includes \$9 million (\$0.03 per pound of copper) of costs charged directly to production and delivery costs as a result of the impact of workforce reductions.

c. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX.

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues, Production Costs and Unit Net Cash (Credits) Costs

Nine Months Ended September 30, 2018

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 2,935	\$ 2,935	\$ 2,628	\$ 53	\$ 5,616
Site production and delivery, before net noncash and other costs shown below	1,367	715	640	12	1,367
Gold and silver credits	(2,698)	—	—	—	—
Treatment charges	258	135	121	2	258
Export duties	153	80	71	2	153
Royalty on metals	211	108	101	2	211
Net cash (credits) costs	(709)	1,038	933	18	1,989
DD&A	534	279	250	5	534
Noncash and other costs, net	25	13	12	—	25
Total (credits) costs	(150)	1,330	1,195	23	2,548
Other revenue adjustments, primarily for pricing on prior period open sales	(34)	(34)	17	—	(17)
PT Smelting intercompany loss	(12)	(6)	(6)	—	(12)
Gross profit	\$ 3,039	\$ 1,565	\$ 1,444	\$ 30	\$ 3,039

Copper sales (millions of recoverable pounds) 1,003

Gold sales (thousands of recoverable ounces) 2,105

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.93	\$ 2.93	\$ 1,248
Site production and delivery, before net noncash and other costs shown below	1.36	0.71	304
Gold and silver credits	(2.69)	—	—
Treatment charges	0.26	0.13	57
Export duties	0.15	0.08	34
Royalty on metals	0.21	0.11	48
Unit net cash (credits) costs	(0.71)	1.03	443
DD&A	0.53	0.28	119
Noncash and other costs, net	0.03	0.01	6
Total unit (credits) costs	(0.15)	1.32	568
Other revenue adjustments, primarily for pricing on prior period open sales	(0.04)	(0.04)	8
PT Smelting intercompany loss	(0.01)	(0.01)	(2)
Gross profit per pound/ounce	\$ 3.03	\$ 1.56	\$ 686

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 5,616	\$ 1,367	\$ 534
Treatment charges	(258)	—	—
Export duties	(153)	—	—
Royalty on metals	(211)	—	—
Noncash and other costs, net	—	25	—
Other revenue adjustments, primarily for pricing on prior period open sales	(17)	—	—
PT Smelting intercompany loss	—	12	—
Indonesia mining	4,977	1,404	534
Other mining ^b	12,463	10,014	764
Corporate, other & eliminations	(2,496)	(2,626)	53
As reported in FCX's consolidated financial statements	\$ 14,944	\$ 8,792	\$ 1,351

a. Includes silver sales of 3.5 million ounces (\$15.25 per ounce average realized price).

b. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Molybdenum mines, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Indonesia Mining Product Revenues and Production Costs and Unit Net Cash Costs

Nine Months Ended September 30, 2017

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 1,772	\$ 1,772	\$ 1,206	\$ 32	\$ 3,010
Site production and delivery, before net noncash and other costs shown below	1,067	629	427	11	1,067
Gold and silver credits	(1,247)	—	—	—	—
Treatment charges	170	100	68	2	170
Export duties	62	36	25	1	62
Royalty on metals	106	60	45	1	106
Net cash costs	158	825	565	15	1,405
DD&A	372	219	149	4	372
Noncash and other costs, net	140 ^b	82	56	2	140
Total costs	670	1,126	770	21	1,917
Other revenue adjustments, primarily for pricing on prior period open sales	39	39	9	—	48
PT Smelting intercompany loss	(17)	(10)	(7)	—	(17)
Gross profit	\$ 1,124	\$ 675	\$ 438	\$ 11	\$ 1,124

Copper sales (millions of recoverable pounds) 630
Gold sales (thousands of recoverable ounces) 956

Gross profit per pound of copper/per ounce of gold:

Revenues, excluding adjustments	\$ 2.81	\$ 2.81	\$ 1,261
Site production and delivery, before net noncash and other costs shown below	1.70	1.00	447
Gold and silver credits	(1.98)	—	—
Treatment charges	0.27	0.16	71
Export duties	0.10	0.06	26
Royalty on metals	0.16	0.09	47
Unit net cash costs	0.25	1.31	591
DD&A	0.59	0.35	156
Noncash and other costs, net	0.22 ^b	0.13	58
Total unit costs	1.06	1.79	805
Other revenue adjustments, primarily for pricing on prior period open sales	0.06	0.06	9
PT Smelting intercompany loss	(0.03)	(0.01)	(7)
Gross profit per pound/ounce	\$ 1.78	\$ 1.07	\$ 458

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 3,010	\$ 1,067	\$ 372
Treatment charges	(170)	—	—
Export duties	(62)	—	—
Royalty on metals	(106)	—	—
Noncash and other costs, net	—	140	—
Other revenue adjustments, primarily for pricing on prior period open sales	48	—	—
PT Smelting intercompany loss	—	17	—
Indonesia mining	2,720	1,224	372
Other mining ^c	10,898	8,565	808
Corporate, other & eliminations	(2,256)	(2,327)	77
As reported in FCX's consolidated financial statements	\$ 11,362	\$ 7,462	\$ 1,257

a. Includes silver sales of 1.9 million ounces (\$16.70 per ounce average realized price).

b. Includes \$112 million (\$0.18 per pound of copper) of costs charged directly to production and delivery costs as a result of workforce reductions.

c. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Molybdenum mining, Rod & Refining and Atlantic Copper Smelting and Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX .

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Molybdenum Mines Product Revenues, Production Costs and Unit Net Cash Costs

(In millions)	Three Months Ended September 30,	
	2018	2017
Revenues, excluding adjustments ^a	\$ 109	\$ 72
Site production and delivery, before net noncash and other costs shown below	73	55
Treatment charges and other	8	7
Net cash costs	81	62
DD&A	20	20
Noncash and other costs, net	3	2
Total costs	104	84
Gross profit (loss)	\$ 5	\$ (12)
Molybdenum sales (millions of recoverable pounds) ^a	8	8
Gross profit (loss) per pound of molybdenum:		
Revenues, excluding adjustments ^a	\$ 12.17	\$ 9.02
Site production and delivery, before net noncash and other costs shown below	8.17	6.97
Treatment charges and other	0.85	0.85
Unit net cash costs	9.02	7.82
DD&A	2.18	2.44
Noncash and other costs, net	0.39	0.28
Total unit costs	11.59	10.54
Gross profit (loss) per pound	\$ 0.58	\$ (1.52)

Reconciliation to Amounts Reported

(In millions)

Three Months Ended September 30, 2018	Production and Delivery		
	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 109	\$ 73	\$ 20
Treatment charges and other	(8)	—	—
Noncash and other costs, net	—	3	—
Molybdenum mines	101	76	20
Other mining ^b	5,529	3,709	420
Corporate, other & eliminations	(722)	(716)	18
As reported in FCX's consolidated financial statements	\$ 4,908	\$ 3,069	\$ 458
Three Months Ended September 30, 2017			
Totals presented above	\$ 72	\$ 55	\$ 20
Treatment charges and other	(7)	—	—
Noncash and other costs, net	—	2	—
Molybdenum mines	65	57	20
Other mining ^b	4,949	3,491	375
Corporate, other & eliminations	(704)	(754)	23
As reported in FCX's consolidated financial statements	\$ 4,310	\$ 2,794	\$ 418

a. Reflects sales of the Molybdenum mines' production to FCX's molybdenum sales company at market-based pricing. On a consolidated basis, realizations are based on the actual contract terms for sales to third parties; as a result, FCX's consolidated average realized price per pound of molybdenum will differ from the amounts reported in this table.

b. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Indonesia mining, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX. Also includes amounts associated with FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

FREEPORT-McMoRan INC.
PRODUCT REVENUES AND PRODUCTION COSTS (continued)

Molybdenum Mines Product Revenues, Production Costs and Unit Net Cash Costs

(In millions)	Nine Months Ended September 30,	
	2018	2017
Revenues, excluding adjustments ^a	\$ 330	\$ 220
Site production and delivery, before net noncash and other costs shown below	209	162
Treatment charges and other	23	21
Net cash costs	232	183
DD&A	60	58
Noncash and other costs, net	5	5
Total costs	297	246
Gross profit (loss)	\$ 33	\$ (26)
Molybdenum sales (millions of recoverable pounds) ^a	26	24
Gross profit (loss) per pound of molybdenum:		
Revenues, excluding adjustments ^a	\$ 12.31	\$ 9.05
Site production and delivery, before net noncash and other costs shown below	7.79	6.67
Treatment charges and other	0.85	0.85
Unit net cash costs	8.64	7.52
DD&A	2.22	2.38
Noncash and other costs, net	0.20	0.23
Total unit costs	11.06	10.13
Gross profit (loss) per pound	\$ 1.25	\$ (1.08)

Reconciliation to Amounts Reported

(In millions)

Nine Months Ended September 30, 2018	Production		
	Revenues	and Delivery	DD&A
Totals presented above	\$ 330	\$ 209	\$ 60
Treatment charges and other	(23)	—	—
Noncash and other costs, net	—	5	—
Molybdenum mines	307	214	60
Other mining ^b	17,133	11,204	1,238
Corporate, other & eliminations	(2,496)	(2,626)	53
As reported in FCX's consolidated financial statements	\$ 14,944	\$ 8,792	\$ 1,351
Nine Months Ended September 30, 2017			
Totals presented above	\$ 220	\$ 162	\$ 58
Treatment charges and other	(21)	—	—
Noncash and other costs, net	—	5	—
Molybdenum mines	199	167	58
Other mining ^b	13,419	9,622	1,122
Corporate, other & eliminations	(2,256)	(2,327)	77
As reported in FCX's consolidated financial statements	\$ 11,362	\$ 7,462	\$ 1,257

- a. Reflects sales of the Molybdenum mines' production to FCX's molybdenum sales company at market-based pricing. On a consolidated basis, realizations are based on the actual contract terms for sales to third parties; as a result, FCX's consolidated average realized price per pound of molybdenum will differ from the amounts reported in this table.
- b. Represents the combined total for FCX's other mining operations, including North America copper mines, South America mining, Indonesia mining, Rod & Refining and Atlantic Copper Smelting & Refining, as presented in the supplemental schedule, "Business Segments," beginning on page IX. Also includes amounts associated with FCX's molybdenum sales company, which includes sales of molybdenum produced by the Molybdenum mines and by certain of the North America and South America copper mines.

3rd Quarter 2018 Earnings Conference Call

October 24, 2018



Cautionary Statement Regarding Forward-Looking Statements

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This presentation contains forward-looking statements in which FCX discusses its potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as projections or expectations relating to ore grades and milling rates, production and sales volumes, unit net cash costs, operating cash flows, capital expenditures, expectations related to the pending transaction between FCX, PT Freeport Indonesia (PT-FI), PT Indocopper Investama (PT-II), and PT Indonesia Asahan Aluminium (Persero) (PT Inalum), including, but not limited to, replication of the economics of the revenue and cost sharing arrangements under the Joint Venture between PT-FI and Rio Tinto pursuant to a dividend assignment mechanism, FCX's continued management of PT-FI's operations, the expected timing of completion of the pending transaction, exploration efforts and results, development and production activities and costs, liquidity, tax rates, the impact of copper, gold and molybdenum price changes, the impact of deferred intercompany profits on earnings, reserve estimates, future dividend payments, and share purchases and sales. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and any similar expressions are intended to identify those assertions as forward-looking statements. The declaration of dividends is at the discretion of our Board of Directors (Board) and will depend on our financial results, cash requirements, future prospects, and other factors deemed relevant by the Board.

FCX cautions readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause FCX's actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, supply of and demand for, and prices of, copper, gold and molybdenum; mine sequencing; production rates; potential inventory adjustments; potential impairment of long-lived mining assets; the ability to satisfy conditions to close the pending transaction, including, but not limited to, the documentation and issuance of a special mining license (IUPK) providing for the extension and stability of PT-FI's long-term mining rights with assured legal and fiscal terms and legal enforceability through 2041 in a form acceptable to FCX and PT Inalum, resolution of environmental regulatory matters that include amendments to the decrees imposing unattainable environmental standards on PT-FI pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian government, FCX and PT Inalum, various other Indonesian regulatory actions and approvals, including modification or revocation of current regulations and implementation of new regulations by the Indonesian government and assurances or approvals by Indonesian tax authorities with respect to the pending transaction, including confirmation of withholding tax treatment, and obtaining customary approvals from international competition authorities; obtaining an extension of PT-FI's temporary IUPK after October 31, 2018; the potential effects of violence in Indonesia generally and in the province of Papua; industry risks; regulatory changes; political risks; labor relations; weather- and climate-related risks; environmental risks; litigation results (including the outcome of Cerro Verde's royalty dispute with the Peruvian national tax authority); and other factors described in more detail under the heading "Risk Factors" in FCX's Annual Report on Form 10-K for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission (SEC) as updated by FCX's subsequent filings with the SEC.

Investors are cautioned that many of the assumptions upon which FCX's forward-looking statements are based are likely to change after the forward-looking statements are made, including for example commodity prices, which FCX cannot control, and production volumes and costs, some aspects of which FCX may not be able to control. Further, FCX may make changes to its business plans that could affect its results. FCX cautions investors that it does not intend to update forward-looking statements more frequently than quarterly notwithstanding any changes in its assumptions, changes in business plans, actual experience or other changes, and FCX undertakes no obligation to update any forward-looking statements.

This presentation also includes forward-looking statements regarding mineralized material and potential resources not included in proven and probable mineral reserves. Mineralized material is a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support the estimated tonnage and average metal grades. Such a deposit cannot qualify as recoverable proven and probable reserves until legal and economic feasibility are confirmed based upon a comprehensive evaluation of development costs, unit costs, grades, recoveries and other material factors. Our estimates of potential resources are based on geologically reasonable interpolation and extrapolation of more limited information than is used for mineralized material (measured and indicated) and requires higher copper prices. Significant additional drilling is required and no assurance can be given that the potential quantities of metal will be produced. Accordingly, no assurances can be given that estimated mineralized material and potential resources not included in reserves will become proven and probable reserves.

This presentation also contains certain financial measures such as unit net cash costs (credits) per pound of copper and molybdenum, net debt and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) that are not recognized under U.S. generally accepted accounting principles. As required by SEC Regulation G, reconciliations of unit net cash costs (credits) per pound of copper and molybdenum to amounts reported in FCX's consolidated financial statements are in the supplemental schedules of FCX's 3Q18 press release, which are also available on FCX's website, "fcx.com." Net debt equals gross debt less cash. A reconciliation of adjusted EBITDA to amounts reported in FCX's consolidated financial statements is included on slide 27.

3Q18 Highlights

- Sharp Focus on Productivity, Cost Management, Capital Discipline and Initiatives to Build Value for Shareholders
- Unit Net Cash Costs: \$0.93/lb⁽¹⁾, 23% Below 3Q17
- Operating Cash Flows Exceeded CAPEX by \$740 mm in 3Q & ~\$2.5 bn YTD
- Net Debt⁽²⁾ of \$6.6 bn at 9/30/18, \$2.1 bn Less than Start of Year
- Definitive Agreement with PT Inalum – Establishes Path Forward to Long-Term Stability in Indonesia and De-risks World-class Asset
- Underground Transition at Grasberg On Track
- Lone Star Development Ongoing – Potential to Grow Larger

See Cautionary Statement.

Consolidated Results

(\$ in bn)



Key Stats	3Q18	YTD
Copper Sales (bn lbs)	1.0	3.0
Gold Sales (mm ozs)	0.8	2.1
Molybdenum Sales (mm lbs)	22	70
Realized Copper Price (\$/lb)	\$2.80	\$2.96
Unit Net Cash Costs ⁽¹⁾ (\$/lb)	\$0.93	\$0.95

(1) Includes 7¢/lb in 3Q18 and 2¢/lb for the 9-mos ended 2018 associated with nonrecurring charges for Cerro Verde's new 3-yr CLA

(2) Net debt equals gross debt less consolidated cash.

(3) Includes \$0.4 bn in 3Q18 and \$0.9 bn YTD for major projects

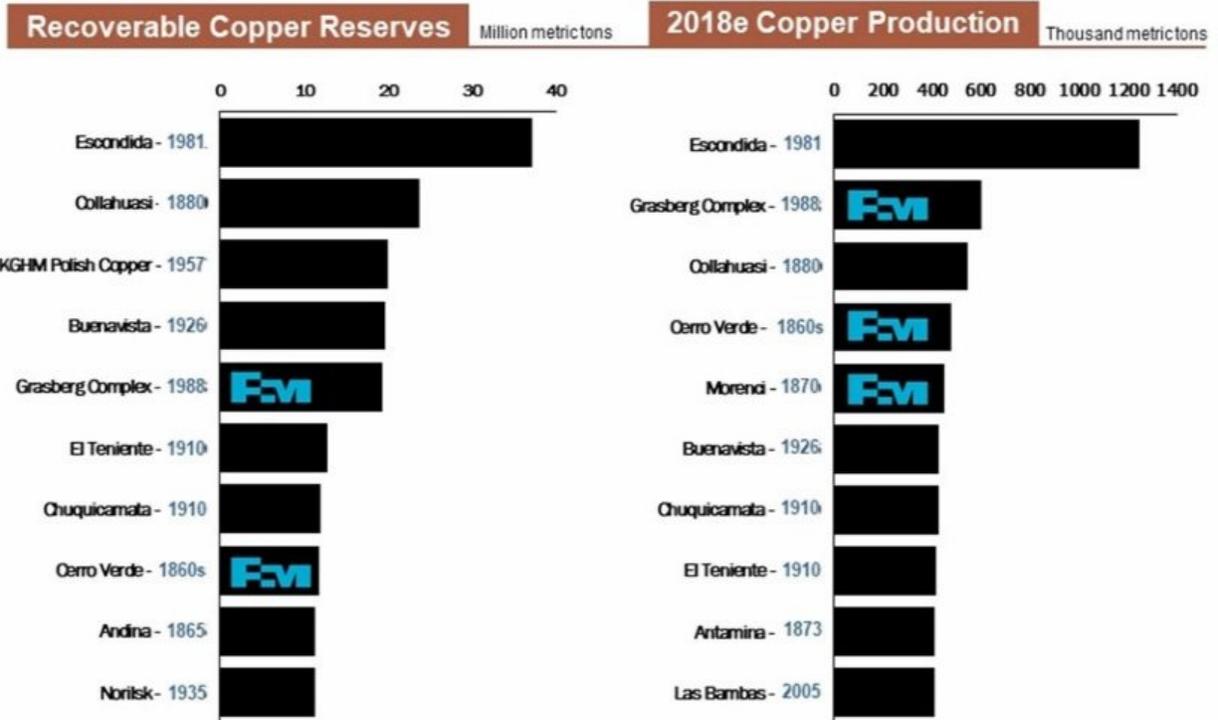
Copper Market Commentary

- **Global Demand Remains Healthy**
 - U.S. Construction & Manufacturing Positive
 - European Market Steady
 - Large Chinese Fabricators Running High Utilization
 - Many FCX Customers Indicate Strong Order Books
- **Cathode Availability Tightening**
 - Exchange Stocks Declining Steadily
 - Smelter Disruptions Continue
 - Scrap Constraints in China
- **Speculators Are Bearish on Sentiment & Macro Drivers**
 - Significant Impact on Price
- **Long-Term Fundamentals Increasingly Strong**
 - Deficits Appear Inevitable
 - Electrification/Renewables are Copper Intensive
 - Recent Price Decline Impact on New Project Development
 - Significant Supply Gap Approaching



* Includes LME, COMEX and Shanghai exchanges
Source: Bloomberg as of 10/23/18

World Class Copper Discoveries Are Extremely Rare



Source: Wood Mackenzie
e=estimate

3Q18 Operations Update

Americas

- Ongoing Focus on Productivity and Cost Management
- Production and Cost Outlook Expected to be More Stable Following Actions in 2018 to Re-establish Full Mining Activities Following 2015/2016 Curtailments
- Expanding Mining Rates to Enhance Long-term Options
- Evaluating Mine Planning Options at Various Copper Prices
- Lone Star Development Underway – Opportunity for World-Class Resource
- Evaluating Project Pipeline to Rank/Sequence Next Phase of Project Development

See Cautionary Statement.

Indonesia

- Strong 3Q and YTD Performance
- Mining Final Phase of Surface Mine - Pit Steepening Has Accelerated Metal
- Deep MLZ
 - Commenced Hydraulic Fracturing in 3Q18 to Manage Seismicity & Pre-condition Cave
 - Response To Date Has Been Effective
 - On Track for Mid-2019 Startup
- Grasberg Block Cave
 - Infrastructure in Place – Successful Testing of Underground Rail and Ore Flow in 3Q
 - Conducted Initial Blast in Undercut During 3Q
 - Rock Testing Indicates Suitability for Large-Scale Caving

Lone Star in Arizona Advancing

Oxide Development Provides Exposure to Major Asset
(with 60 bn lbs contained copper potential*)



12/31/2017 Reserves

4.4 bn lbs of Copper
Oxides Only
Potential to Grow

Economics For Initial Oxides

\$850 mm Project
~\$200 mm Incurred
After-tax NPV @ 8%:
\$1.2 Bn (\$3.50 Copper)
Based on Initial Reserves

Estimated Production

~200 mm lbs/year
~20 Yr Mine Life
Potential to Grow

First Oxide Production

Expected by YE 2020

Positive Drilling Results

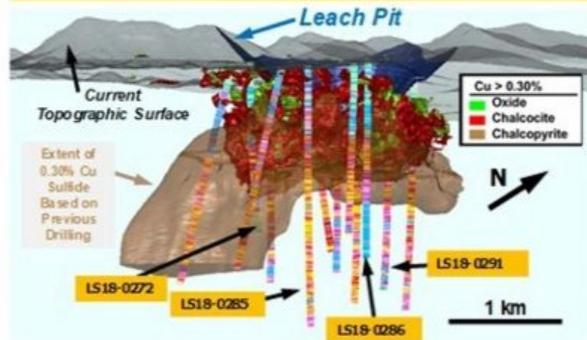
3Q18 Sulfide Intercepts

Drill Hole	meters	% Cu
LS18-272	411	0.56
LS18-291	567	0.42
LS18-285	1,670	0.44
LS18-286	418	0.41

Tax-Adjusted Equivalent Copper Grade

~0.45% = 0.6%-0.7% Equiv.

(Equivalent based on 0-10% US v. 35% international tax rate)



* Potential resources are not included in reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the potential resources will become proven and probable reserves. See Cautionary Statement.

PT-FI Underground Ramp-up

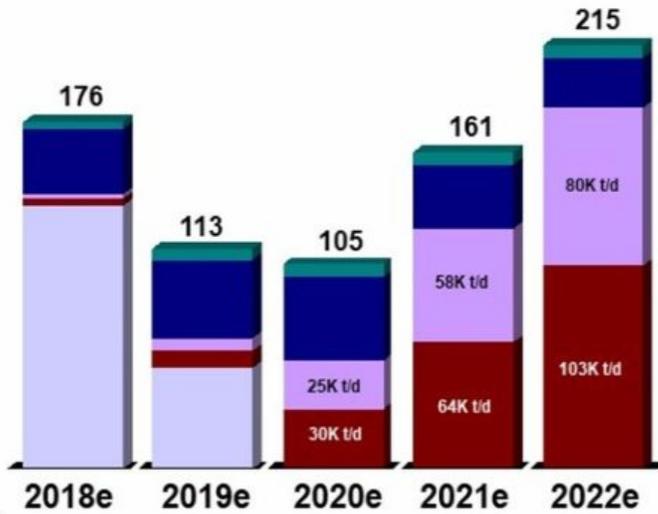
Contribution by Deposit



Ore Milled

(000's t/d)

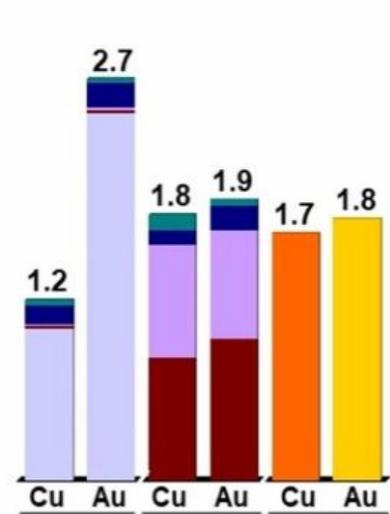
Grasberg open pit DOZ Big Gossan



Aggregate Metal

(bn lbs Cu & mm ozs Au)

DMLZ Grasberg BC



Aggregate	2018e	2019e	2020e	2021e	2022e
Cu (bn lbs)	1.2	0.6	0.8	1.3	1.8
Au (mm ozs)	2.7	0.8	0.9	1.6	1.9

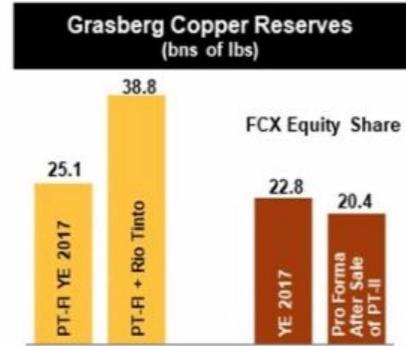
* 2023e-2027e average includes all ore bodies as included in reserves as of year-end 2017, including Kucing Liar
 Note: Timing of annual sales will depend upon mine sequencing, shipping schedules and other factors. Assumes extension of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 10/31/18. See slide 23 for PT-FI's share of metal net of Rio Tinto's interest.
 e = estimate. Amounts are projections; see Cautionary Statement.

De-risking a World-Class Asset - “Win/Win” Partnership With Long-term Stability



- **Enhanced Alignment of Interests**
 - ~51%/49% Partnership with Indonesian Government SOE
- **Extension of Long-term Operating Rights**
 - Rights Through 2041 with Assured Fiscal & Legal Terms and Legal Enforceability
 - No Significant Change in Fiscal Terms
- **Governance**
 - FCX Management of Operations
- **Minimal Dilution**
 - FCX Economics Substantially Similar Post-Transaction
- **Focus on Execution**

Positive Long-Term Future



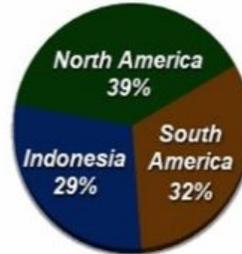
NOTE: Transaction expected to close in late 2018 or early 2019, subject to satisfaction of closing conditions. See slide 22 for summary of significant terms and conditions of the definitive PT-FI Divestment Agreement signed on 9/27/18. Reserves (payable) based on assumed prices of \$2/lb Cu and \$1,000/oz Au. See Cautionary Statement.

FCX's Diversified Global Footprint

Competitive Strengths

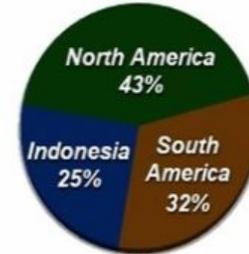
- Global Leadership Position
- Operate All Assets – Operational Synergies, Shared Resources, Portfolio-Based Capital Allocation
- Significant Current Production Capacity with Long-Term Expansion Options
 - 75% of Reserves + Mineralized Material in the Americas
- Experienced Team: Operations, Development, Execution, Innovation
- Leading Position in U.S. with Favorable Tax & Regulatory Environment
- Exposure to Large Brown Field and Green Field Development Opportunities

Copper Reserves⁽¹⁾



87 Bn Lbs

Copper Reserves Plus Mineralized Material⁽¹⁾



174 Bn Lbs

Unique Portfolio Difficult to Replicate

Copper Equivalent Capacity ⁽²⁾ (FCX Equity Share):	~4.5 bn lbs
Cost to Develop Green Field Capacity	\$8 - \$10/lb
Implied Replacement Value of Current Capacity	\$36-\$45 bn

(2) CuEq factors: assume \$2.50/lb Cu, \$10/lb Mo (CuEq factor: 4 lbs CuEq per 1b Mo) and \$1,250/oz Au (500 lbs CuEq per oz Au)

(1) Reserves (payable) based on assumed prices of \$2/lb Cu. Mineralized material (contained) based on assumed prices of \$2.20/lb Cu. Mineralized Material are not included in reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the estimated mineralized material will become proven and probable reserves. See Cautionary Statement.

2018e Outlook*

Sales Outlook	<ul style="list-style-type: none"> ▪ Copper: 3.8 Billion lbs. ▪ Gold: 2.45 Million ozs. ▪ Molybdenum: 95 Million lbs.
Unit Cost of Copper	<ul style="list-style-type: none"> ▪ Site Production & Delivery: \$1.75/lb ▪ After By-product Credits: \$1.06/lb⁽¹⁾ (4Q18e: \$1.45/lb)
Operating Cash Flows ⁽²⁾	<ul style="list-style-type: none"> ▪ ~\$4.2 Billion (@ \$2.85/lb Copper for 4Q18e, Including ~\$500 Million in Working Capital Uses) ▪ Each 10¢/lb Change in Copper for 4Q18 = \$105 Million
Capital Expenditures	<ul style="list-style-type: none"> ▪ \$2.0 Billion <ul style="list-style-type: none"> • \$1.2 Billion for Major Projects, Including \$1.1 Billion for Underground Development in Indonesia and Development of Lone Star Oxide Project • \$0.8 Billion for Other Mining

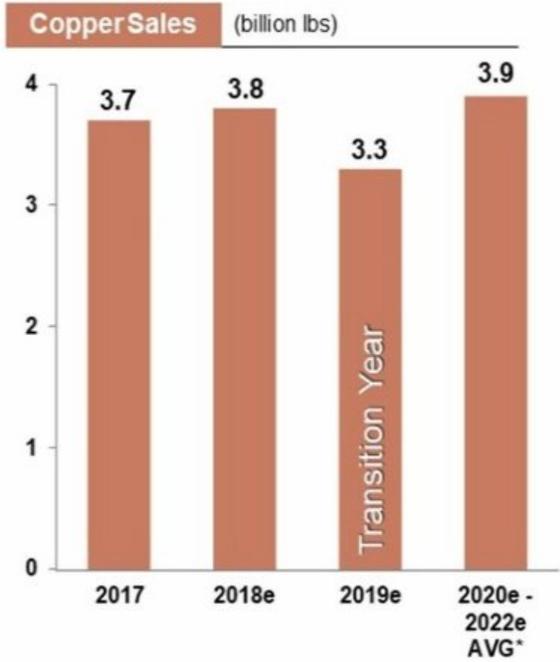
(1) Assumes average prices of \$1,200/oz gold and \$12/lb molybdenum for 4Q18e. 2018e includes 2¢/lb associated with nonrecurring charges for Cerro Verde's new 3-yr CLA.

(2) Assumes average prices of \$1,200/oz gold and \$12/lb molybdenum for 4Q18e; each \$100/oz change in gold would have an approximate \$30 mm impact and each \$2/lb change in molybdenum would have an approximate \$15 mm impact for the remainder of 2018.

* All projections for 2018 in this presentation assume extension of PT-FI's long-term mining rights or an extension of PT-FI's temporary IUPK after October 31, 2018.
e = estimate. See Cautionary Statement.

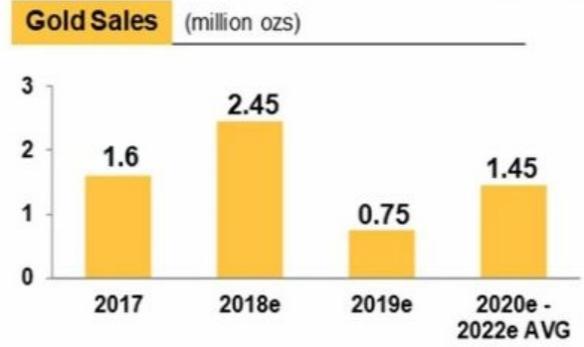


Sales Profile

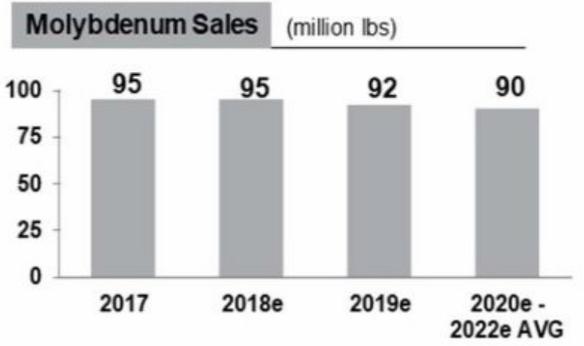


Note: Consolidated copper sales include 670 mm lbs in 2017, 685 mm lbs in 2018e, 670 mm lbs in 2019e and ~690 mm lbs per year in 2020e - 2022e for noncontrolling interest; excludes purchased copper.
 *Previous estimate was 3.97 bn lbs; current estimate is 3.94 bn lbs.

e = estimate. See Cautionary Statement.



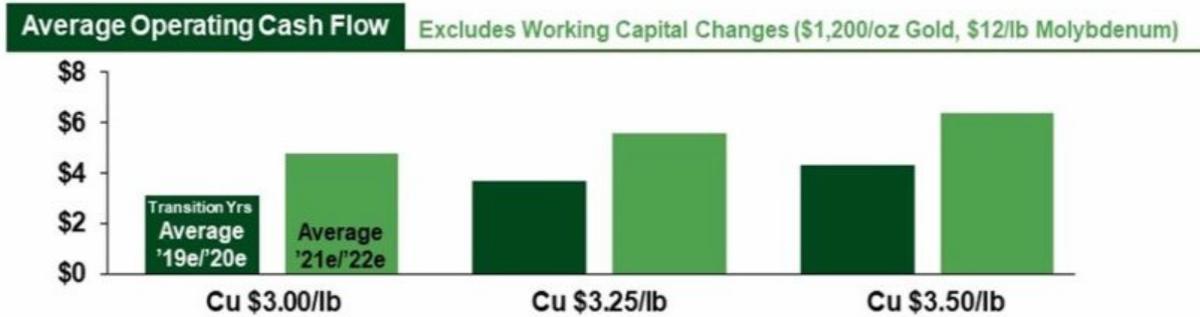
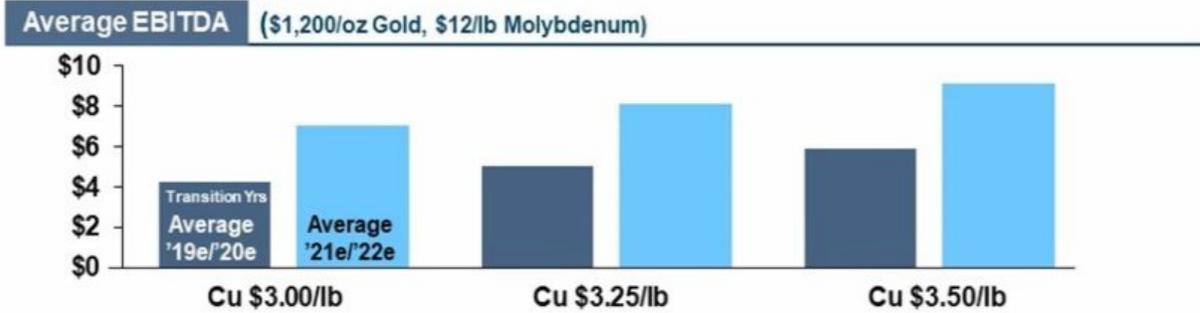
Note: Consolidated gold sales include 144k ozs in 2017, 228k ozs in 2018e, 70k ozs in 2019e, ~135k ozs per year for 2020e-2022e for noncontrolling interest.



EBITDA and Cash Flow at Various Copper Prices



(US\$ billions)



Note: Assumes extension of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 10/31/18. For 2019e - 2020e and 2021e - 2022e average price sensitivities, see slide 25. EBITDA equals operating income plus depreciation, depletion and amortization. e = estimate. See Cautionary Statement.



Capital Expenditures

(US\$ billions)



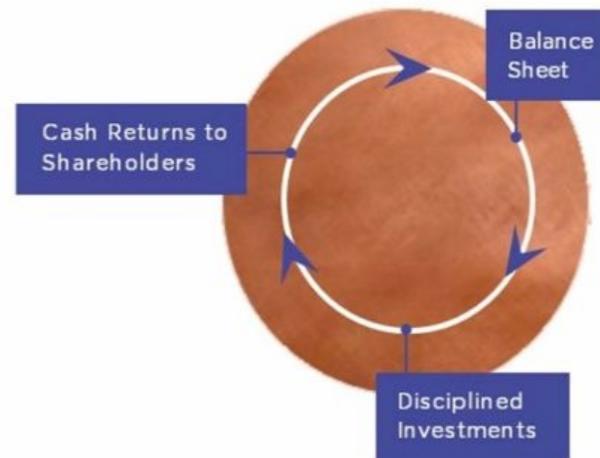
* Major mining projects include CAPEX associated with Grasberg underground development (\$0.8 bn per year in 2018e and 2019e) and Lone Star (\$0.24 bn in 2018e and \$0.37 bn in 2019e). Assumes extension of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 10/31/18.

Note: Includes capitalized interest; excludes potential spending on new smelter in Indonesia. e= estimate. See Cautionary Statement.

Financial Policy

- **Net Debt at 9/30/18: \$6.6 Bn***
 - LTM Leverage Ratio: 0.8x
- **Significant Deleveraging Over Last Two Years**
- **Positive Market to Enable Enhanced Returns to Shareholders**
- **Disciplined Approach to Investing in Attractive Growth Projects**
- **Board Reinstated Quarterly Cash Dividend on Common Stock in 1Q18**
- **Board Reviews Financial Policy on Ongoing Basis**

Balanced Approach



* Net debt equals gross debt less consolidated cash. See Cautionary Statement.



FCX: Primed for Success

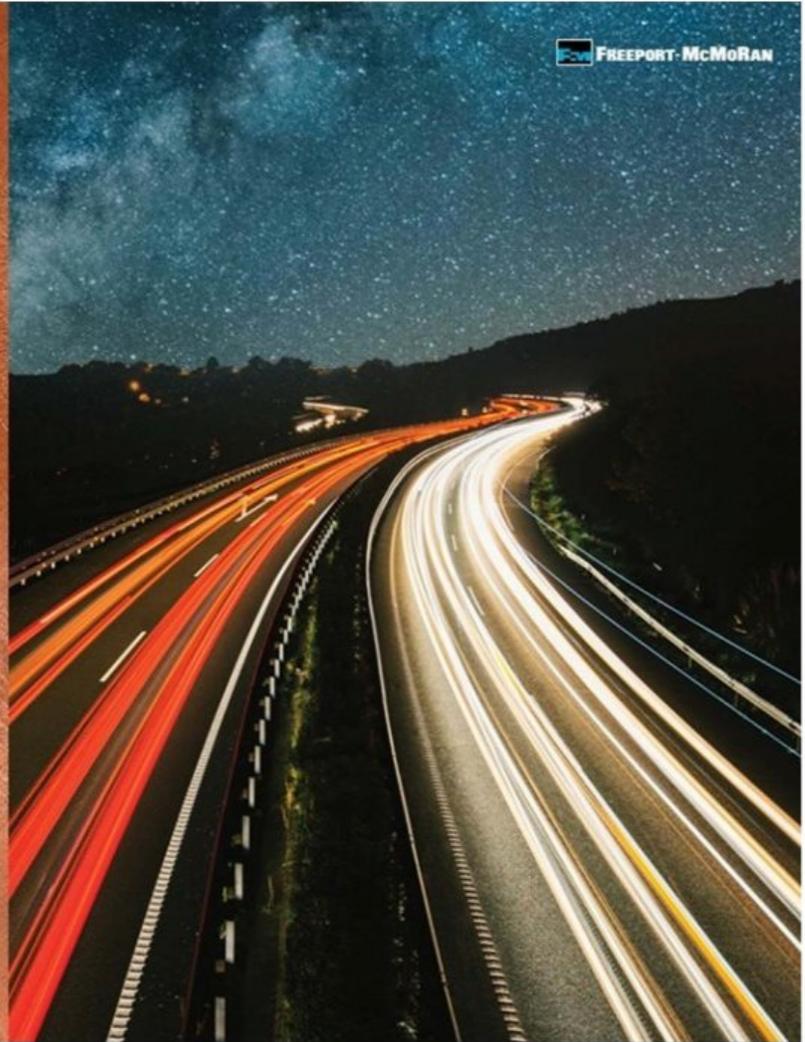
- Premier Portfolio of Copper Assets
- Copper Arguably Most Attractive Fundamental Market Outlook
- Strong Margins and Cash Flows
- Long-lived Reserves
- Attractive Long-term Development Pipeline Within Existing Portfolio
- Geographically Diversified – 75% from Americas
- Experienced, Disciplined and Shareholder Focused Management Team
- Balance Sheet & Indonesia Overhang Addressed
- Attractive Valuation/Poised for Outperformance

See Cautionary Statement.

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Reference Slides

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Financial Highlights

Sales Data	3Q18	9-mos 2018
Copper		
Consolidated Volumes (mm lbs)	1,044	3,026
Average Realization (per lb)	\$2.80	\$2.96
Site Production & Delivery Costs ⁽¹⁾ (per lb)	\$1.73	\$1.70
Unit Net Cash Costs ⁽¹⁾ (per lb)	\$0.93	\$0.95
Gold		
Consolidated Volumes (000's ozs)	837	2,123
Average Realization (per oz)	\$1,191	\$1,249
Molybdenum		
Consolidated Volumes (mm lbs)	22	70
Average Realization (per lb)	\$12.40	\$12.41

Financial Results (in billions, except per share amounts)

Revenues	\$4.9	\$14.9
Net Income Attributable to Common Stock	\$0.6 ⁽²⁾	\$2.1
Diluted Net Income Per Share	\$0.38 ⁽²⁾	\$1.45
Operating Cash Flows ⁽³⁾	\$1.25	\$3.9
Capital Expenditures	\$0.5	\$1.4
Total Debt	\$11.1	\$11.1
Consolidated Cash	\$4.6	\$4.6

⁽¹⁾ Includes 7¢/lb in 3Q18 and 2¢/lb for the 9-mos ended 2018 associated with nonrecurring charges for Cerro Verde's new 3-yr CLA.

⁽²⁾ After adjusting for net gains of \$42 mm (3¢/share), primarily reflecting \$70 mm related to adjustments to assets held for sale and the fair value of potential contingent consideration, partly offset by \$22 mm of nonrecurring charges for Cerro Verde's new 3-yr CLA, adjusted net income attributable to common stock totaled \$514 mm (35¢/share) in 3Q18. For additional information, refer to "Adjusted Net Income" in the supplemental schedules of FCX's 3Q18 press release, which are available on FCX's website.

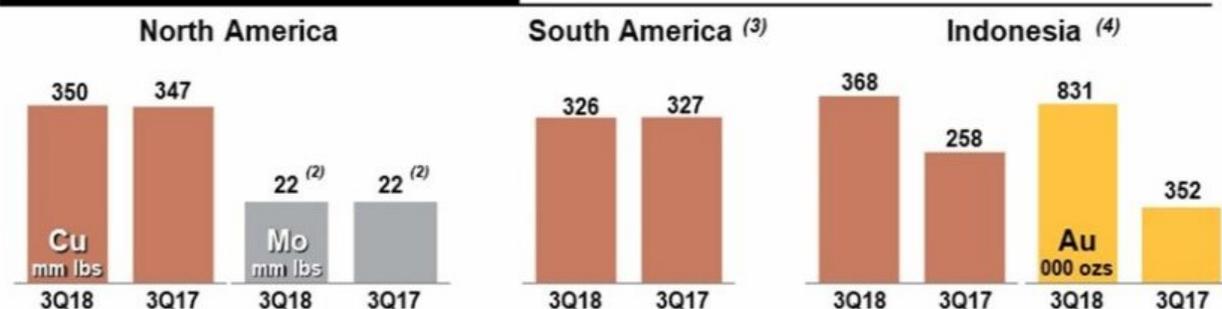
⁽³⁾ Net working capital sources (uses) and timing of other tax payments of \$59 mm for 3Q18 and \$(154) mm for 9-mos ended 2018.

3Q18 Mining Operating Summary

3Q18 Unit Production Costs (per lb of Cu)	North America	South America	Indonesia	Consolidated
Cash Unit Costs (Credits)				
Site Production & Delivery, excluding adjustments	\$1.98	\$1.84 ⁽¹⁾	\$1.40	\$1.73 ⁽¹⁾
By-Product Credits	(0.26)	(0.23)	(2.72)	(1.12)
Treatment Charges	0.10	0.20	0.26	0.20
Royalties & Export Duties	-	-	0.34	0.12
Unit Net Cash Costs (Credits)	\$1.82	\$1.81	\$(0.72)	\$0.93

Sales From Mines for 3Q18 & 3Q17

by Region



(1) Includes 21¢/lb for South America and 7¢/lb for consolidated FCX associated with nonrecurring charges for Cerro Verde's new 3-yr CLA.

(2) Includes 7 mm lbs in 3Q18 and 8 mm lbs for the 3Q17 from South America.

(3) Silver sales totaled 1.2 mm ozs in 3Q18 and 1.0 mm ozs in 3Q17.

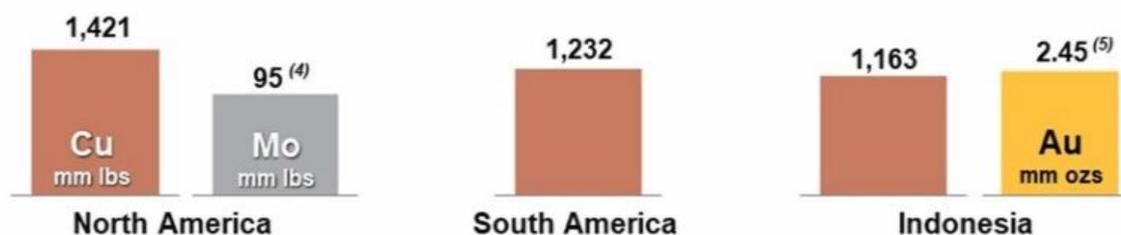
(4) Silver sales totaled 1.2 mm ozs in 3Q18 and 666 k ozs in 3Q17.

NOTE: For a reconciliation of unit net cash costs (credits) per pound to production and delivery costs applicable to sales reported in FCX's consolidated financial statements, refer to "Product Revenues and Production Costs" in the supplemental schedules of FCX's 3Q18 press release, which is available on FCX's website.

2018e Operating Estimates

2018e Unit Production Costs (per lb of Cu)	North America	South America	Indonesia	Consolidated
Cash Unit Costs ⁽¹⁾				
Site Production & Delivery ⁽²⁾	\$1.92	\$1.78 ⁽³⁾	\$1.50	\$1.75 ⁽³⁾
By-product Credits	(0.25)	(0.25)	(2.66)	(0.98)
Treatment Charges	0.11	0.19	0.26	0.18
Royalties & Export Duties	-	0.01	0.36	0.11
Unit Net Cash Costs (Credits)	\$1.78	\$1.73 ⁽³⁾	(\$0.54)	\$1.06 ⁽³⁾

2018e Sales by Region



(1) Estimates assume average prices of \$2.85/lb for copper, \$1,200/oz for gold and \$12/lb for molybdenum for 4Q18e. Quarterly unit costs will vary significantly with quarterly metal sales volumes.

(2) Production costs include profit sharing in South America and severance taxes in North America.

(3) Includes 6¢/lb for South America and 2¢/lb for FCX consolidated associated with nonrecurring charges for Cerro Verde's new 3-yr CLA.

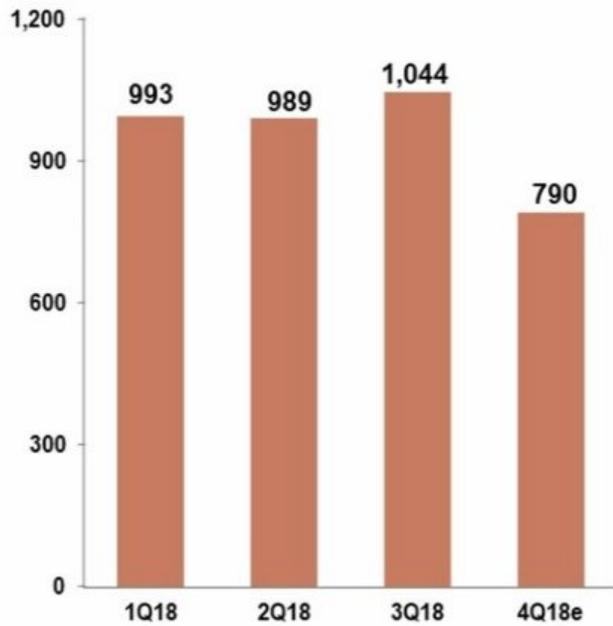
(4) Includes molybdenum produced in South America.

(5) Includes gold produced in North America.

Note: e = estimate. See Cautionary Statement.

2018e Quarterly Sales

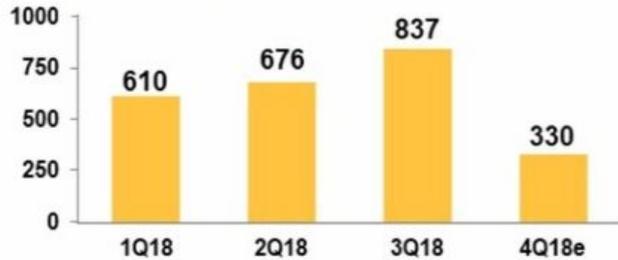
Copper Sales (million lbs)



Note: Consolidated copper sales include approximately 166 mm lbs in 1Q18, 176 mm lbs in 2Q18, 186 mm lbs in 3Q18 and 157 mm lbs in 4Q18e for noncontrolling interest; excludes purchased copper.

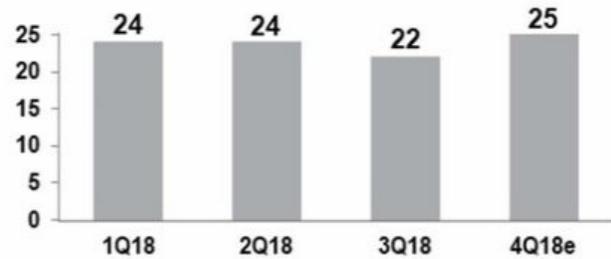
e = estimate. See Cautionary Statement.

Gold Sales (thousand ozs)



Note: Consolidated gold sales include approximately 57k ozs in 1Q18, 63k ozs in 2Q18, 78k ozs in 3Q18 and 30k ozs in 4Q18e for noncontrolling interest.

Molybdenum Sales (million lbs)



9/27/18 Definitive PT-FI Divestment Agreement



- **PT Inalum (an Indonesian SOE) and Provincial/Local Government to Acquire:**
 - PT Indocopper Investama (PT-II) Shares Owned by FCX for \$350 mm Cash (5.6% Interest After 2022)
 - Rio Tinto JV Interests for \$3.5 bn Cash (40% After 2022)
- **PT Inalum to Contribute JV Interests to PT-FI in Exchange for 40% of PT-FI**
 - New Post-Transaction Ownership of PT-FI: PT Inalum 51.2% and FCX 48.8%
 - Subject to a Dividend Assignment Mechanism to Replicate the JV Economics Through 2022
- **At Closing, PT-FI will be Granted IUPK Providing Long-term Mining Rights with Assured Fiscal and Legal Terms and Legal Enforceability Through 2041**
 - IUPK Issued at Closing will Initially be Valid Through 2031 and Include Assured Extension through 2041 upon PT-FI's Satisfaction of Conditions Related to Smelter Construction and Payment of State Revenues in Accordance with IUPK
- **FCX to Continue to Manage PT-FI Operations**
- **PT-FI (with FCX and PT Inalum as Shareholders) to Construct Smelter Within 5 Years of Closing**
- **Transaction Expected to Close in Late 2018 or Early 2019 Subject to Satisfaction of Conditions***
- **Until Pending Transaction is Closed, PT-FI has Reserved all Rights Under COW**

* See Cautionary Statement for summary of significant closing conditions.

PT-FI Mine Plan

PT-FI's Share (Net of Rio Tinto) of Metal Sales, 2017-2022e



**2018e – 2022e
PT-FI Share**

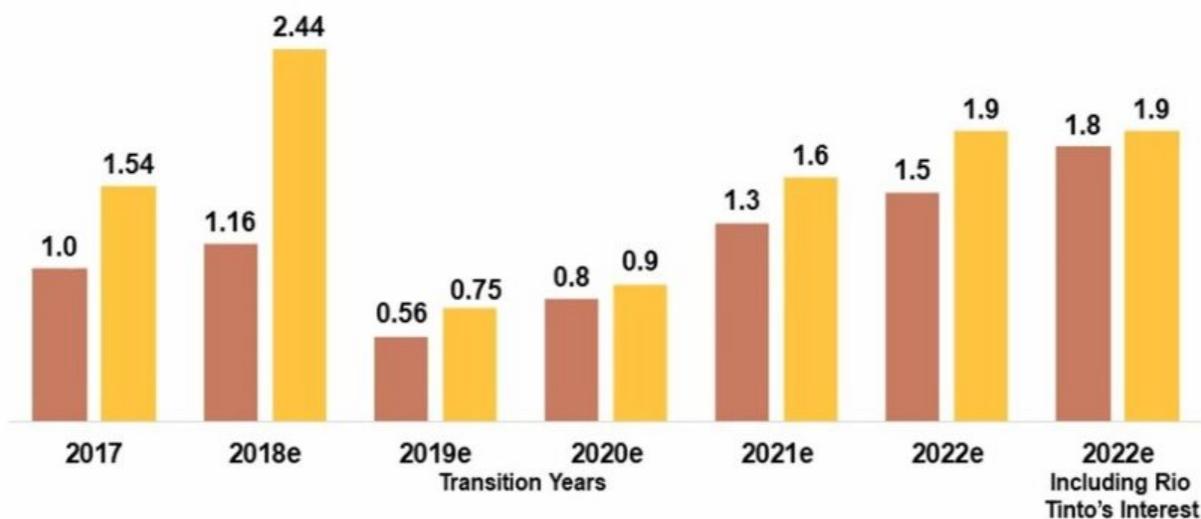
Total: 5.3 billion lbs copper
Annual Average: 1.06 billion lbs

**2018e – 2022e
PT-FI Share**

Total: 7.6 million ozs gold
Annual Average: 1.5 million ozs

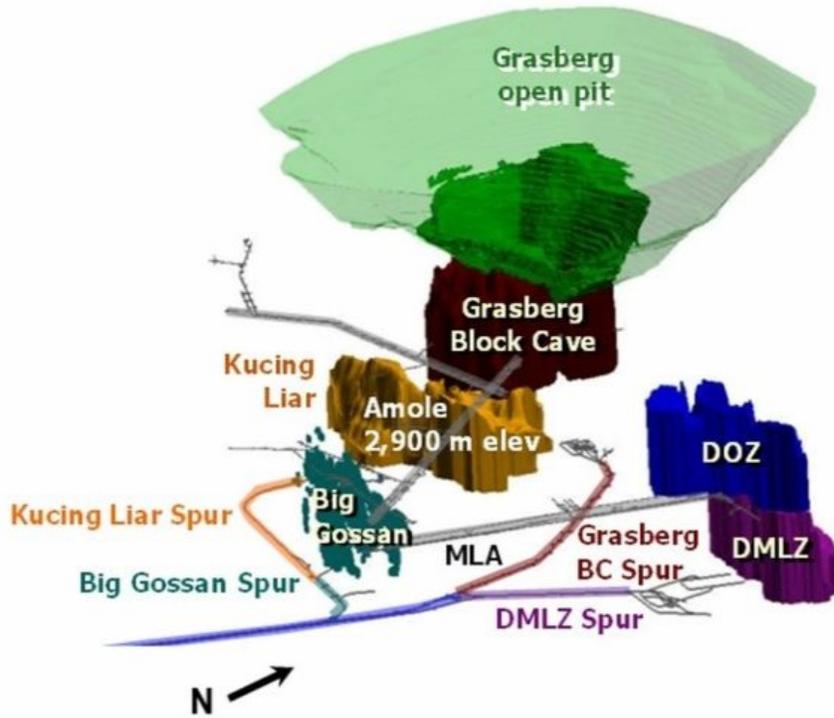
 Copper, billion lbs

 Gold, million ozs



Note: Timing of annual sales will depend upon mine sequencing, shipping schedules and other factors. Assumes extension of PT-FI's long-term mining rights or extension of PT-FI's temporary IUPK after 10/31/18. Shortfalls to metal strip agreement with Rio Tinto carry forward to future periods. e = estimate. Amounts are projections; see Cautionary Statement.

Grasberg Mining District



PT-FI History of Block Caving



1980's	GBT block cave mine Depleted
1990's	IOZ block cave mine Depleted
2000's	DOZ block cave mine Operating
Future	<ul style="list-style-type: none"> DMLZ Start-up Grasberg BC In development Kucing Liar Future development

Sensitivities

(US\$ millions)

2019e - 2020e Change	EBITDA	Operating Cash Flow
Copper: +/- \$0.10/lb	\$325	\$245
Molybdenum: +/- \$1.00/lb	\$80	\$75
Gold: +/- \$50/ounce	\$40	\$20
Currencies: ⁽¹⁾ +/- 10%	\$165	\$115
2021e - 2022e Change		
Copper: +/- \$0.10/lb	\$400	\$325
Molybdenum: +/- \$1.00/lb	\$85	\$80
Gold: +/- \$50/ounce	\$80	\$50
Currencies: ⁽¹⁾ +/- 10%	\$165	\$115

(1) U.S. Dollar Exchange Rates: 695 Chilean peso, 14,800 Indonesian rupiah, \$0.71 Australian dollar, \$1.16 Euro, 3.32 Peruvian Nuevo Sol base case assumption. Each +10% equals a 10% strengthening of the U.S. dollar; a strengthening of the U.S. dollar against forecasted expenditures in these foreign currencies equates to a cost benefit of noted amounts.

NOTE: EBITDA equals operating income plus depreciation, depletion and amortization costs. Operating cash flow amounts exclude working capital changes. Assumes extension of PT-FI's long-term mining rights or extension of PT-FI's temporary IUPK after 10/31/18. e = estimate. See Cautionary Statement

FCX Debt Maturities as of 9/30/18

(US\$ billions)



Adjusted EBITDA Reconciliation

<i>(in millions)</i>	3Q18	LTM Ended 9/30/18
Net Income Attributable to Common Stock – Continuing Operations	\$ 560	\$3,161
Interest expense, net	143	604
Income tax provision	522	1,679
Depreciation, depletion and amortization	458	1,808
Net gain on sales of assets	(70)	(141)
Accretion	27	113
Gain on early extinguishment of debt	-	(21)
Other net charges ⁽¹⁾	71	271
Other income, net	(14)	(64)
Net income attributable to noncontrolling interests	108	567
Equity in affiliated companies' net earnings	<u>(4)</u>	<u>(9)</u>
FCX Adjusted EBITDA – Continuing Operations ⁽²⁾	<u>\$1,801</u>	<u>\$7,968</u>

(1) Other net charges primarily include nonrecurring charges associated with Cerro Verde's new 3-yr CLA (\$69 mm before noncontrolling interest and taxes in 3Q18 and for the 12-months ended September 30, 2018). The 12-mos ended September 30, 2018, also reflects adjustments to environmental and related litigation reserves of \$209 mm.

(2) Adjusted EBITDA is a non-GAAP financial measure that is frequently used by securities analysts, investors, lenders and others to evaluate companies' performance, including, among other things, profitability before the effect of financing and similar decisions. Because securities analysts, investors, lenders and others use Adjusted EBITDA, management believes that our presentation of Adjusted EBITDA affords them greater transparency in assessing our financial performance. Adjusted EBITDA should not be considered as a substitute for measures of financial performance prepared in accordance with GAAP. Adjusted EBITDA may not necessarily be comparable to similarly titled measures reported by other companies, as different companies calculate such measures differently.

3Q18 Copper Realization & 4Q18 Guidance

3Q18 LME Average Copper Price	\$2.77/lb
3-Mo. Fwd Price for Copper at the End of September	\$2.84/lb
FCX 3Q18 Consolidated Copper Price Realization	\$2.80/lb* (Generally, 50/50 Weight of Qtrly Avg and 3-mo Forward Price at End of Period)
FCX 3Q18 Prior Period Open Lb Adj. (aka Provisional Price Adj.)	Revenue/EBITDA: \$(111) mm Net Income: \$(48) mm Earnings/Share: \$(0.03)
4Q18 Open Pound Guidance	<ul style="list-style-type: none"> ▪ 3Q18 Open Lbs Priced at \$2.84/lb on 9/30/18 ▪ Each \$0.05 Change in Avg Copper Price in 4Q18 = \$11 mm Impact to 2018 Net Income ▪ LME Copper Settled at \$2.80/lb on 10/23/18

* Note that when the average quarter-end forward curve price is above the average quarterly spot price, FCX's consolidated quarterly copper realization can be expected to be above the quarterly average (and vice versa if quarter end forward curve price is below the quarterly average spot price). Quarterly copper realizations by region may vary from the consolidated average. See Cautionary Statement.

2018e Consolidated Effective Tax Rate

	Quarterly Rate	Projected Annual Rate*
1Q18	38%	38%
2Q18	33%	36%
3Q18e	44%	38%
4Q18e	~32%	~37%

NOTE: For financial statement purposes only; does not reflect cash taxes.

* The consolidated effective income tax rate is a function of the combined effective tax rates for the jurisdictions in which FCX operates. Accordingly, variations in the relative proportions of jurisdictional income result in fluctuations to FCX's consolidated effective income tax rate. Assuming achievement of current sales volume and cost estimates and average prices of \$2.85 per pound for copper, \$1,200 per ounce for gold and \$12.00 per pound for molybdenum for 4Q18, FCX estimates its consolidated effective tax rate for the year 2018 will approximate 37 percent and would decrease with higher prices.
e = estimate See Cautionary Statement.

