

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): July 25, 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 July 25, 2018 , announcing its second-quarter and six-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 second-quarter 2018 earnings conference call conducted via the internet on July 25, 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 July 25, 2018, titled "Freeport-McMoRan Reports Second-Quarter and Six-Month 2018 Results" and supplementary schedules.
99.2	Slides presented in connection with FCX's second-quarter 2018 earnings conference call conducted via the internet on July 25, 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: July 25, 2018



Freeport-McMoRan Reports Second-Quarter and Six-Month 2018 Results

- **Net income** attributable to common stock totaled \$869 million , \$0.59 per share, in second-quarter 2018 . After adjusting for net gains of \$16 million , \$0.01 per share, second-quarter 2018 adjusted net income attributable to common stock totaled \$853 million , \$0.58 per share.
- **Consolidated sales** totaled 989 million pounds of copper, 676 thousand ounces of gold and 24 million pounds of molybdenum in second-quarter 2018 .
- **Consolidated sales** for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.4 million ounces of gold and 95 million pounds of molybdenum, including 970 million pounds of copper, 700 thousand ounces of gold and 24 million pounds of molybdenum in third-quarter 2018 .
- **Average realized prices** in second-quarter 2018 were \$3.08 per pound for copper, \$1,274 per ounce for gold and \$12.89 per pound for molybdenum.
- **Average unit net cash costs** in second-quarter 2018 were \$0.96 per pound of copper and are expected to average \$1.04 per pound of copper for the year 2018 .
- **Operating cash flows** totaled \$1.3 billion (net of \$0.2 billion in working capital uses and timing of other tax payments) in second-quarter 2018 and \$2.7 billion (net of \$0.2 billion in working capital uses and timing of other tax payments) for the first six months of 2018 . Based on current sales volume and cost estimates, and assuming average prices of \$2.75 per pound for copper, \$1,250 per ounce for gold and \$11.00 per pound for molybdenum for the second half of 2018 , operating cash flows are expected to approximate \$4.3 billion (net of \$0.2 billion in working capital uses and timing of other tax payments) for the year 2018 .
- **Capital expenditures** totaled \$0.5 billion (including approximately \$0.3 billion for major mining projects) in second-quarter 2018 and \$0.9 billion (including approximately \$0.5 billion for major mining projects) for the first six months of 2018 . Capital expenditures for the year 2018 are expected to approximate \$2.0 billion , including \$1.1 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.
- In April 2018, FCX **repaid \$454 million in debt** , consisting of the redemption of \$404 million of senior notes due 2022 and \$50 million of senior notes due 2023.
- At June 30, 2018 , **consolidated debt** totaled \$11.1 billion and **consolidated cash** totaled \$3.9 billion . FCX had no borrowings and \$3.5 billion available under its revolving credit facility at June 30, 2018 .
- On June 27, 2018 , FCX **declared a quarterly cash dividend** of \$0.05 per share on its common stock, which will be paid on August 1, 2018.
- In July 2018, FCX and PT Freeport Indonesia (PT-FI) entered into a **non-binding Heads of Agreement** with PT Indonesia Asahan Aluminium (Paser) (Inalum) and Rio Tinto to establish a new long-term partnership between FCX, Inalum and the Indonesian government.



PHOENIX, AZ, July 25, 2018 - Freeport-McMoRan Inc. (NYSE: FCX) reported net income attributable to common stock of \$869 million (\$0.59 per share) in second-quarter 2018 and \$1.6 billion (\$1.07 per share) for the first six months of 2018 , compared with \$268 million (\$0.18 per share) in second-quarter 2017 and \$496 million (\$0.34 per share) for the first six months of 2017 . After adjusting for net gains of \$16 million (\$0.01 per share), adjusted net income attributable to common stock totaled \$853 million (\$0.58 per share) in second-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 second quarter results reflect strong performance from our global operations and a continued focus on productivity, cost management and capital discipline. During the first half of 2018, we generated \$2.7 billion in cash flow from operations and capital expenditures totaled \$0.9 billion , enabling further strengthening of our balance sheet and advancement of initiatives to build value for FCX shareholders. We achieved important progress during the quarter to reach a new long-term partnership structure with the Indonesian government, and we remain focused on completing negotiation and documentation of definitive agreements to restore long-term stability for our Grasberg operations.

Despite the recent decline in copper prices associated with the uncertain impact on the global economy of recent international trade actions, we remain positive on the outlook for copper prices given limitations on supply and the important role of copper in the global economy. To date, we have not experienced a decline in demand for our products, but will be prepared to adjust our plans if necessary to respond to market conditions. Our shareholders are well positioned to benefit from FCX's global leadership position in copper, supported by a large, high-quality portfolio of long-lived, geographically diverse assets."

SUMMARY FINANCIAL DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(in millions, except per share amounts)			
Revenues a,b	\$ 5,168	\$ 3,711	\$ 10,036	\$ 7,052
Operating income a	\$ 1,664	\$ 686	\$ 3,123	\$ 1,283
Net income from continuing operations	\$ 1,039	\$ 326	\$ 1,867	\$ 594
Net (loss) income from discontinued operations c	\$ (4)	\$ 9	\$ (15)	\$ 47
Net income attributable to common stock d,e	\$ 869	\$ 268	\$ 1,561	\$ 496
Diluted net income (loss) per share of common stock:				
Continuing operations	\$ 0.59	\$ 0.18	\$ 1.08	\$ 0.31
Discontinued operations	—	—	(0.01)	0.03
	<u>\$ 0.59</u>	<u>\$ 0.18</u>	<u>\$ 1.07</u>	<u>\$ 0.34</u>
Diluted weighted-average common shares outstanding	1,458	1,453	1,458	1,453
Operating cash flows f	\$ 1,309	\$ 1,037	\$ 2,678	\$ 1,829
Capital expenditures	\$ 482	\$ 362	\$ 884	\$ 706
At June 30:				
Cash and cash equivalents	\$ 3,859	\$ 4,667	\$ 3,859	\$ 4,667
Total debt, including current portion	\$ 11,127	\$ 15,354	\$ 11,127	\$ 15,354

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 \$23 million (\$9 million to net income attributable to common stock or \$0.01 per share) in second-quarter 2018 , \$(20) million (\$(8) million to net income attributable to common stock or \$(0.01) per share) in second-quarter 2017 , \$(70) million (\$(31) million to net income



attributable to common stock or \$(0.02) per share) for the first six months of 2018 and \$81 million (\$35 million to net income attributable to common stock or \$0.02 per share) for the first six 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. Primarily reflects adjustments to the fair value of contingent consideration related to the 2016 sale of FCX's interest in TF Holdings Limited, which will continue to be adjusted through December 31, 2019.
- d. Includes net gains of \$16 million (\$0.01 per share) in second-quarter 2018, \$27 million (\$0.01 per share) in second-quarter 2017, \$27 million (\$0.02 per share) for the first six months of 2018 and \$34 million (\$0.02 per share) for the first six 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."
- e. 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."
- f. Includes net working capital (uses) sources and timing of other tax payments of \$(192) million in second-quarter 2018, \$154 million in second-quarter 2017, \$(213) million for the first six months of 2018 and \$343 million for the first six months of 2017.

SUMMARY OPERATING DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	1,014	883	1,966	1,734
Sales, excluding purchases	989	942	1,982	1,751
Average realized price per pound	\$ 3.08	\$ 2.65	\$ 3.10	\$ 2.65
Site production and delivery costs per pound ^a	\$ 1.69	\$ 1.63	\$ 1.68	\$ 1.61
Unit net cash costs per pound ^a	\$ 0.96	\$ 1.19	\$ 0.97	\$ 1.28
Gold (thousands of recoverable ounces)				
Production	746	353	1,345	592
Sales, excluding purchases	676	432	1,286	614
Average realized price per ounce	\$ 1,274	\$ 1,243	\$ 1,291	\$ 1,242
Molybdenum (millions of recoverable pounds)				
Production	24	23	46	46
Sales, excluding purchases	24	25	48	49
Average realized price per pound	\$ 12.89	\$ 9.58	\$ 12.42	\$ 9.16

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."

Consolidated Sales Volumes

Second-quarter 2018 **copper** sales of 989 million pounds were higher than the April 2018 estimate of 970 million pounds and higher than second-quarter 2017 sales of 942 million pounds, primarily reflecting higher mining and milling rates and higher ore grades in Indonesia.

Second-quarter 2018 **gold** sales of 676 thousand ounces were lower than the April 2018 estimate of 700 thousand ounces, primarily because of timing of shipments, and were higher than second-quarter 2017 sales of 432 thousand ounces, primarily reflecting higher ore grades and operating rates in Indonesia. Lower second-quarter 2017 operating rates in Indonesia included the impact of labor disruptions at PT-FI in the first half of 2017.

Second-quarter 2018 **molybdenum** sales of 24 million pounds approximated the April 2018 estimate of 24 million pounds and second-quarter 2017 sales of 25 million pounds.



Sales volumes for the year 2018 are expected to approximate 3.8 billion pounds of copper, 2.4 million ounces of gold and 95 million pounds of molybdenum, including 970 million pounds of copper, 700 thousand ounces of gold and 24 million pounds of molybdenum in third-quarter 2018 .

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

Consolidated Unit Costs

Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines of \$0.96 per pound of copper in second-quarter 2018 were lower than unit net cash costs of \$1.19 per pound in second-quarter 2017 , primarily reflecting higher by-product credits.

Assuming average prices of \$1,250 per ounce of gold and \$11.00 per pound of molybdenum for the second half of 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 \$1.04 per pound of copper for the year 2018 . The impact of price changes on consolidated unit net cash costs would approximate \$0.015 per pound for each \$50 per ounce change in the average price of gold and \$0.02 per pound for each \$2 per pound change in the average price of molybdenum for the second half of 2018. 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 has commenced 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 June 30, 2018 , \$113 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 the potential for development of a larger-scale district opportunity. FCX is conducting additional drilling following positive exploration results and continues to evaluate longer term opportunities available from the significant long-term sulfide potential in the Lone Star/Safford minerals district.



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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	354	384	702	776
Sales, excluding purchases	361	408	745	783
Average realized price per pound	\$ 3.12	\$ 2.62	\$ 3.14	\$ 2.65
Molybdenum (millions of recoverable pounds)				
Production ^a	8	8	15	17
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.94	\$ 1.58	\$ 1.89	\$ 1.54
By-product credits	(0.25)	(0.16)	(0.22)	(0.15)
Treatment charges	0.10	0.10	0.10	0.10
Unit net cash costs	\$ 1.79	\$ 1.52	\$ 1.77	\$ 1.49

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 of 361 million pounds in second-quarter 2018 were lower than second-quarter 2017 sales of 408 million pounds, primarily reflecting anticipated lower ore grades and timing of second-quarter 2017 shipments. North America copper sales are estimated to approximate 1.45 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 \$1.79 per pound of copper in second-quarter 2018 were higher than unit net cash costs of \$1.52 per pound in second-quarter 2017, primarily reflecting lower sales volumes and higher mining and milling costs, partly offset by higher by-product credits.

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 \$11.00 per pound for the second half of 2018. North America's average unit net cash costs for the year 2018 would change by approximately \$0.02 per pound for each \$2 per pound change in the average price of molybdenum for the second half of 2018.

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. In March 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 385,300 metric tons of ore per day for the first six months of 2018.



Exploration results at El Abra indicate a significant sulfide resource, which could potentially support a major mill project similar to facilities constructed at Cerro Verde. FCX continues to evaluate a large-scale expansion at El Abra to process additional sulfide material and to achieve higher recoveries. Future investments will depend on technical studies, which are being advanced, economic factors and market conditions.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	313	300	606	604
Sales	312	287	602	596
Average realized price per pound	\$ 3.07	\$ 2.67	\$ 3.09	\$ 2.65
Molybdenum (millions of recoverable pounds)				
Production ^a	7	7	13	13
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.77	\$ 1.55	\$ 1.78	\$ 1.52
By-product credits	(0.22)	(0.13)	(0.24)	(0.16)
Treatment charges	0.18	0.22	0.19	0.22
Royalty on metals	0.01	0.01	0.01	0.01
Unit net cash costs	\$ 1.74	\$ 1.65	\$ 1.74	\$ 1.59

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."

South America's consolidated copper sales volumes of 312 million pounds in second-quarter 2018 were higher than second-quarter 2017 sales of 287 million pounds, primarily reflecting higher mining and milling rates and timing of second-quarter 2017 shipments, partly offset by lower ore grades. 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 \$1.74 per pound of copper in second-quarter 2018 were higher than unit net cash costs of \$1.65 per pound in second-quarter 2017, primarily reflecting higher mining and input costs, partly offset by higher volumes and by-product credits. Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.67 per pound of copper for the year 2018, based on current sales volume and cost estimates and assuming an average price of \$11.00 per pound of molybdenum for the second half of 2018.

Cerro Verde and its workers' union are negotiating a new collective labor agreement to replace the agreement that expires August 31, 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. PT-FI continues to actively engage with Indonesian government officials to address regulatory changes that conflict with its contractual rights in a manner that provides long-term stability for PT-FI's operations and investment plans, and protects value for FCX's shareholders.

The parties have been engaged in negotiation and documentation of an IUPK and accompanying documentation for assurances on legal and fiscal terms to provide PT-FI with long-term mining rights through 2041. In addition, the IUPK would provide that PT-FI construct a smelter within five years of reaching a definitive agreement and include agreement for the divestment of 51 percent of the project area interests to Indonesian participants at fair market value.

In July 2018, FCX entered into a Heads of Agreement with the Indonesian state-owned enterprise Inalum and PT-FI's joint venture partner Rio Tinto. Under the terms of the non-binding agreement, Inalum would acquire for aggregate cash consideration of \$3.85 billion all of Rio Tinto's interests associated with its joint venture with PT-FI (Joint Venture) and FCX's interests in PT Indocopper Investama, which owns 9.36 percent of PT-FI.

Inalum would contribute the Rio Tinto interests to PT-FI, which would expand PT-FI's asset base, in exchange for a 40 percent share ownership in PT-FI, pursuant to arrangements that would enable FCX and existing PT-FI shareholders to retain the economics of the revenue and cost sharing arrangements under the Joint Venture. Following completion of the transaction, Inalum's share ownership would approximate 51 percent of PT-FI (subject to an agreement between shareholders to replicate the Joint Venture economics) and FCX's ownership would approximate 49 percent.

At closing, Rio Tinto would receive \$3.5 billion and FCX would receive \$350 million in cash proceeds from Inalum. In addition, Rio Tinto would forego in favor of FCX an amount equivalent to Rio Tinto's share of Joint Venture cash flows since January 1, 2018, through closing.

Following completion of the ownership restructuring, FCX does not expect its economic exposure to PT-FI to change significantly. FCX expects its share of future cash flows of the expanded PT-FI asset base, combined with the cash proceeds received in the transaction, to be comparable to its existing share of future cash flows under the current Joint Venture arrangement. FCX would also continue to manage the operations of PT-FI.

The transaction, which is expected to close during the second half of 2018, is subject to the negotiation and documentation of definitive agreements, including purchase and sale agreements, the extension and stability of PT-FI's long-term mining rights through 2041 in a form acceptable to FCX and Inalum, a shareholders' agreement between FCX and Inalum providing for continuity of FCX's management of PT-FI's operations and addressing governance arrangements, and resolution of environmental regulatory matters pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian government, FCX and Inalum. The terms of these agreements will be subject to approval by the FCX Board of Directors (Board).

In February 2018, PT-FI's export license was extended to February 15, 2019, and in July 2018, PT-FI's temporary IUPK was extended to July 31, 2018. PT-FI is seeking an extension of the temporary IUPK to remain in effect until definitive agreements are complete. Until definitive agreements are reached, PT-FI has reserved all rights under its Contract of Work (COW), including pursuing arbitration under the dispute resolution procedures.

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. PT-FI has revised its mine plans to extend mining activities in the open pit by approximately six months following results of an economic analysis. PT-FI expects to mine ore from the open pit until transitioning to the Grasberg Block Cave underground mine in the first half of 2019. Lower copper and gold production from Indonesia mining is expected during the transition period in 2019 and 2020.

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 Grasberg Block Cave underground mine.



Mine development activities are sufficiently advanced to commence caving in the first half of 2019. The ore flow and underground rail haulage systems are expected to be fully commissioned and operational in the second half of 2018.

PT-FI has revised its mine plan for the ramp-up of the Deep Mill Level Zone (DMLZ) underground mine following mining-induced seismic activity that began in 2017 and continued during 2018. During second-quarter 2018, PT-FI initiated plans to conduct hydraulic fracturing activities to manage rock stresses and pre-condition the DMLZ for large-scale production. PT-FI's revised mine plans, which will continue to be reviewed, currently project block cave mining activities in the DMLZ to commence in mid-2019 following a period of hydraulic fracturing activities designed to safely manage production. PT-FI continues to expect the DMLZ to reach full production rates of 80,000 metric tons per day in 2022.

Subject to reaching a definitive agreement with the Indonesian government on PT-FI's long-term mining rights, estimated annual capital spending on these projects would 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. In response to market conditions and Indonesian regulatory uncertainty, the timing of these expenditures continues to be reviewed and could be reduced or deferred significantly.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Copper (millions of recoverable pounds)				
Production	347	199	658	354
Sales	316	247	635	372
Average realized price per pound	\$ 3.05	\$ 2.67	\$ 3.07	\$ 2.64
Gold (thousands of recoverable ounces)				
Production	740	348	1,335	580
Sales	671	427	1,274	604
Average realized price per ounce	\$ 1,274	\$ 1,243	\$ 1,291	\$ 1,242
Unit net cash (credits) costs per pound of copper ^a				
Site production and delivery, excluding adjustments	\$ 1.33	\$ 1.77 ^b	\$ 1.34	\$ 1.89 ^b
Gold and silver credits	(2.76)	(2.21)	(2.67)	(2.10)
Treatment charges	0.26	0.26	0.25	0.27
Export duties	0.18	0.11	0.16	0.11
Royalty on metals	0.22	0.17	0.22	0.17
Unit net cash (credits) costs	\$ (0.77)	\$ 0.10	\$ (0.70)	\$ 0.34

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 \$82 million (\$0.33 per pound of copper) in second-quarter 2017 and \$103 million (\$0.28 per pound of copper) for the first six months of 2017 associated with workforce reductions.

Indonesia's consolidated sales of 316 million pounds of copper and 671 thousand ounces of gold in second-quarter 2018 were higher than second-quarter 2017 sales of 247 million pounds of copper and 427 thousand ounces of gold, primarily reflecting higher operating rates and ore grades. Lower second-quarter 2017 operating rates included the impact of labor disruptions in the first half of 2017.

Assuming achievement of planned operating rates for the second half of 2018, consolidated sales volumes from Indonesia mining are expected to approximate 1.15 billion pounds of copper and 2.4 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. Because of the transition to underground mining, PT-FI's production is expected to be significantly lower in 2019 and 2020, compared to 2018.

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 \$0.77 per pound of copper in second-quarter 2018, compared with unit net cash costs of \$0.10 per pound in second-quarter 2017.

Assuming an average gold price of \$1,250 per ounce for the second half of 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 \$0.58 per pound of copper for the year 2018. Indonesia mining's unit net cash credits for the year 2018 would change by approximately \$0.06 per pound for each \$50 per ounce change in the average price of gold for the second half of 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 the resolution of PT-FI's long-term mining rights or an extension of PT-FI's temporary IUPK after July 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 9 million pounds of molybdenum in second-quarter 2018 and 8 million pounds in second-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 \$8.36 per pound of molybdenum in second-quarter 2018 and \$7.73 per pound in second-quarter 2017. Based on current sales volume and cost estimates, average unit net cash costs for the Molybdenum mines are expected to approximate \$8.75 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, "fcm.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 additional mineralization in this district. Exploration results continue to indicate opportunities for significant future potential reserve additions in North America and South America. Exploration spending is expected to approximate \$90 million for the year 2018.

CASH FLOWS, CASH and DEBT

Operating Cash Flows. FCX generated operating cash flows of \$1.3 billion (net of \$0.2 billion in working capital uses and timing of other tax payments) in second-quarter 2018 and \$2.7 billion (net of \$0.2 billion in working capital uses and timing of other tax payments) for the first six months of 2018.

Based on current sales volume and cost estimates, and assuming average prices of \$2.75 per pound of copper, \$1,250 per ounce of gold and \$11.00 per pound of molybdenum for the second half of 2018, FCX's consolidated operating cash flows are estimated to approximate \$4.3 billion for the year 2018 (net of \$0.2 billion in working capital uses and timing of other tax payments). The impact of price changes during the second half of 2018 on operating cash flows would approximate \$185 million for each \$0.10 per pound change in the average price of



copper, \$60 million for each \$50 per ounce change in the average price of gold and \$55 million for each \$2 per pound change in the average price of molybdenum.

Capital Expenditures. Capital expenditures totaled \$0.5 billion in second-quarter 2018 (including approximately \$0.3 billion for major mining projects) and \$0.9 billion for the first six months of 2018 (including approximately \$0.5 billion for major mining projects). Capital expenditures are expected to approximate \$2.0 billion for the year 2018, including \$1.1 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 June 30, 2018 (in billions):

Cash at domestic companies	\$	2.9
Cash at international operations		1.0
Total consolidated cash and cash equivalents		3.9
Noncontrolling interests' share		(0.4)
Cash, net of noncontrolling interests' share		3.5
Withholding taxes and other		(0.1)
Net cash available	\$	3.4

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

			Weighted- Average Interest Rate
Senior Notes	\$	9.9	4.6%
Cerro Verde credit facility		1.2	4.0%
Total debt	<u>\$</u>	<u>11.1</u>	4.5%

In April 2018, FCX redeemed \$404 million of senior notes due 2022 and \$50 million of senior notes due 2023, resulting in aggregate annual cash interest savings of approximately \$30 million. In second-quarter 2018, FCX recorded a net gain on early extinguishment of debt totaling \$9 million primarily related to these redemptions.

During April 2018, FCX entered into a new \$3.5 billion, five-year, unsecured revolving credit facility with substantially similar structure and terms as its prior facility, which was scheduled to mature in May 2019. At June 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 Board reinstated a cash dividend on FCX common stock. On June 27, 2018, FCX declared a quarterly cash dividend of \$0.05 per share on its common stock, which will be paid on August 1, 2018, to shareholders of record as of July 13, 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 second-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, August 24, 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, the transaction contemplated by the non-binding Heads of Agreement between FCX, PT-FI, Inalum and Rio Tinto, 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, 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 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; FCX's ability to complete the transaction contemplated by the non-binding Heads of Agreement, which is subject to the negotiation and documentation of definitive agreements, including purchase and sale agreements, the extension and stability of PT-FI's long-term mining rights through 2041 in a form acceptable to FCX and Inalum, a shareholders' agreement between FCX and Inalum providing for continuity of FCX's management of PT-FI's operations and addressing governance arrangements, and resolution of administrative sanctions and environmental regulatory matters pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian government, FCX and Inalum, the terms of all of which will be subject to FCX Board approval; PT-FI's ability to obtain an extension of its temporary IUPK after July 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 (including resolution of the administrative sanctions and other environmental matters pending before Indonesia's Ministry of Environment and Forestry); litigation results (including the final disposition of Indonesian tax disputes and 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 June 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	182	187	183	196
Bagdad (100%)	48	43	48	43
Safford (100%)	29	37	32	42
Sierrita (100%)	36	40	38	42
Miami (100%)	4	5	4	5
Chino (100%)	42	58	43	63
Tyrone (100%)	13	14	13	17
Other (100%)	—	—	—	—
Total North America	354	384	361	408
<u>South America</u>				
Cerro Verde (53.56%)	262	260	258	244
El Abra (51%)	51	40	54	43
Total South America	313	300	312	287
<u>Indonesia</u>				
Grasberg (90.64%) ^b	347	199	316	247
Total	1,014	883	989 ^c	942 ^c
Less noncontrolling interests	179	159	176	158
Net	835	724	813	784
Average realized price per pound			\$ 3.08	\$ 2.65
GOLD (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)	6	5	5	5
Indonesia (90.64%) ^b	740	348	671	427
Consolidated	746	353	676	432
Less noncontrolling interests	70	32	63	40
Net	676	321	613	392
Average realized price per ounce			\$ 1,274	\$ 1,243
MOLYBDENUM (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	3	3	N/A	N/A
Climax (100%)	6	5	N/A	N/A
North America copper mines (100%) ^a	8	8	N/A	N/A
Cerro Verde (53.56%)	7	7	N/A	N/A
Consolidated	24	23	24	25
Less noncontrolling interests	3	3	4	3
Net	21	20	20	22
Average realized price per pound			\$ 12.89	\$ 9.58

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 90 million pounds in second-quarter 2018 and 62 million pounds in second-quarter 2017.

FREEPORT-McMoRan INC.
SELECTED OPERATING DATA (continued)

	Six Months Ended June 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	351	368	370	368
Bagdad (100%)	97	83	99	81
Safford (100%)	62	79	68	85
Sierrita (100%)	77	81	82	80
Miami (100%)	8	10	9	10
Chino (100%)	80	120	88	123
Tyrone (100%)	26	34	28	35
Other (100%)	1	1	1	1
Total North America	702	776	745	783
<u>South America</u>				
Cerro Verde (53.56%)	505	522	500	512
El Abra (51%)	101	82	102	84
Total South America	606	604	602	596
<u>Indonesia</u>				
Grasberg (90.64%) ^b	658	354	635	372
Total	1,966	1,734	1,982 ^c	1,751 ^c
Less noncontrolling interests	346	316	342	314
Net	1,620	1,418	1,640	1,437
Average realized price per pound			\$ 3.10	\$ 2.65
Gold (thousands of recoverable ounces)				
<i>(FCX's net interest in %)</i>				
North America (100%)	10	12	12	10
Indonesia (90.64%) ^b	1,335	580	1,274	604
Consolidated	1,345	592	1,286	614
Less noncontrolling interests	125	54	120	57
Net	1,220	538	1,166	557
Average realized price per ounce			\$ 1,291	\$ 1,242
Molybdenum (millions of recoverable pounds)				
<i>(FCX's net interest in %)</i>				
Henderson (100%)	7	6	N/A	N/A
Climax (100%)	11	10	N/A	N/A
North America (100%) ^a	15	17	N/A	N/A
Cerro Verde (53.56%)	13	13	N/A	N/A
Consolidated	46	46	48	49
Less noncontrolling interests	6	6	7	6
Net	40	40	41	43
Average realized price per pound			\$ 12.42	\$ 9.16

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 164 million pounds for the first six months of 2018 and 120 million pounds for the first six months of 2017.

FREEPORT-McMoRan INC.
SELECTED OPERATING DATA (continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
100% North America Copper Mines				
<i>Solution Extraction/Electrowinning (SX/EW) Operations</i>				
Leach ore placed in stockpiles (metric tons per day)	689,500	692,700	682,100	697,300
Average copper ore grade (percent)	0.24	0.29	0.26	0.28
Copper production (millions of recoverable pounds)	268	282	530	559
<i>Mill Operations</i>				
Ore milled (metric tons per day)	307,000	299,100	297,900	301,400
Average ore grades (percent):				
Copper	0.35	0.39	0.35	0.40
Molybdenum	0.02	0.03	0.02	0.03
Copper recovery rate (percent)	89.1	86.7	88.5	86.6
Production (millions of recoverable pounds):				
Copper	157	174	308	360
Molybdenum	9	9	16	18
100% South America Mining				
<i>SX/EW Operations</i>				
Leach ore placed in stockpiles (metric tons per day)	246,700	126,000	207,600	123,100
Average copper ore grade (percent)	0.30	0.36	0.32	0.39
Copper production (millions of recoverable pounds)	75	59	142	125
<i>Mill Operations</i>				
Ore milled (metric tons per day)	385,200	347,600	385,300	343,300
Average ore grades (percent):				
Copper	0.38	0.44	0.39	0.44
Molybdenum	0.01	0.02	0.01	0.02
Copper recovery rate (percent)	84.4	83.0	81.7	83.8
Production (millions of recoverable pounds):				
Copper	238	241	464	479
Molybdenum	7	7	13	13
100% Indonesia Mining				
Ore milled (metric tons per day): ^a				
Grasberg open pit	148,400	88,600	136,800	71,200
Deep Ore Zone underground mine	29,200	27,300	34,300	26,800
Deep Mill Level Zone (DMLZ) underground mine ^b	2,700	3,800	2,700	3,500
Grasberg Block Cave underground mine ^b	3,800	3,800	3,900	3,200
Big Gossan underground mine ^b	3,800	—	3,100	800
Total	187,900	123,500	180,800	105,500
Average ore grades:				
Copper (percent)	1.06	1.03	1.09	1.08
Gold (grams per metric ton)	1.77	1.16	1.71	1.17
Recovery rates (percent):				
Copper	92.7	91.8	92.4	92.0
Gold	86.1	85.3	85.5	85.1
Production (recoverable):				
Copper (millions of pounds)	353	221	693	393
Gold (thousands of ounces)	816	347	1,489	588
100% Molybdenum Mines				
Ore milled (metric tons per day)	28,900	22,000	26,000	21,800
Average molybdenum ore grade (percent)	0.18	0.20	0.19	0.21
Molybdenum production (millions of recoverable pounds)	9	8	18	16

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.

b. Targeted production rates once the DMLZ underground mine reaches full capacity are expected to approximate 80,000 metric tons of ore per day in 2022; production from the Grasberg Block Cave underground mine is expected to commence in the first half of 2019, and production from the Big Gossan underground mine restarted in fourth-quarter 2017.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017 ^a	2018	2017 ^a
(In Millions, Except Per Share Amounts)				
Revenues ^b	\$ 5,168	\$ 3,711	\$ 10,036	\$ 7,052
Cost of sales:				
Production and delivery ^c	2,915	2,480	5,723	4,668
Depreciation, depletion and amortization	442	450	893	839
Total cost of sales	3,357	2,930	6,616	5,507
Selling, general and administrative expenses ^c	109	107	240	258
Mining exploration and research expenses	24	19	45	33
Environmental obligations and shutdown costs	59	(21)	68	4
Net gain on sales of assets	(45)	(10)	(56)	(33)
Total costs and expenses	3,504	3,025	6,913	5,769
Operating income	1,664	686	3,123	1,283
Interest expense, net ^{c,d}	(142)	(162)	(293)	(329)
Net gain (loss) on early extinguishment of debt	9	(4)	8	(3)
Other income (expense), net ^e	20	(7)	49 ^e	—
Income from continuing operations before income taxes and equity in affiliated companies' net earnings (losses)	1,551	513	2,887	951
Provision for income taxes ^f	(515)	(186)	(1,021)	(360)
Equity in affiliated companies' net earnings (losses)	3	(1)	1	3
Net income from continuing operations	1,039	326	1,867	594
Net (loss) income from discontinued operations ^g	(4)	9	(15)	47
Net income	1,035	335	1,852	641
Net income attributable to noncontrolling interests:				
Continuing operations	(166)	(66)	(291)	(141)
Discontinued operations	—	(1)	—	(4)
Net income attributable to FCX common stock ^h	\$ 869	\$ 268	\$ 1,561	\$ 496
Basic net income (loss) per share attributable to common stock:				
Continuing operations	\$ 0.60	\$ 0.18	\$ 1.08	\$ 0.31
Discontinued operations	—	—	(0.01)	0.03
	\$ 0.60	\$ 0.18	\$ 1.07	\$ 0.34
Diluted net income (loss) per share attributable to common stock:				
Continuing operations	\$ 0.59	\$ 0.18	\$ 1.08	\$ 0.31
Discontinued operations	—	—	(0.01)	0.03
	\$ 0.59	\$ 0.18	\$ 1.07	\$ 0.34
Weighted-average common shares outstanding:				
Basic	1,449	1,447	1,449	1,447
Diluted	1,458	1,453	1,458	1,453
Dividends declared per share of common stock	\$ 0.05	\$ —	\$ 0.10	\$ —

- 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. Revenues include 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 charges that are summarized in the supplemental schedule, "Adjusted Net Income," on page VII.
- d. Consolidated interest costs (before capitalization) totaled \$165 million in second-quarter 2018, \$192 million in second-quarter 2017, \$341 million for the first six months of 2018 and \$387 million for the first six months of 2017.
- e. Includes interest received by PT-FI with the refund of prior years' tax receivables, which is summarized in the supplemental schedule, "Adjusted Net Income," on page VII.
- f. For a summary of FCX's provision for income taxes, refer to the supplemental schedule, "Income Taxes," on page VIII.
- g. 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.
- h. 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)

	June 30, 2018	December 31, 2017
(In Millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,859	\$ 4,447
Trade accounts receivable	1,077	1,246
Income and other tax receivables	225	325
Inventories:		
Mill and leach stockpiles	1,435	1,422
Materials and supplies, net	1,404	1,305
Product	1,337	1,166
Other current assets	381	270
Held for sale	625	508
Total current assets	10,343	10,689
Property, plant, equipment and mine development costs, net	22,923	22,934
Long-term mill and leach stockpiles	1,371	1,409
Other assets	2,391	2,270
Total assets	\$ 37,028	\$ 37,302
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,420	\$ 2,321
Accrued income taxes	569	565
Current portion of environmental and asset retirement obligations	380	388
Dividends payable	73	—
Current portion of debt	4	1,414
Held for sale	353	323
Total current liabilities	3,799	5,011
Long-term debt, less current portion	11,123	11,703
Deferred income taxes	3,702	3,649
Environmental and asset retirement obligations, less current portion	3,631	3,631
Other liabilities	1,931	2,012
Total liabilities	24,186	26,006
Equity:		
Stockholders' equity:		
Common stock	158	158
Capital in excess of par value	26,667	26,751
Accumulated deficit	(13,161)	(14,722)
Accumulated other comprehensive loss	(464)	(487)
Common stock held in treasury	(3,726)	(3,723)
Total stockholders' equity	9,474	7,977
Noncontrolling interests	3,368	3,319
Total equity	12,842	11,296
Total liabilities and equity	\$ 37,028	\$ 37,302

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

	Six Months Ended June 30,	
	2018	2017
	(In Millions)	
Cash flow from operating activities:		
Net income	\$ 1,852	\$ 641
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	893	839
Net gain on sales of assets	(56)	(33)
Stock-based compensation	60	44
Payments for Cerro Verde royalty dispute	(21)	(21)
Net charges for environmental and asset retirement obligations, including accretion	152	87
Payments for environmental and asset retirement obligations	(110)	(59)
Net charges for defined pension and postretirement plans	38	70
Pension plan contributions	(44)	(56)
Net (gain) loss on early extinguishment of debt	(8)	3
Deferred income taxes	61	55
Loss (gain) on disposal of discontinued operations	15	(38)
Decrease in long-term mill and leach stockpiles	38	80
Non-cash drillship settlements/idle rig costs and other oil and gas adjustments	—	(33)
Oil and gas contract settlement payments	—	(70)
Other, net	21	(23)
Changes in working capital and other tax payments:		
Accounts receivable	309	589
Inventories	(468)	(101)
Other current assets	(20)	(2)
Accounts payable and accrued liabilities	114	(267)
Accrued income taxes and timing of other tax payments	(148)	124
Net cash provided by operating activities	<u>2,678</u>	<u>1,829</u>
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(232)	(67)
South America	(138)	(45)
Indonesia	(449)	(457)
Molybdenum mines	(2)	(2)
Other	(63)	(135)
Intangible water rights and other, net	(86)	3
Net cash used in investing activities	<u>(970)</u>	<u>(703)</u>
Cash flow from financing activities:		
Proceeds from debt	352	606
Repayments of debt	(2,297)	(1,250)
Cash dividends paid:		
Common stock	(73)	(2)
Noncontrolling interests	(241)	(39)
Stock-based awards net proceeds (payments)	5	(8)
Debt financing costs and other, net	(23)	(11)
Net cash used in financing activities	<u>(2,277)</u>	<u>(704)</u>
Net (decrease) increase in cash, cash equivalents, restricted cash and restricted cash equivalents	(569)	422
Decrease in cash and cash equivalents in assets held for sale	44	7
Cash, cash equivalents, restricted cash and restricted cash equivalents at beginning of year	<u>4,631</u>	<u>4,403</u>
Cash, cash equivalents, restricted cash and restricted cash equivalents at end of period ^a	<u>\$ 4,106</u>	<u>\$ 4,832</u>

a. Includes restricted cash and restricted cash equivalents of \$247 million at June 30, 2018, and \$165 million at June 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 June 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	\$ 869	\$ 0.59	N/A	\$ 268	\$ 0.18
PT-FI net charges for workforce reductions	—	—	—	(87) ^b	(46)	(0.03)
Other net mining credits (charges)	14 ^c	9	0.01	(9)	(9)	(0.01)
Net oil and gas credits	—	—	—	6	6	—
Net adjustments to environmental obligations and related litigation reserves	(50)	(50)	(0.03)	30	30	0.02
Net gain on sales of assets	45 ^d	45	0.03	10	10	0.01
Net gain (loss) on early extinguishment of debt	9	9	0.01	(4)	(4)	—
Net tax credits ^e	N/A	7	—	N/A	32	0.02
(Loss) gain on discontinued operations ^f	(4)	(4)	—	10	8	—
	\$ 14	\$ 16	\$ 0.01 ^g	\$ (44)	\$ 27	\$ 0.01
Adjusted net income attributable to common stock	N/A	\$ 853	\$ 0.58	N/A	\$ 241	\$ 0.17

	Six Months Ended June 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	\$ 1,561	\$ 1.07	N/A	\$ 496	\$ 0.34
PT-FI charges for workforce reductions	\$ —	\$ —	\$ —	\$ (108) ^b	\$ (57)	\$ (0.04)
Other net mining credits (charges)	10 ^c	8	0.01	(28)	(28)	(0.02)
Net oil and gas credits	—	—	—	4 ^h	4	0.01
Net adjustments to environmental obligations and related litigation reserves	(50)	(50)	(0.03)	11	11	0.01
Net gain on sales of assets	56 ^d	56	0.04	33	33	0.02
Net gain (loss) on early extinguishment of debt	8	8	—	(3)	(3)	—
PT-FI interest on tax refund	24 ⁱ	13	0.01	—	—	—
Net tax credits ^e	N/A	7	—	N/A	31	0.02
(Loss) gain on discontinued operations ^f	(15)	(15)	(0.01)	51	43	0.03
	\$ 33	\$ 27	\$ 0.02	\$ (40)	\$ 34	\$ 0.02 ^g
Adjusted net income attributable to common stock	N/A	\$ 1,534	\$ 1.05	N/A	\$ 462	\$ 0.32

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

b. Includes charges totaling \$82 million in second-quarter 2017 and \$103 million for the first six months of 2017 in production and delivery costs and \$5 million for the second quarter and first six months of 2017 in selling, general and administrative expenses.

c. Includes net credits totaling \$10 million for the second quarter and first six months of 2018 in production and delivery costs and \$6 million for the second quarter and first six months of 2018 in other income (expense), net, partly offset by interest expense totaling \$2 million in second-quarter 2018 and \$6 million for the first six months of 2018.

d. Reflects adjustments to the estimated fair value of the potential \$150 million in contingent consideration related to the 2016 sale of onshore California oil and gas properties, which will continue to be adjusted through December 31, 2020.

e. Refer to "Income Taxes" on page VIII, for further discussion of net tax credits.

f. 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.

g. Does not foot because of rounding.

h. Includes adjustments to the fair value of contingent payments totaling \$26 million in production and delivery costs related to the 2016 drillship settlements, partly offset by charges totaling \$22 million in selling, general and administrative expenses primarily for contract termination costs.

i. Reflects interest received with the refund of prior years' tax receivables.

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 second quarters and first six months of 2018 and 2017 (in millions, except percentages):

	Three Months Ended June 30,					
	2018			2017		
	Income ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S.	\$ 141	(4)%	\$ 5 ^b	\$ 51	(61)%	\$ 31 ^c
South America	276	39%	(108) ^d	126	46%	(58)
Indonesia	1,012	42%	(429)	335	40%	(135)
Eliminations and other	122	N/A	(28)	1	N/A	(23)
Rate adjustment ^e	—	N/A	45	—	N/A	(1)
Continuing operations	<u>\$ 1,551</u>	33%	<u>\$ (515)</u>	<u>\$ 513</u>	36%	<u>\$ (186)</u>

	Six Months Ended June 30,					
	2018			2017		
	Income ^a	Effective Tax Rate	Income Tax (Provision) Benefit	Income ^a	Effective Tax Rate	Income Tax (Provision) Benefit
U.S.	\$ 311	(3)%	\$ 9 ^b	\$ 61	(39)%	\$ 24 ^c
South America	459	39%	(180) ^d	386	41%	(159)
Indonesia	1,945	43%	(830)	487	41%	(202)
Eliminations and other	172	N/A	(31)	17	N/A	(24)
Rate adjustment ^e	—	N/A	11	—	N/A	1
Continuing operations	<u>\$ 2,887</u>	35% ^f	<u>\$ (1,021)</u>	<u>\$ 951</u>	38%	<u>\$ (360)</u>

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

b. The second quarter and first six months of 2018 include a tax credit of \$5 million associated with the settlement of a state income tax examination.

c. Includes net tax credits of \$32 million in second-quarter 2017 and \$31 million for the first six months of 2017 associated with anticipated recovery of alternative minimum tax credit carryforwards.

d. The second quarter and first six months of 2018 include a tax credit of \$5 million (\$2 million net of noncontrolling interest) associated with Cerro Verde's disputed royalties and other related mining taxes.

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

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 \$2.75 per pound for copper, \$1,250 per ounce for gold and \$11.00 per pound for molybdenum for the second half of 2018, FCX estimates its consolidated effective tax rate for the year 2018 would approximate 38 percent, which would result in a consolidated effective tax rate of approximately 46 percent in third-quarter 2018 and 38 percent in fourth-quarter 2018. FCX expects that its consolidated effective tax rate for the year 2018 would decrease with higher prices.

DERIVATIVE INSTRUMENTS

For the first six months of 2018, FCX's mined copper was sold 59 percent in concentrate, 21 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 \$3.12 per pound during second-quarter 2018 and settled at \$3.01 per pound on June 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 \$3.08 per pound in second-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 June 30,					
	2018			2017		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ 23	\$ (37)	\$ (14)	\$ (20)	\$ 55	\$ 35
Net income attributable to common stock	\$ 9	\$ (15)	\$ (6)	\$ (8)	\$ 22	\$ 14
Net income per share of common stock	\$ 0.01	\$ (0.01)	\$ —	\$ (0.01)	\$ 0.02	\$ 0.01

a. Reflects adjustments to prior period provisionally priced copper sales (i.e., provisionally priced copper sales at March 31, 2018 and 2017).

b. Reflects adjustments to provisionally priced copper sales in the second quarters of 2018 and 2017.

	Six Months Ended June 30,					
	2018			2017		
	Prior Period ^a	Current Period ^b	Total	Prior Period ^a	Current Period ^b	Total
Revenues	\$ (70)	\$ (79)	\$ (149)	\$ 81	\$ 61	\$ 142
Net income attributable to common stock	\$ (31)	\$ (33)	\$ (64)	\$ 35	\$ 26	\$ 61
Net income per share of common stock	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ 0.02	\$ 0.02	\$ 0.04

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 six months of 2018 and 2017.

At June 30, 2018, FCX had provisionally priced copper sales at its copper mining operations totaling 336 million pounds of copper (net of intercompany sales and noncontrolling interests) recorded at an average of \$3.01 per pound, subject to final pricing over the next several months. FCX estimates that each \$0.05 change in the price realized from the June 30, 2018, provisional price recorded would have an approximate \$10 million effect on 2018 net income attributable to common stock. The LME copper price settled at \$2.80 per pound on July 24, 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 additions (reductions) to net income attributable to common stock totaling \$27 million in second-quarter 2018, \$(51) million in second-quarter 2017, \$20 million for the first six months of 2018 and \$(24) million for the first six 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 \$71 million at June 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.

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
	Morenci	Other Mines	Total	Cerro Verde	Other Mines	Total				Smelting & Refining	& Eliminations ^a	
Three Months Ended June 30, 2018												
Revenues:												
Unaffiliated customers	\$ 25	\$ 13	\$ 38	\$ 719	\$ 171	\$ 890	\$ 1,639	^b \$ —	\$ 1,387	\$ 602	\$ 612	^c \$ 5,168
Intersegment	568	641	1,209	100	—	100	1	111	8	—	(1,429)	—
Production and delivery	298	491	789	445	133	578	425	71	1,389	579	(916)	2,915
Depreciation, depletion and amortization	44	48	92	109	24	133	172	21	3	7	14	442
Selling, general and administrative expenses	1	—	1	2	—	2	28	—	—	5	73	109
Mining exploration and research expenses	—	—	—	—	—	—	—	—	—	—	24	24
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	59	59
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(45)	(45)
Operating income (loss)	250	115	365	263	14	277	1,015	19	3	11	(26)	1,664
Interest expense, net	1	—	1	16	—	16	—	—	—	6	119	142
Provision for (benefit from) income taxes	—	—	—	102	6	108	429	—	—	—	(22)	515
Total assets at June 30, 2018	2,819	4,374	7,193	8,630	1,715	10,345	10,911	1,820	278	931	5,550	^d 37,028
Capital expenditures	41	99	140	68	3	71	246	1	1	3	20	482
Three Months Ended June 30, 2017												
Revenues:												
Unaffiliated customers	\$ 45	\$ 32	\$ 77	\$ 567	\$ 111	\$ 678	\$ 1,065	^b \$ —	\$ 1,046	\$ 400	\$ 445	^c \$ 3,711
Intersegment	478	593	1,071	57	—	57	—	71	6	—	(1,205)	—
Production and delivery	266	454	720	376	87	463	547	^e 58	1,047	400	(755)	2,480
Depreciation, depletion and amortization	49	69	118	104	21	125	153	19	3	7	25	450
Selling, general and administrative expenses	1	—	1	3	—	3	30	^e —	—	4	69	107
Mining exploration and research expenses	—	1	1	—	—	—	—	—	—	—	18	19
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	(21)	(21)
Net gain on sale of assets	—	—	—	—	—	—	—	—	—	—	(10)	(10)
Operating income (loss)	207	101	308	141	3	144	335	(6)	2	(11)	(86)	686
Interest expense, net	—	1	1	15	—	15	—	—	—	4	142	162
Provision for (benefit from) income taxes	—	—	—	56	2	58	135	—	—	2	(9)	186
Total assets at June 30, 2017	2,830	4,314	7,144	8,828	1,479	10,307	10,769	1,900	253	739	5,931	^d 37,043
Capital expenditures	29	10	39	29	1	30	213	1	1	17	61	362

a. Includes U.S. oil and gas operations, which were previously a reportable segment.

b. Includes PT-FI's sales to PT Smelting totaling \$649 million in second-quarter 2018 and \$536 million in second-quarter 2017.

c. 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.

d. Includes assets held for sale, primarily Freeport Cobalt, totaling \$625 million at June 30, 2018, and \$373 million at June 30, 2017.

e. Includes net charges at PT-FI associated with workforce reductions totaling \$82 million in production and delivery costs and \$5 million in selling, general and administrative expenses.

FREEPORT-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 ^a	
Six Months Ended June 30, 2018												
Revenues:												
Unaffiliated customers	\$ 28	\$ 28	\$ 56	\$ 1,344	\$ 321	\$ 1,665	\$ 3,160	\$ —	\$ 2,772	\$ 1,179	\$ 1,204	\$ 10,036
Intersegment	1,169	1,330	2,499	202	—	202	53	206	16	2	(2,978)	—
Production and delivery	588	992	1,580	872	249	1,121	882	138	2,777	1,135	(1,910)	5,723
Depreciation, depletion and amortization	90	96	186	214	46	260	353	40	5	14	35	893
Selling, general and administrative expenses	2	2	4	4	—	4	67	—	—	11	154	240
Mining exploration and research expenses	—	1	1	—	—	—	—	—	—	—	44	45
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	68	68
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(56)	(56)
Operating income (loss)	517	267	784	456	26	482	1,911	28	6	21	(109)	3,123
Interest expense, net	2	—	2	33	—	33	—	—	—	11	247	293
Provision for income taxes	—	—	—	170	10	180	830	—	—	1	10	1,021
Capital expenditures	88	144	232	131	7	138	449	2	2	7	54	884

Six Months Ended June 30, 2017

Revenues:												
Unaffiliated customers	\$ 111	\$ 82	\$ 193	\$ 1,207	\$ 223	\$ 1,430	\$ 1,599	\$ —	\$ 2,153	\$ 858	\$ 819	\$ 7,052
Intersegment	894	1,156	2,050	173	—	173	—	134	14	—	(2,371)	—
Production and delivery	523	863	1,386	767	169	936	817	110	2,156	836	(1,573)	4,668
Depreciation, depletion and amortization	96	138	234	216	42	258	236	38	5	14	54	839
Selling, general and administrative expenses	1	1	2	5	—	5	60	—	—	9	182	258
Mining exploration and research expenses	—	2	2	—	—	—	—	—	—	—	31	33
Environmental obligations and shutdown costs	—	—	—	—	—	—	—	—	—	—	4	4
Net gain on sales of assets	—	—	—	—	—	—	—	—	—	—	(33)	(33)
Operating income (loss)	385	234	619	392	12	404	486	(14)	6	(1)	(217)	1,283
Interest expense, net	1	1	2	31	—	31	—	—	—	8	288	329
Provision for (benefit from) income taxes	—	—	—	154	5	159	202	—	—	3	(4)	360
Capital expenditures	52	15	67	43	2	45	457	2	2	25	108	706

a. Includes U.S. oil and gas operations, which were previously a reportable segment.

b. Includes PT-FI's sales to PT Smelting totaling \$1.3 billion for the first six months of 2018 and \$794 million for the first six months of 2017.

c. 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.

d. Includes net charges at PT-FI associated with workforce reductions totaling \$103 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 (credits) costs 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 June 30, 2018

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 1,126	\$ 1,126	\$ 91	\$ 22	\$ 1,239
Site production and delivery, before net noncash and other costs shown below	701	644	68	12	724
By-product credits	(90)	—	—	—	—
Treatment charges	37	36	—	1	37
Net cash costs	648	680	68	13	761
Depreciation, depletion and amortization (DD&A)	91	83	6	2	91
Noncash and other costs, net	23	21	1	1	23
Total costs	762	784	75	16	875
Other revenue adjustments, primarily for pricing on prior period open sales	1	1	—	—	1
Gross profit	\$ 365	\$ 343	\$ 16	\$ 6	\$ 365

Copper sales (millions of recoverable pounds)	361	361			
Molybdenum sales (millions of recoverable pounds) ^a			8		

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 3.12	\$ 3.12	\$ 12.13	
Site production and delivery, before net noncash and other costs shown below	1.94	1.78	9.09	
By-product credits	(0.25)	—	—	
Treatment charges	0.10	0.10	—	
Unit net cash costs	1.79	1.88	9.09	
DD&A	0.25	0.23	0.80	
Noncash and other costs, net	0.07	0.06	0.15	
Total unit costs	2.11	2.17	10.04	
Other revenue adjustments, primarily for pricing on prior period open sales	—	—	—	
Gross profit per pound	\$ 1.01	\$ 0.95	\$ 2.09	

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery		DD&A
Totals presented above	\$ 1,239	\$ 724	\$ 91	
Treatment charges	(5)	32	—	
Noncash and other costs, net	—	23	—	
Other revenue adjustments, primarily for pricing on prior period open sales	1	—	—	
Eliminations and other	12	10	1	
North America copper mines	1,247	789	92	
Other mining ^c	4,738	3,042	336	
Corporate, other & eliminations	(817)	(916)	14	
As reported in FCX's consolidated financial statements	\$ 5,168	\$ 2,915	\$ 442	

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 June 30, 2017

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 1,068	\$ 1,068	\$ 63	\$ 23	\$ 1,154
Site production and delivery, before net noncash and other costs shown below	645	605	47	14	666
By-product credits	(65)	—	—	—	—
Treatment charges	40	38	—	2	40
Net cash costs	620	643	47	16	706
DD&A	117	110	5	2	117
Noncash and other costs, net	19	18	1	—	19
Total costs	756	771	53	18	842
Other revenue adjustments, primarily for pricing on prior period open sales	(2)	(2)	—	—	(2)
Gross profit	\$ 310	\$ 295	\$ 10	\$ 5	\$ 310

Copper sales (millions of recoverable pounds)	408	408		
Molybdenum sales (millions of recoverable pounds) ^a			8	

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.62	\$ 2.62	\$ 8.17
Site production and delivery, before net noncash and other costs shown below	1.58	1.49	6.12
By-product credits	(0.16)	—	—
Treatment charges	0.10	0.09	—
Unit net cash costs	1.52	1.58	6.12
DD&A	0.29	0.27	0.66
Noncash and other costs, net	0.05	0.04	0.05
Total unit costs	1.86	1.89	6.83
Other revenue adjustments, primarily for pricing on prior period open sales	—	—	—
Gross profit per pound	\$ 0.76	\$ 0.73	\$ 1.34

Reconciliation to Amounts Reported

(In millions)	Production		
	Revenues	and Delivery	DD&A
Totals presented above	\$ 1,154	\$ 666	\$ 117
Treatment charges	(19)	21	—
Noncash and other costs, net	—	19	—
Other revenue adjustments, primarily for pricing on prior period open sales	(2)	—	—
Eliminations and other	15	14	1
North America copper mines	1,148	720	118
Other mining ^c	3,323	2,515	307
Corporate, other & eliminations	(760)	(755)	25
As reported in FCX's consolidated financial statements	\$ 3,711	\$ 2,480	\$ 450

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

Six Months Ended June 30, 2018

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 2,337	\$ 2,337	\$ 167	\$ 45	\$ 2,549
Site production and delivery, before net noncash and other costs shown below	1,405	1,304	123	25	1,452
By-product credits	(165)	—	—	—	—
Treatment charges	74	71	—	3	74
Net cash costs	1,314	1,375	123	28	1,526
DD&A	185	171	10	4	185
Noncash and other costs, net	42	40	2	—	42
Total costs	1,541	1,586	135	32	1,753
Other revenue adjustments, primarily for pricing on prior period open sales	(5)	(5)	—	—	(5)
Gross profit	\$ 791	\$ 746	\$ 32	\$ 13	\$ 791

Copper sales (millions of recoverable pounds)

744

744

Molybdenum sales (millions of recoverable pounds) ^a

15

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 3.14	\$ 3.14	\$ 11.52
Site production and delivery, before net noncash and other costs shown below	1.89	1.75	8.47
By-product credits	(0.22)	—	—
Treatment charges	0.10	0.10	—
Unit net cash costs	1.77	1.85	8.47
DD&A	0.25	0.23	0.74
Noncash and other costs, net	0.05	0.05	0.12
Total unit costs	2.07	2.13	9.33
Other revenue adjustments, primarily for pricing on prior period open sales	(0.01)	(0.01)	—
Gross profit per pound	\$ 1.06	\$ 1.00	\$ 2.19

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production	DD&A
		and Delivery	
Totals presented above	\$ 2,549	\$ 1,452	\$ 185
Treatment charges	(13)	61	—
Noncash and other costs, net	—	42	—
Other revenue adjustments, primarily for pricing on prior period open sales	(5)	—	—
Eliminations and other	24	25	1
North America copper mines	2,555	1,580	186
Other mining ^c	9,255	6,053	672
Corporate, other & eliminations	(1,774)	(1,910)	35
As reported in FCX's consolidated financial statements	\$ 10,036	\$ 5,723	\$ 893

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

Six Months Ended June 30, 2017

(In millions)	By-Product Method	Co-Product Method			Total
		Copper	Molybdenum ^a	Other ^b	
Revenues, excluding adjustments	\$ 2,072	\$ 2,072	\$ 122	\$ 43	\$ 2,237
Site production and delivery, before net noncash and other costs shown below	1,207	1,135	91	24	1,250
By-product credits	(122)	—	—	—	—
Treatment charges	82	79	—	3	82
Net cash costs	1,167	1,214	91	27	1,332
DD&A	233	219	10	4	233
Noncash and other costs, net	52	51	1	—	52
Total costs	1,452	1,484	102	31	1,617
Other revenue adjustments, primarily for pricing on prior period open sales	4	4	—	—	4
Gross profit	\$ 624	\$ 592	\$ 20	\$ 12	\$ 624

Copper sales (millions of recoverable pounds)

782

782

Molybdenum sales (millions of recoverable pounds) ^a

17

Gross profit per pound of copper/molybdenum:

Revenues, excluding adjustments	\$ 2.65	\$ 2.65	\$ 7.56
Site production and delivery, before net noncash and other costs shown below	1.54	1.45	5.62
By-product credits	(0.15)	—	—
Treatment charges	0.10	0.10	—
Unit net cash costs	1.49	1.55	5.62
DD&A	0.30	0.28	0.59
Noncash and other costs, net	0.07	0.07	0.06
Total unit costs	1.86	1.90	6.27
Other revenue adjustments, primarily for pricing on prior period open sales	0.01	0.01	—
Gross profit per pound	\$ 0.80	\$ 0.76	\$ 1.29

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery		DD&A
Totals presented above	\$ 2,237	\$ 1,250	\$ 233	
Treatment charges	(28)	54	—	
Noncash and other costs, net	—	52	—	
Other revenue adjustments, primarily for pricing on prior period open sales	4	—	—	
Eliminations and other	30	30	1	
North America copper mines	2,243	1,386	234	
Other mining ^c	6,361	4,855	551	
Corporate, other & eliminations	(1,552)	(1,573)	54	
As reported in FCX's consolidated financial statements	\$ 7,052	\$ 4,668	\$ 839	

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 June 30, 2018

(In millions)	By-Product	Co-Product Method		
	Method	Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 958	\$ 958	\$ 81	\$ 1,039
Site production and delivery, before net noncash and other costs shown below	552	513	50	563
By-product credits	(70)	—	—	—
Treatment charges	59	59	—	59
Royalty on metals	2	2	—	2
Net cash costs	543	574	50	624
DD&A	133	123	10	133
Noncash and other costs, net	17	17	—	17
Total costs	693	714	60	774
Other revenue adjustments, primarily for pricing on prior period open sales	13	13	—	13
Gross profit	\$ 278	\$ 257	\$ 21	\$ 278

Copper sales (millions of recoverable pounds)

312 312

Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 3.07	\$ 3.07
Site production and delivery, before net noncash and other costs shown below	1.77	1.65
By-product credits	(0.22)	—
Treatment charges	0.18	0.18
Royalty on metals	0.01	0.01
Unit net cash costs	1.74	1.84
DD&A	0.43	0.40
Noncash and other costs, net	0.05	0.05
Total unit costs	2.22	2.29
Other revenue adjustments, primarily for pricing on prior period open sales	0.04	0.04
Gross profit per pound	\$ 0.89	\$ 0.82

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,039	\$ 563	\$ 133
Treatment charges	(59)	—	—
Royalty on metals	(2)	—	—
Noncash and other costs, net	—	17	—
Other revenue adjustments, primarily for pricing on prior period open sales	13	—	—
Eliminations and other	(1)	(2)	—
South America mining	990	578	133
Other mining ^b	4,995	3,253	295
Corporate, other & eliminations	(817)	(916)	14
As reported in FCX's consolidated financial statements	\$ 5,168	\$ 2,915	\$ 442

a. Includes silver sales of 1.1 million ounces (\$16.38 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. 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 June 30, 2017

(In millions)

	By-Product	Co-Product Method		
	Method	Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 766	\$ 766	\$ 47	\$ 813
Site production and delivery, before net noncash and other costs shown below	448	424	34	458
By-product credits	(37)	—	—	—
Treatment charges	63	63	—	63
Royalty on metals	2	2	—	2
Net cash costs	476	489	34	523
DD&A	125	118	7	125
Noncash and other costs, net	5	5	—	5
Total costs	606	612	41	653
Other revenue adjustments, primarily for pricing on prior period open sales	(14)	(14)	—	(14)
Gross profit	\$ 146	\$ 140	\$ 6	\$ 146

Copper sales (millions of recoverable pounds)

287 287

Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.67	\$ 2.67
Site production and delivery, before net noncash and other costs shown below	1.55	1.47
By-product credits	(0.13)	—
Treatment charges	0.22	0.22
Royalty on metals	0.01	0.01
Unit net cash costs	1.65	1.70
DD&A	0.44	0.41
Noncash and other costs, net	0.02	0.02
Total unit costs	2.11	2.13
Other revenue adjustments, primarily for pricing on prior period open sales	(0.05)	(0.05)
Gross profit per pound	\$ 0.51	\$ 0.49

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
	Totals presented above	\$ 813	\$ 458
Treatment charges	(63)	—	—
Royalty on metals	(2)	—	—
Noncash and other costs, net	—	5	—
Other revenue adjustments, primarily for pricing on prior period open sales	(14)	—	—
Eliminations and other	1	—	—
South America mining	735	463	125
Other mining ^b	3,736	2,772	300
Corporate, other & eliminations	(760)	(755)	25
As reported in FCX's consolidated financial statements	\$ 3,711	\$ 2,480	\$ 450

a. Includes silver sales of 848 thousand ounces (\$17.97 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. 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

Six Months Ended June 30, 2017

(In millions)	By-Product	Co-Product Method		
	Method	Copper	Other ^a	Total
Revenues, excluding adjustments	\$ 1,581	\$ 1,581	\$ 115	\$ 1,696
Site production and delivery, before net noncash and other costs shown below	905	850	77	927
By-product credits	(93)	—	—	—
Treatment charges	130	130	—	130
Royalty on metals	4	4	—	4
Net cash costs	946	984	77	1,061
DD&A	258	241	17	258
Noncash and other costs, net	10	10	—	10
Total costs	1,214	1,235	94	1,329
Other revenue adjustments, primarily for pricing on prior period open sales	41	41	—	41
Gross profit	\$ 408	\$ 387	\$ 21	\$ 408

Copper sales (millions of recoverable pounds)	596	596
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Gross profit per pound of copper:

Revenues, excluding adjustments	\$ 2.65	\$ 2.65
Site production and delivery, before net noncash and other costs shown below	1.52	1.42
By-product credits	(0.16)	—
Treatment charges	0.22	0.22
Royalty on metals	0.01	0.01
Unit net cash costs	1.59	1.65
DD&A	0.43	0.40
Noncash and other costs, net	0.02	0.02
Total unit costs	2.04	2.07
Other revenue adjustments, primarily for pricing on prior period open sales	0.07	0.07
Gross profit per pound	\$ 0.68	\$ 0.65

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,696	\$ 927	\$ 258
Treatment charges	(130)	—	—
Royalty on metals	(4)	—	—
Noncash and other costs, net	—	10	—
Other revenue adjustments, primarily for pricing on prior period open sales	41	—	—
Eliminations and other	—	(1)	—
South America mining	1,603	936	258
Other mining ^b	7,001	5,305	527
Corporate, other & eliminations	(1,552)	(1,573)	54
As reported in FCX's consolidated financial statements	\$ 7,052	\$ 4,668	\$ 839

a. Includes silver sales of 1.8 million ounces (\$16.95 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. 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 Costs

Three Months Ended June 30, 2018

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 965	\$ 965	\$ 855	\$ 17	\$ 1,837
Site production and delivery, before net noncash and other credits shown below	420	221	195	4	420
Gold and silver credits	(871)	—	—	—	—
Treatment charges	82	43	38	1	82
Export duties	55	29	26	—	55
Royalty on metals	71	36	34	1	71
Net cash (credits) costs	(243)	329	293	6	628
DD&A	172	90	80	2	172
Noncash and other credits, net	(3)	(1)	(2)	—	(3)
Total (credits) costs	(74)	418	371	8	797
Other revenue adjustments, primarily for pricing prior period open sales	12	12	(2)	1	11
PT Smelting intercompany loss	(8)	(4)	(4)	—	(8)
Gross profit	\$ 1,043	\$ 555	\$ 478	\$ 10	\$ 1,043
Copper sales (millions of recoverable pounds)	316	316			
Gold sales (thousands of recoverable ounces)			671		

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

Revenues, excluding adjustments	\$ 3.05	\$ 3.05	\$ 1,274
Site production and delivery, before net noncash and other credits shown below	1.33	0.70	291
Gold and silver credits	(2.76)	—	—
Treatment charges	0.26	0.14	57
Export duties	0.18	0.09	38
Royalty on metals	0.22	0.11	51
Unit net cash (credits) costs	(0.77)	1.04	437
DD&A	0.54	0.28	119
Noncash and other credits, net	(0.01)	—	(2)
Total unit (credits) costs	(0.24)	1.32	554
Other revenue adjustments, primarily for pricing prior period open sales	0.04	0.04	(2)
PT Smelting intercompany loss	(0.03)	(0.01)	(6)
Gross profit per pound/ounce	\$ 3.30	\$ 1.76	\$ 712

Reconciliation to Amounts Reported

(In millions)

	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,837	\$ 420	\$ 172
Treatment charges	(82)	—	—
Export duties	(55)	—	—
Royalty on metals	(71)	—	—
Noncash and other credits, net	—	(3)	—
Other revenue adjustments, primarily for pricing prior period open sales	11	—	—
PT Smelting intercompany loss	—	8	—
Indonesia mining	1,640	425	172
Other mining ^b	4,345	3,406	256
Corporate, other & eliminations	(817)	(916)	14
As reported in FCX's consolidated financial statements	\$ 5,168	\$ 2,915	\$ 442

a. Includes silver sales of 1.1 million ounces (\$15.89 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, Production Costs and Unit Net Cash Costs

Three Months Ended June 30, 2017

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 660	\$ 660	\$ 531	\$ 14	\$ 1,205
Site production and delivery, before net noncash and other costs shown below	437	239	193	5	437
Gold and silver credits	(547)	—	—	—	—
Treatment charges	65	35	29	1	65
Export duties	27	15	12	—	27
Royalty on metals	43	22	20	1	43
Net cash costs	25	311	254	7	572
DD&A	153	84	67	2	153
Noncash and other costs, net	84 ^b	46	37	1	84
Total costs	262	441	358	10	809
Other revenue adjustments, primarily for pricing prior period open sales	(7)	(7)	2	—	(5)
PT Smelting intercompany loss	(26)	(15)	(11)	—	(26)
Gross profit	\$ 365	\$ 197	\$ 164	\$ 4	\$ 365
Copper sales (millions of recoverable pounds)	247	247			
Gold sales (thousands of recoverable ounces)			427		

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

Revenues, excluding adjustments	\$ 2.67	\$ 2.67	\$ 1,243
Site production and delivery, before net noncash and other costs shown below	1.77	0.97	451
Gold and silver credits	(2.21)	—	—
Treatment charges	0.26	0.14	67
Export duties	0.11	0.06	28
Royalty on metals	0.17	0.09	47
Unit net cash costs	0.10	1.26	593
DD&A	0.62	0.34	158
Noncash and other costs, net	0.34 ^b	0.18	86
Total unit costs	1.06	1.78	837
Other revenue adjustments, primarily for pricing prior period open sales	(0.03)	(0.03)	5
PT Smelting intercompany loss	(0.10)	(0.06)	(26)
Gross profit per pound/ounce	\$ 1.48	\$ 0.80	\$ 385

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,205	\$ 437	\$ 153
Treatment charges	(65)	—	—
Export duties	(27)	—	—
Royalty on metals	(43)	—	—
Noncash and other costs, net	—	84	—
Other revenue adjustments, primarily for pricing prior period open sales	(5)	—	—
PT Smelting intercompany loss	—	26	—
Indonesia mining	1,065	547	153
Other mining ^c	3,406	2,688	272
Corporate, other & eliminations	(760)	(755)	25
As reported in FCX's consolidated financial statements	\$ 3,711	\$ 2,480	\$ 450

a. Includes silver sales of 851 thousand ounces (\$16.26 per ounce average realized price).

b. Includes \$82 million (\$0.33 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 Costs

Six Months Ended June 30, 2018

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 1,949	\$ 1,949	\$ 1,644	\$ 36	\$ 3,629
Site production and delivery, before net noncash and other costs shown below	853	458	387	8	853
Gold and silver credits	(1,697)	—	—	—	—
Treatment charges	160	86	72	2	160
Export duties	101	54	46	1	101
Royalty on metals	138	73	64	1	138
Net cash (credits) costs	(445)	671	569	12	1,252
DD&A	353	189	160	4	353
Noncash and other costs, net	12	7	5	—	12
Total (credits) costs	(80)	867	734	16	1,617
Other revenue adjustments, primarily for pricing on prior period open sales	(34)	(34)	17	—	(17)
PT Smelting intercompany loss	(17)	(9)	(8)	—	(17)
Gross profit	\$ 1,978	\$ 1,039	\$ 919	\$ 20	\$ 1,978

Copper sales (millions of recoverable pounds)	635	635		
Gold sales (thousands of recoverable ounces)			1,274	

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

Revenues, excluding adjustments	\$ 3.07	\$ 3.07	\$ 1,291
Site production and delivery, before net noncash and other costs shown below	1.34	0.72	304
Gold and silver credits	(2.67)	—	—
Treatment charges	0.25	0.14	57
Export duties	0.16	0.09	36
Royalty on metals	0.22	0.11	50
Unit net cash (credits) costs	(0.70)	1.06	447
DD&A	0.55	0.30	125
Noncash and other costs, net	0.02	0.01	4
Total unit (credits) costs	(0.13)	1.37	576
Other revenue adjustments, primarily for pricing on prior period open sales	(0.05)	(0.05)	13
PT Smelting intercompany loss	(0.04)	(0.01)	(7)
Gross profit per pound/ounce	\$ 3.11	\$ 1.64	\$ 721

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 3,629	\$ 853	\$ 353
Treatment charges	(160)	—	—
Export duties	(101)	—	—
Royalty on metals	(138)	—	—
Noncash and other costs, net	—	12	—
Other revenue adjustments, primarily for pricing on prior period open sales	(17)	—	—
PT Smelting intercompany loss	—	17	—
Indonesia mining	3,213	882	353
Other mining ^b	8,597	6,751	505
Corporate, other & eliminations	(1,774)	(1,910)	35
As reported in FCX's consolidated financial statements	\$ 10,036	\$ 5,723	\$ 893

a. Includes silver sales of 2.3 million ounces (\$15.93 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

Six Months Ended June 30, 2017

(In millions)	By-Product	Co-Product Method			Total
	Method	Copper	Gold	Silver ^a	
Revenues, excluding adjustments	\$ 982	\$ 982	\$ 752	\$ 21	\$ 1,755
Site production and delivery, before net noncash and other costs shown below	702	393	301	8	702
Gold and silver credits	(782)	—	—	—	—
Treatment charges	100	56	43	1	100
Export duties	41	23	18	—	41
Royalty on metals	63	34	28	1	63
Net cash costs	124	506	390	10	906
DD&A	236	132	101	3	236
Noncash and other costs, net	116 ^b	65	49	2	116
Total costs	476	703	540	15	1,258
Other revenue adjustments, primarily for pricing on prior period open sales	39	39	9	—	48
PT Smelting intercompany profit	1	1	—	—	1
Gross profit	\$ 546	\$ 319	\$ 221	\$ 6	\$ 546

Copper sales (millions of recoverable pounds)	372	372			
Gold sales (thousands of recoverable ounces)			604		

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

Revenues, excluding adjustments	\$ 2.64	\$ 2.64	\$ 1,242
Site production and delivery, before net noncash and other costs shown below	1.89	1.05	497
Gold and silver credits	(2.10)	—	—
Treatment charges	0.27	0.15	71
Export duties	0.11	0.06	29
Royalty on metals	0.17	0.10	47
Unit net cash costs	0.34	1.36	644
DD&A	0.63	0.35	167
Noncash and other costs, net	0.32 ^b	0.18	82
Total unit costs	1.29	1.89	893
Other revenue adjustments, primarily for pricing on prior period open sales	0.11	0.11	15
PT Smelting intercompany profit	—	—	1
Gross profit per pound/ounce	\$ 1.46	\$ 0.86	\$ 365

Reconciliation to Amounts Reported

(In millions)	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 1,755	\$ 702	\$ 236
Treatment charges	(100)	—	—
Export duties	(41)	—	—
Royalty on metals	(63)	—	—
Noncash and other costs, net	—	116	—
Other revenue adjustments, primarily for pricing on prior period open sales	48	—	—
PT Smelting intercompany profit	—	(1)	—
Indonesia mining	1,599	817	236
Other mining ^c	7,005	5,424	549
Corporate, other & eliminations	(1,552)	(1,573)	54
As reported in FCX's consolidated financial statements	\$ 7,052	\$ 4,668	\$ 839

a. Includes silver sales of 1.3 million ounces (\$16.66 per ounce average realized price).

b. Includes \$103 million (\$0.28 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 June 30,	
	2018	2017
Revenues, excluding adjustments ^a	\$ 119	\$ 78
Site production and delivery, before net noncash and other costs shown below	71	56
Treatment charges and other	8	7
Net cash costs	79	63
DD&A	21	19
Noncash and other costs, net	—	2
Total costs	100	84
Gross profit (loss)	<u>\$ 19</u>	<u>\$ (6)</u>
Molybdenum sales (millions of recoverable pounds) ^a	9	8
Gross profit (loss) per pound of molybdenum:		
Revenues, excluding adjustments ^a	\$ 12.72	\$ 9.57
Site production and delivery, before net noncash and other costs shown below	7.51	6.88
Treatment charges and other	0.85	0.85
Unit net cash costs	8.36	7.73
DD&A	2.24	2.32
Noncash and other costs, net	0.05	0.27
Total unit costs	10.65	10.32
Gross profit (loss) per pound	<u>\$ 2.07</u>	<u>\$ (0.75)</u>

Reconciliation to Amounts Reported

(In millions)

Three Months Ended June 30, 2018	Production and Delivery		
	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 119	\$ 71	\$ 21
Treatment charges and other	(8)	—	—
Noncash and other costs, net	—	—	—
Molybdenum mines	111	71	21
Other mining ^b	5,874	3,760	407
Corporate, other & eliminations	(817)	(916)	14
As reported in FCX's consolidated financial statements	<u>\$ 5,168</u>	<u>\$ 2,915</u>	<u>\$ 442</u>
Three Months Ended June 30, 2017			
Totals presented above	\$ 78	\$ 56	\$ 19
Treatment charges and other	(7)	—	—
Noncash and other costs, net	—	2	—
Molybdenum mines	71	58	19
Other mining ^b	4,400	3,177	406
Corporate, other & eliminations	(760)	(755)	25
As reported in FCX's consolidated financial statements	<u>\$ 3,711</u>	<u>\$ 2,480</u>	<u>\$ 450</u>

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)	Six Months Ended June 30,	
	2018	2017
Revenues, excluding adjustments ^a	\$ 221	\$ 148
Site production and delivery, before net noncash and other costs shown below	136	107
Treatment charges and other	15	14
Net cash costs	151	121
DD&A	40	38
Noncash and other costs, net	2	3
Total costs	193	162
Gross profit (loss)	\$ 28	\$ (14)
Molybdenum sales (millions of recoverable pounds) ^a	18	16
Gross profit (loss) per pound of molybdenum:		
Revenues, excluding adjustments ^a	\$ 12.38	\$ 9.07
Site production and delivery, before net noncash and other costs shown below	7.61	6.53
Treatment charges and other	0.85	0.85
Unit net cash costs	8.46	7.38
DD&A	2.24	2.34
Noncash and other costs, net	0.10	0.21
Total unit costs	10.80	9.93
Gross profit (loss) per pound	\$ 1.58	\$ (0.86)

Reconciliation to Amounts Reported

(In millions)

Six Months Ended June 30, 2018	Revenues	Production and Delivery	DD&A
Totals presented above	\$ 221	\$ 136	\$ 40
Treatment charges and other	(15)	—	—
Noncash and other costs, net	—	2	—
Molybdenum mines	206	138	40
Other mining ^b	11,604	7,495	818
Corporate, other & eliminations	(1,774)	(1,910)	35
As reported in FCX's consolidated financial statements	\$ 10,036	\$ 5,723	\$ 893
Six Months Ended June 30, 2017			
Totals presented above	\$ 148	\$ 107	\$ 38
Treatment charges and other	(14)	—	—
Noncash and other costs, net	—	3	—
Molybdenum mines	134	110	38
Other mining ^b	8,470	6,131	747
Corporate, other & eliminations	(1,552)	(1,573)	54
As reported in FCX's consolidated financial statements	\$ 7,052	\$ 4,668	\$ 839

- 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.

2nd Quarter 2018 Earnings Conference Call

July 25, 2018



Cautionary Statement Regarding Forward-Looking Statements

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, the transaction contemplated by the non-binding Heads of Agreement between FCX, PT Freeport Indonesia (PT-FI), PT Indonesia Asahan Aluminium (Persero) (Inalum) and Rio Tinto, 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, 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 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; FCX's ability to complete the transaction contemplated by the non-binding Heads of Agreement, which is subject to the negotiation and documentation of definitive agreements, including purchase and sale agreements, the extension and stability of PT-FI's long-term mining rights through 2041 in a form acceptable to FCX and Inalum, a shareholders' agreement between FCX and Inalum providing for continuity of FCX's management of PT-FI's operations and addressing governance arrangements, and resolution of administrative sanctions and environmental regulatory matters pending before Indonesia's Ministry of Environment and Forestry satisfactory to the Indonesian Government, FCX and Inalum, the terms of all of which will be subject to FCX Board approval; PT-FI's ability to obtain an extension of its temporary IUPK after July 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 (including resolution of the administrative sanctions and other environmental matters pending before the Indonesian Ministry of Environment and Forestry); litigation results (including the final disposition of Indonesian tax disputes and 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.

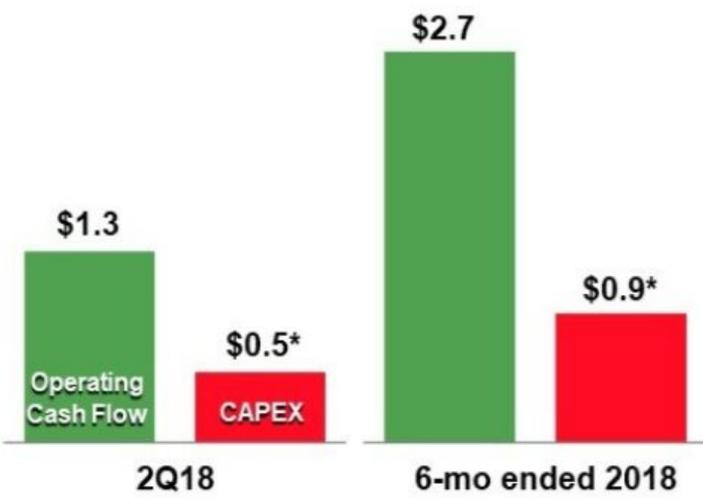
This presentation also contains certain financial measures such as unit net cash costs (credits) per pound of copper and molybdenum, net debt and adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) that are not recognized under U.S. generally accepted accounting principles. 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 2Q18 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 29.



2Q18 Highlights

- Maintained Focus on Productivity, Cost Management and Capital Discipline
- Unit Net Cash Costs: \$0.96/lb, 19% Below 2Q17
- Cash Flows Exceeded CAPEX by ~\$0.8 bn in 2Q & ~\$1.8 bn YTD
- Repaid \$2.0 bn in debt YTD, Including \$0.45 bn in April
- Heads of Agreement with Inalum/Rio Tinto dated 7/12/18 – Establishes Path Forward to Long-Term Stability in Indonesia
- Advancing Lone Star in Arizona

Consolidated Results (\$ in bn)



Key Stats	2Q18	YTD
Copper (bn lbs)	1.0	2.0
Gold (mm ozs)	0.7	1.3
Molybdenum (mm lbs)	24	48
Copper Price (\$/lb)	\$3.08	\$3.10
Unit Net Cash Cost (\$/lb)	\$0.96	\$0.97

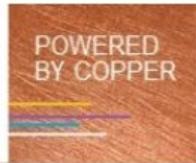
* Includes \$0.3 bn in 2Q18 and \$0.5 bn YTD for major projects

Copper Market Commentary

- **Global Trade Issues Impacting Commodities Market Sentiment and Causing Macro Uncertainty**
 - Copper Down 14% Since June 15th
- **Current Copper Physical Market Broadly Balanced Globally**
 - Exchange Stocks (LME, COMEX and Shanghai) Down ~90 kt (13%) Since June 15th
- **Real Demand Remains Positive**
- **Supply Growth is Muted**
 - Current Price is ~15% Below Incentive Levels – Underinvestment Likely to Continue
- **Fundamentals Remain Positive**
 - Positive Long-term Demand from Global Growth and Renewable Energy/EV's
 - Declining Ore Grades from Currently Producing Mines and Lack of Actionable Projects Expected to Constrain Future Supply
 - Absent a Global Recession, Market Deficits in Copper Appear Inevitable

Heads of Agreement – 7/12/18

Transaction Benefits



- **Establishes New Long-term Partnership between FCX and Government of Indonesia**
- **Long-Term Stability for Grasberg Operations**
- **FCX Retains Current Existing Economics**
 - Preserves FCX Share of Future Cash Flows and Net Asset Values
 - Non-Dilutive to FCX Shareholders
 - Continues to Manage Operations
- **Strong Alignment among Indonesian Government SOE, Papuan Local Governments and FCX**
- **Positive for All Parties**
- **Subject to Definitive Agreements – Closing Expected in 2H18**

See Cautionary Statement.

PT-FI Operations Review

Actual Results

- 2Q18 Mill Rate: 188 t/d
 - Copper Grade: 1.06%
 - Gold Grade: 1.77 g/t
- 2Q18 Production
 - 347 mm lbs (74% Above 2Q17)
 - 740 k ozs (113% Above 2Q17)
- 2Q18 Unit Net Cash Costs: 77¢ Credit
- ~\$1.6 Billion in Dividends YTD

Mine Plan Adjustments

- Extension of Open Pit Through 1H19
- Deferred Start-up of Deep MLZ (DMLZ)
 - Hydraulic Fracturing Operations to Pre-Condition Cave/Manage Rock Stress
 - Expect Caving to Commence Mid-2019
- Grasberg Block Cave Production to Commence in 1H19
- PT-FI 5-year Metal:
 - Copper: 5.3 bn lbs
 - Gold: 7.6 mm ozs
 - No Material Change Compared to April Plan

See Cautionary Statement.

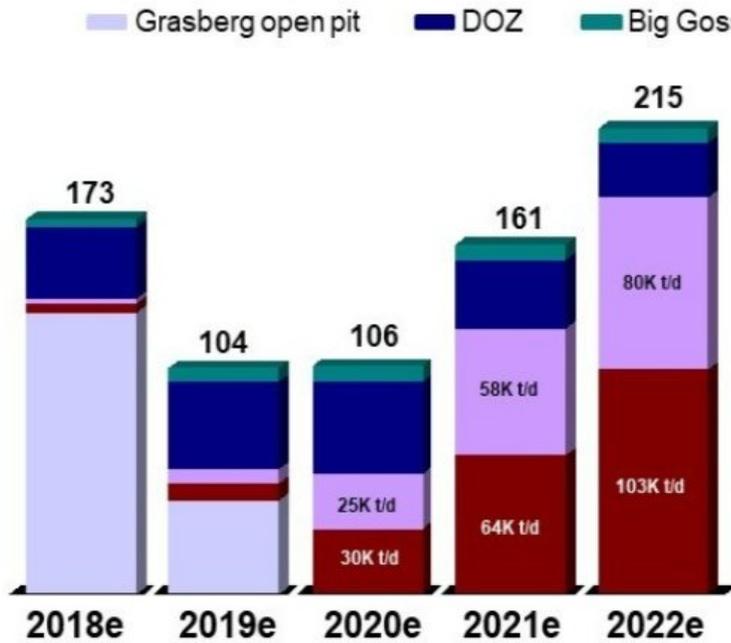
PT-FI Underground Ramp-up

Contribution by Deposit



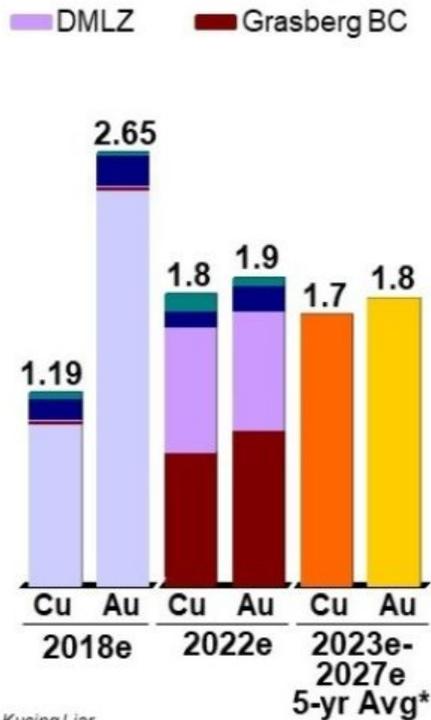
Ore Milled

(000's t/d)



Aggregate Metal

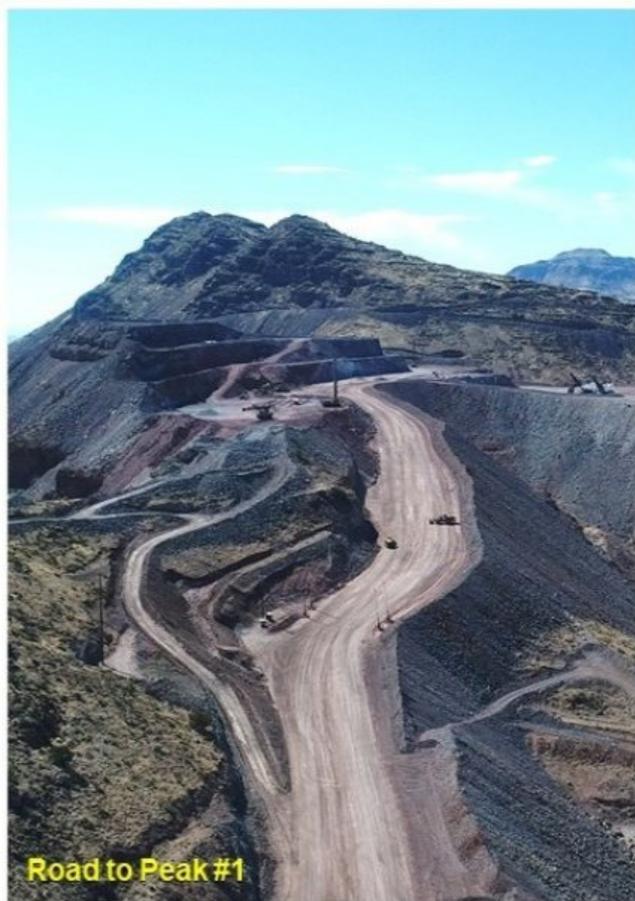
(bn lbs Cu & mm ozs Au)



* 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 resolution of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 7/31/18. e = estimate. Amounts are projections; see Cautionary Statement.

Lone Star in Arizona Advancing



Road to Peak #1

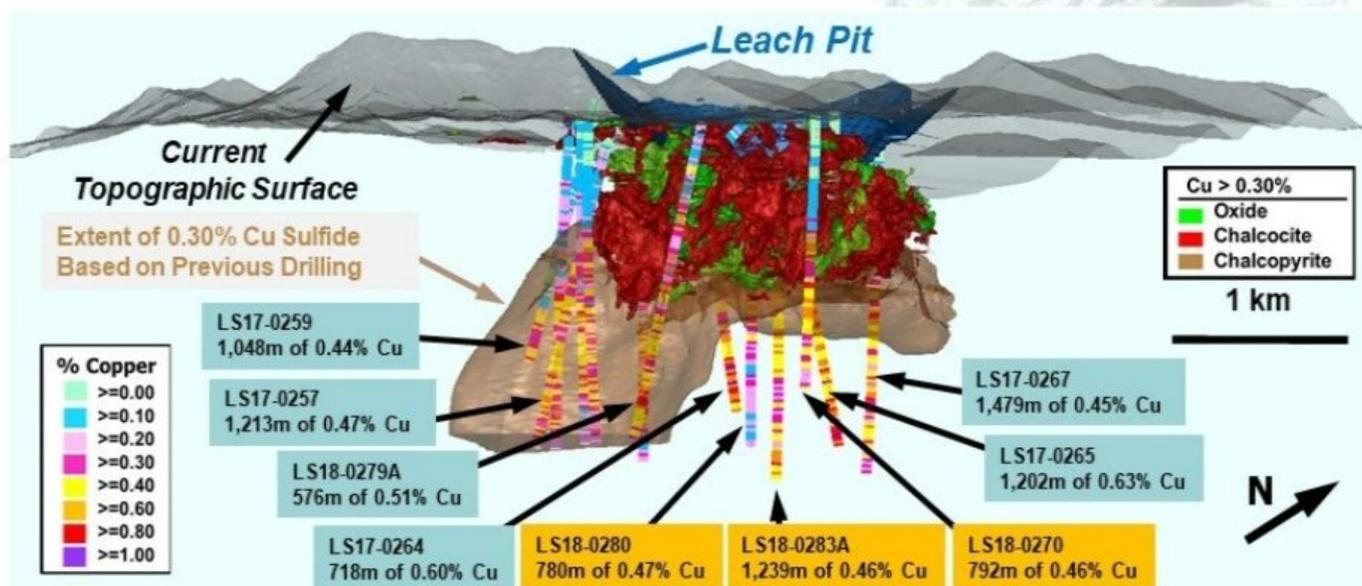
- **12/31/2017 Reserve: 4.4 bn lbs of Copper (Oxides Only)**
- **\$850 mm Project (\$113 mm incurred thru 6/30/18)**
 - Utilizes Existing Infrastructure at Safford
- **Commenced Pre-stripping Activities in 1Q18**
- **Provides Exposure to Large Sulfide Deposit (60+ bn lbs Contained Copper)**
- **Low Execution Risk**
- **First Copper Expected by YE 2020**
- **Key Statistics (Excluding Sulfide)**
 - Estimated production: ~200 mm lbs/year
 - Mine life: ~20 Years
 - 50% of capital costs are for mine equipment & pre-production stripping
 - Estimated unit cash cost: \$1.75/lb
 - After-tax NPV @ 8%: \$0 (\$2.40 Copper) to \$1.2 Billion (\$3.50 Copper)

See Cautionary Statement.

Recent Lone Star Sulfide Intercepts

2Q18 Lone Star Intercepts

Drill Hole	Intercept		Significant Intervals			
	meters	% Cu	meters	% Cu	meters	% Cu
LS18-270	792	0.46	64	0.68	219	0.64
LS18-274	369	0.39	NA	NA	NA	NA
LS18-280	780	0.47	192	0.81	67	0.99
LS18-283A	1,239	0.46	125	0.60	140	0.64



Americas Development Opportunities

U.S.

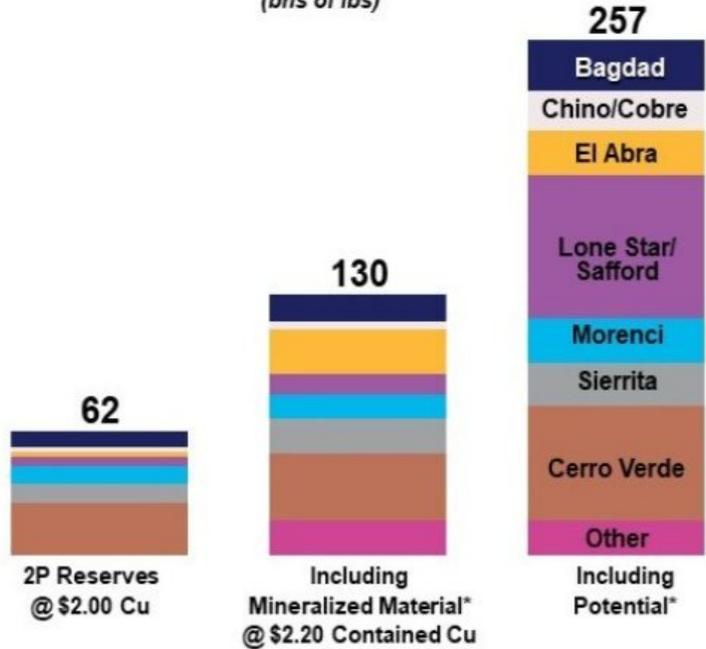
- Large footprint with substantial undeveloped sulfide resources
- Significant existing infrastructure provides for Brownfield expansions
- District extensions include:
 - Bagdad
 - Chino/Cobre
 - Lone Star/Safford
 - Morenci
 - Sierrita

South America

- El Abra mill project to develop large sulfide resource
 - Advancing technical studies for concentrator similar to Cerro Verde expansion
- Large footprint at Cerro Verde

Future Development Subject to Market Conditions

(bns of lbs)



* Mineralized material and 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 estimated mineralized material and potential resources 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: 2.4 Million ozs. ▪ Molybdenum: 95 Million lbs.
Unit Cost of Copper	<ul style="list-style-type: none"> ▪ Site Production & Delivery: \$1.73/lb ▪ After By-product Credits⁽¹⁾: \$1.04/lb (3Q18e: 95¢/lb; 4Q18e: \$1.29/lb)
Operating Cash Flows ⁽²⁾	<ul style="list-style-type: none"> ▪ ~\$4.3 Billion (@ \$2.75/lb Copper for 2H18e) ▪ Each 10¢/lb Change in Copper for 2H18 = \$185 Million
Capital Expenditures	<ul style="list-style-type: none"> ▪ \$2.0 Billion <ul style="list-style-type: none"> • \$1.1 Billion for Major Projects, Including \$1.0 Billion for Underground Development in Indonesia and Development of Lone Star Oxide Project • \$0.9 Billion for Other Mining

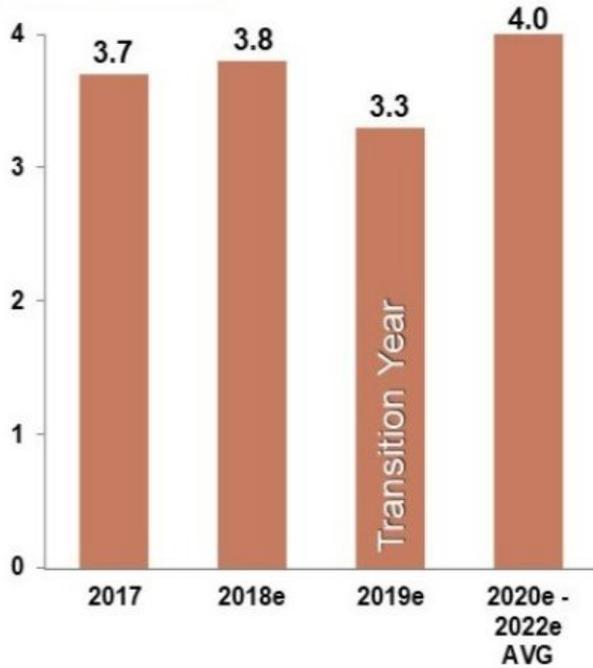
(1) Assumes average prices of \$1,250/oz gold and \$11/lb molybdenum for 2H18e.

(2) Assumes average prices of \$1,250/oz gold and \$11/lb molybdenum for 2H18e; each \$100/oz change in gold would have an approximate \$120 mm impact and each \$2/lb change in molybdenum would have an approximate \$55 mm impact for the remainder of 2018.

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

Sales Profile

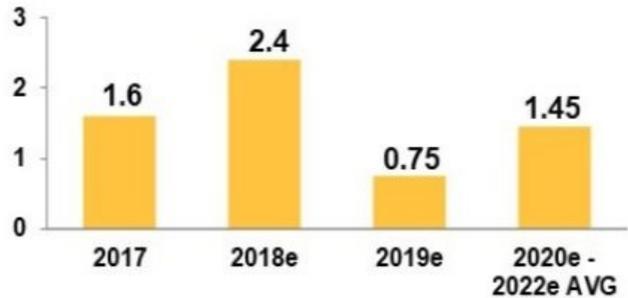
Copper Sales (billion lbs)



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.

e = estimate. See Cautionary Statement.

Gold Sales (million ozs)



Note: Consolidated gold sales include 144k ozs in 2017, 225k ozs in 2018e, 70k ozs in 2019e, ~135k ozs per year for 2020e-2022e for noncontrolling interest.

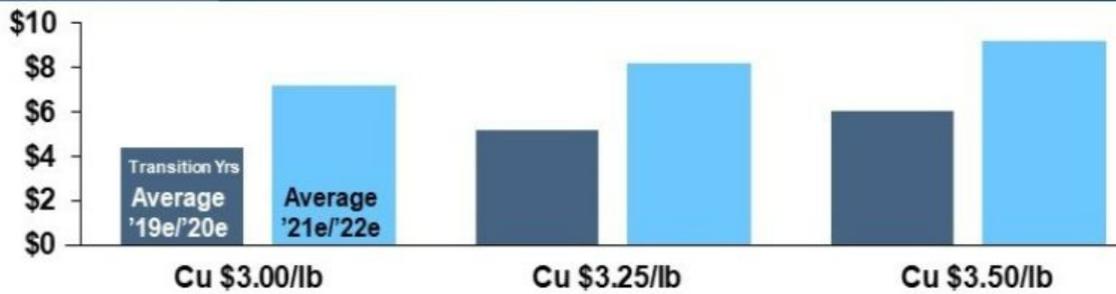
Molybdenum Sales (million lbs)



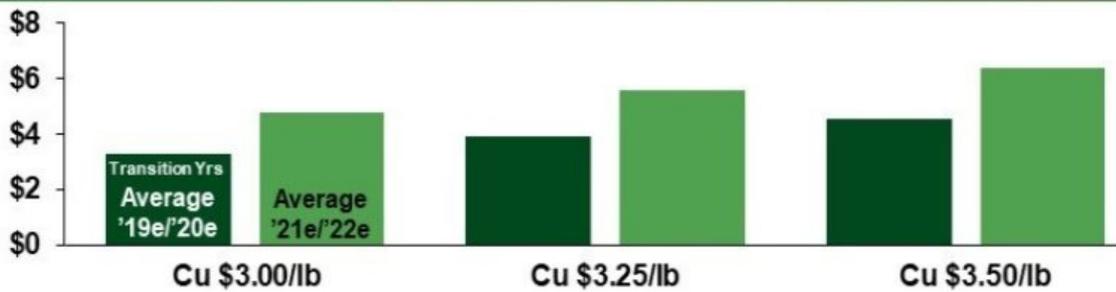
EBITDA and Cash Flow at Various Copper Prices

(US\$ billions)

Average EBITDA (\$1,250/oz Gold, \$11/lb Molybdenum)



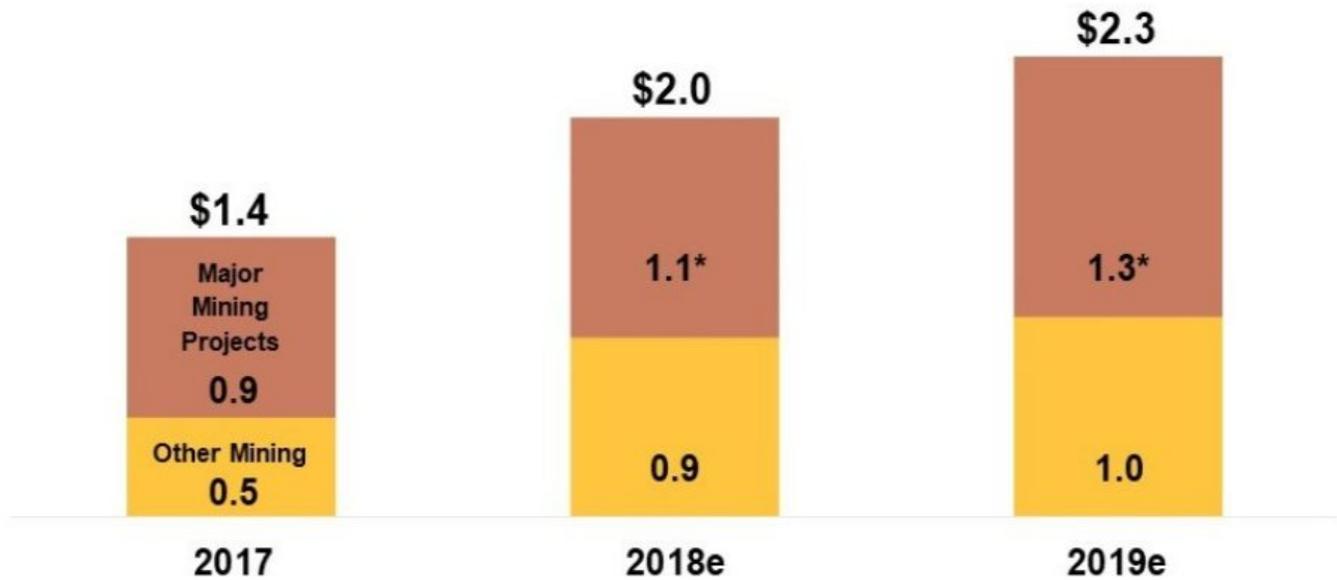
Average Operating Cash Flow Excludes Working Capital Changes (\$1,250/oz Gold, \$11/lb Molybdenum)



Note: Assumes resolution of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 7/31/18. For 2019e - 2020e and 2021e - 2022e average price sensitivities, see slide 27. EBITDA equals operating income plus depreciation, depletion and amortization. e = estimate. See Cautionary Statement.

Capital Expenditures

(US\$ billions)



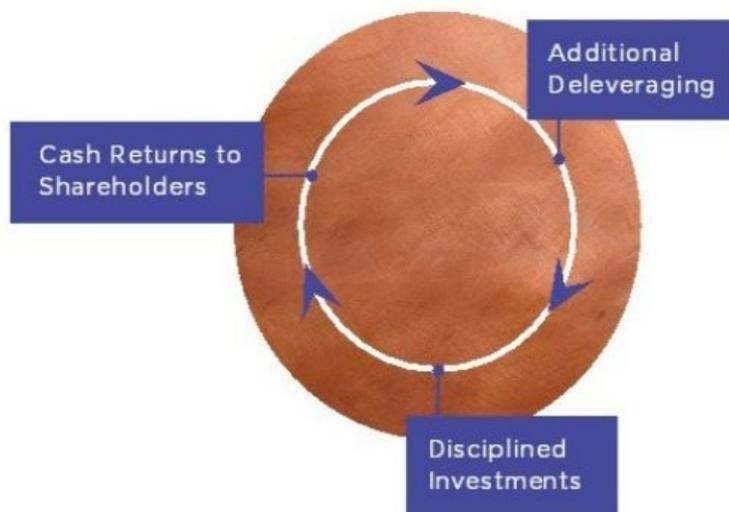
* Major mining projects include CAPEX associated with Grasberg Underground development (\$0.75 bn per year in 2018e and 2019e) and Lone Star (\$0.22 bn in 2018e and \$0.37 bn in 2019e). Assumes resolution of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 7/31/18.

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

Financial Policy

- **Net Debt at 6/30/18: \$7.3 Bn***
 - LTM Leverage Ratio: 0.9x
- **Significant Deleveraging Over Last Two Years**
- **Positive Market to Enable Further Debt Reduction & Enhanced Returns to Shareholders**
- **Disciplined Approach to Investing in Attractive Growth Projects**
- **Board Reinstated Quarterly Cash Dividend on Common Stock**
 - Paid Initial Quarterly Dividend on May 1, 2018
- **Board Reviews Financial Policy on Ongoing Basis**

Balanced Approach



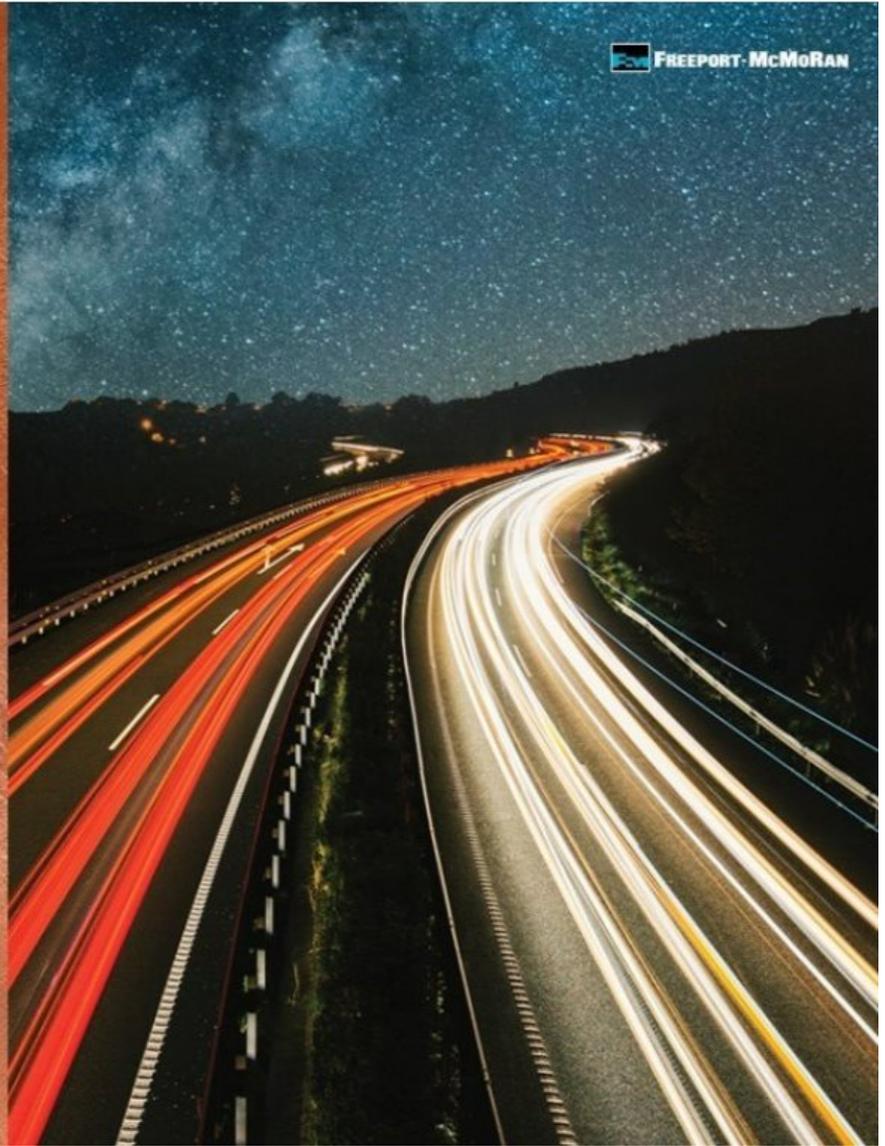
* Net debt equals gross debt less consolidated cash. See Cautionary Statement.

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Reference Slides

 FREEPORT-McMORAN



Financial Highlights

Sales Data	2Q18	1H18
Copper		
Consolidated Volumes (mm lbs)	989	1,982
Average Realization (per lb)	\$3.08	\$3.10
Site Production & Delivery Costs (per lb)	\$1.69	\$1.68
Unit Net Cash Costs (per lb)	\$0.96	\$0.97
Gold		
Consolidated Volumes (000's ozs)	676	1,286
Average Realization (per oz)	\$1,274	\$1,291
Molybdenum		
Consolidated Volumes (mm lbs)	24	48
Average Realization (per lb)	\$12.89	\$12.42
Financial Results (in billions, except per share amounts)		
Revenues	\$5.2	\$10.0
Net Income Attributable to Common Stock	\$0.9 ⁽¹⁾	\$1.6
Diluted Net Income Per Share	\$0.59 ⁽¹⁾	\$1.07
Operating Cash Flows ⁽²⁾	\$1.3	\$2.7
Capital Expenditures	\$0.5	\$0.9
Total Debt	\$11.1	\$11.1
Consolidated Cash	\$3.9	\$3.9

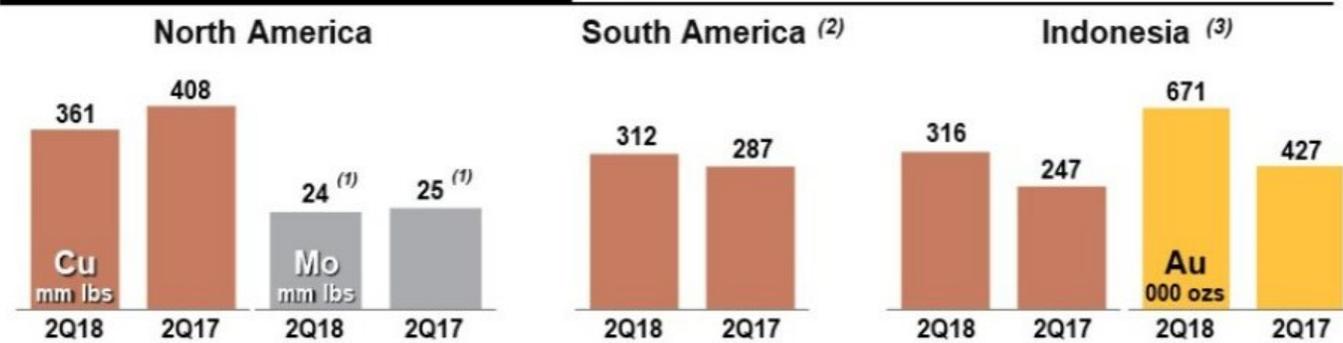
(1) After adjusting for net gains of \$16 mm (1¢/share), adjusted net income attributable to common stock totaled \$853 mm (58¢/share) for 2Q18. For additional information, refer to "Adjusted Net Income" in the supplemental schedules of FCX's 2Q18 press release, which are available on FCX's website.

(2) Net working capital uses and timing of other tax payments of \$192 mm for 2Q18 and \$213 mm for 1H18.

2Q 2018 Mining Operating Summary

2Q18 Unit Production Costs	(per lb of Cu)	North America	South America	Indonesia	Consolidated
Cash Unit Costs (Credits)					
Site Production & Delivery, excluding adjustments		\$1.94	\$1.77	\$1.33	\$1.69
By-Product Credits		(0.25)	(0.22)	(2.76)	(1.04)
Treatment Charges		0.10	0.18	0.26	0.18
Royalties & Export Duties		-	0.01	0.40	0.13
Unit Net Cash Costs (Credits)		\$1.79	\$1.74	\$(0.77)	\$0.96

Sales From Mines for 2Q18 & 2Q17



(1) Includes 7 mm lbs in 2Q18 and 2Q17 from South America.

(2) Silver sales totaled 1.1 mm ozs in 2Q18 and 848 k ozs in 2Q17.

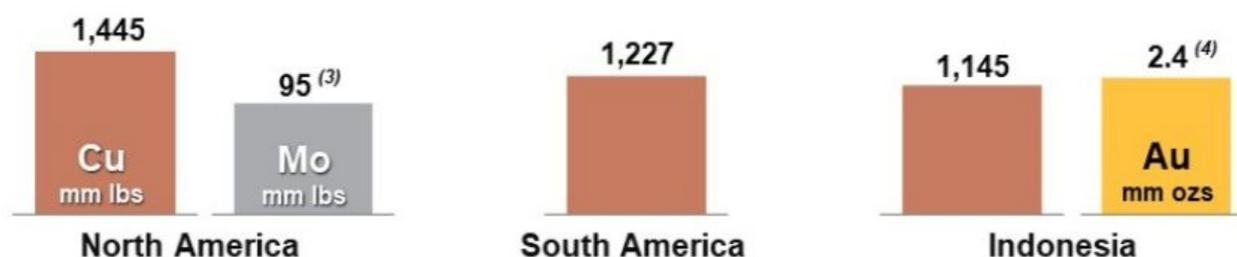
(3) Silver sales totaled 1.1 mm ozs in 2Q18 and 851 k ozs in 2Q17.

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 2Q18 press release, which is available on FCX's website.

2018e Operating Estimates

2018e Unit Production Costs <small>(per lb of Cu)</small>	North America	South America	Indonesia	Consolidated
Cash Unit Costs ⁽¹⁾				
Site Production & Delivery ⁽²⁾	\$1.91	\$1.70	\$1.53	\$1.73
By-product Credits	(0.24)	(0.23)	(2.72)	(0.98)
Treatment Charges	0.11	0.19	0.26	0.18
Royalties & Export Duties	-	0.01	0.35	0.11
Unit Net Cash Costs (Credits)	\$1.78	\$1.67	(\$0.58)	\$1.04

2018e Sales by Region



(1) Estimates assume average prices of \$2.75/lb for copper, \$1,250/oz for gold and \$11/lb for molybdenum for 2H18e. 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.

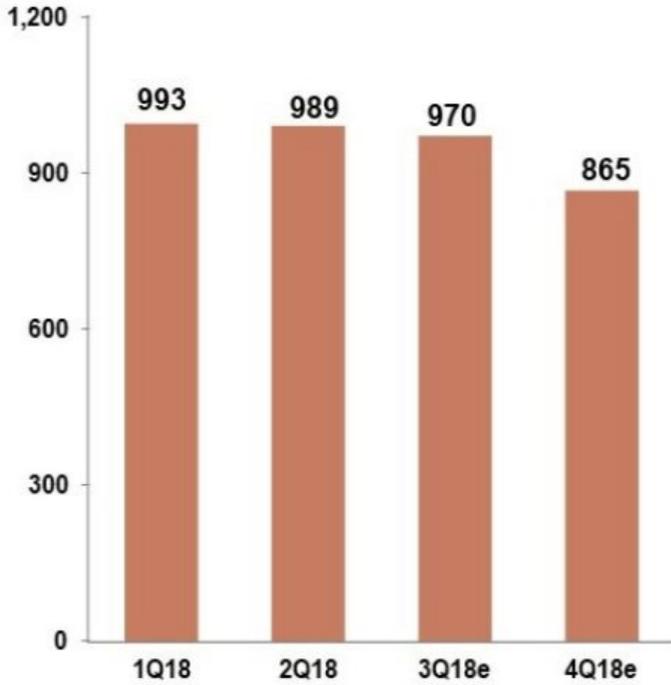
(3) Includes molybdenum produced in South America.

(4) Includes gold produced in North America.

Note: e = estimate. See Cautionary Statement.

2018e Quarterly Sales

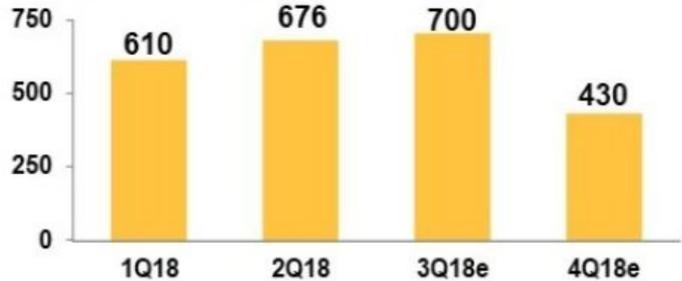
Copper Sales (million lbs)



Note: Consolidated copper sales include approximately 166 mm lbs in 1Q18, 176 mm lbs in 2Q18, 183 mm lbs in 3Q18e and 160 mm lbs in 4Q18e for noncontrolling interest; excludes purchased copper.

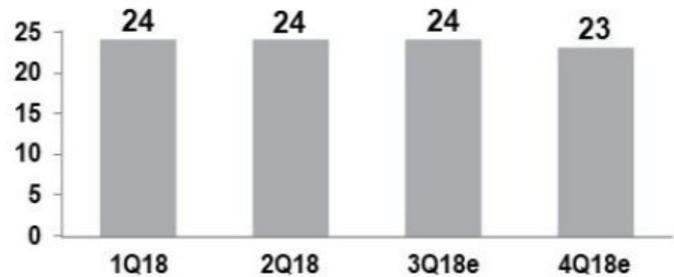
e = estimate. See Cautionary Statement.

Gold Sales (thousand ozs)



Note: Consolidated gold sales include approximately 57k ozs in 1Q18, 63k ozs in 2Q18, 65k ozs in 3Q18e and 40k ozs in 4Q18e for noncontrolling interest.

Molybdenum Sales (million lbs)



Heads of Agreement – 7/12/18

- **Inalum (an Indonesian SOE) and Provincial/Local Government to Acquire:**
 - Rio Tinto JV Interests for \$3.5 Billion Cash
 - PT Indocopper Investama (PT-II) Shares Owned by FCX for \$350 Million Cash
- **Inalum to Contribute JV Interests to PT-FI in Exchange for 40% of PT-FI**
 - Subject to Agreement Between Shareholders to Replicate Rio Tinto JV Economics Through 2022
- **In Favor of FCX, Rio Tinto Will Forego Cash from JV from January 2018 Through Closing**
- **Government of Indonesia to Grant Extension of PT-FI's Operations through 2041 with Legal and Fiscal Certainty**
- **PT-FI (with FCX and Inalum as Shareholders) to Construct Smelter Within 5 Years of Extension**
- **FCX to Provide Continuity in Management of PT-FI's Operations**
- **Subject to Negotiation and Documentation of Definitive Agreements & FCX Board Approval**
 - Closing Expected 2H18

3-Way “Win/Win/Win” Transaction

See Cautionary Statement.

PT-FI Mine Plan

PT-FI's Share of Metal Sales, 2017-2022e



**2018e–2022e
PT-FI Share**

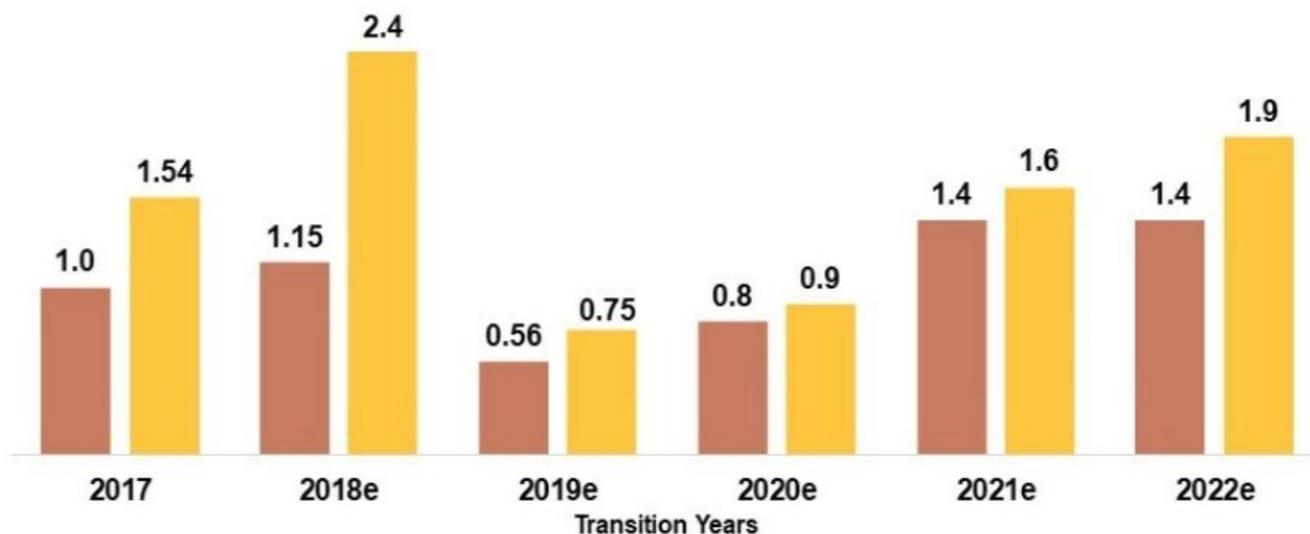
Total: 5.3 billion lbs copper
Annual Average: 1.06 billion lbs

**2018e–2022e
PT-FI Share**

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

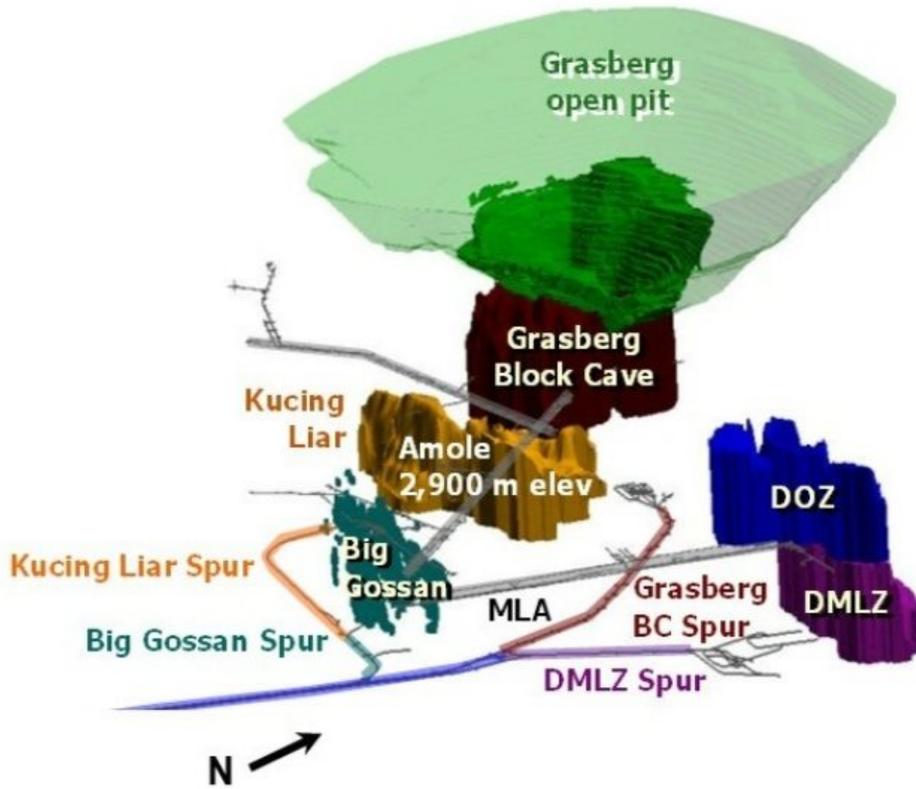
 Copper, billion lbs

 Gold, million ozs



Note: Timing of annual sales will depend upon mine sequencing, shipping schedules and other factors. Assumes resolution of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 7/31/18. e = estimate. Amounts are projections; see Cautionary Statement.

Grasberg Mining District



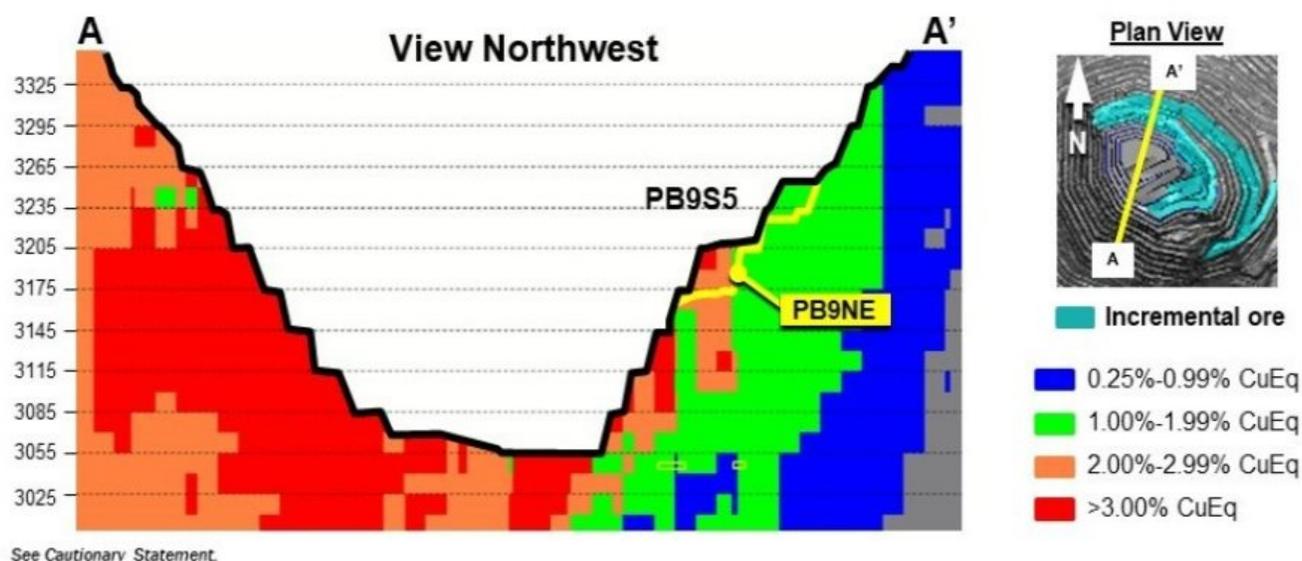
PT-FI History of Block Caving



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

Grasberg Open Pit Extension

- Grasberg pit life extended 6 months by mining north ramp starting from bench 3325L & will start after pit bottom is mined (year-end 2018)
 - ✓ Accelerated ore: 5.3 mm t @ 1.24% Cu & 1.88 g/t Au
 - ✓ Aggregate metal impact: 130mm lbs Cu & 250K ozs Au



Grasberg Block Cave – Key Milestones

Reserves YE 2017

- 963mmt @ 1.01% Cu & 0.72 g/t Au

Completed to Date

- ✓ +233 km of Development
- ✓ Mine Access
- ✓ Service Shaft
- ✓ Initial Fans & Vent Infrastructure
- ✓ Rail Connection
- ✓ Over 5 km of Rail
- ✓ Crusher #1
- ✓ Batch Plant
- ✓ Train, Rail & Unloading Station Commissioning

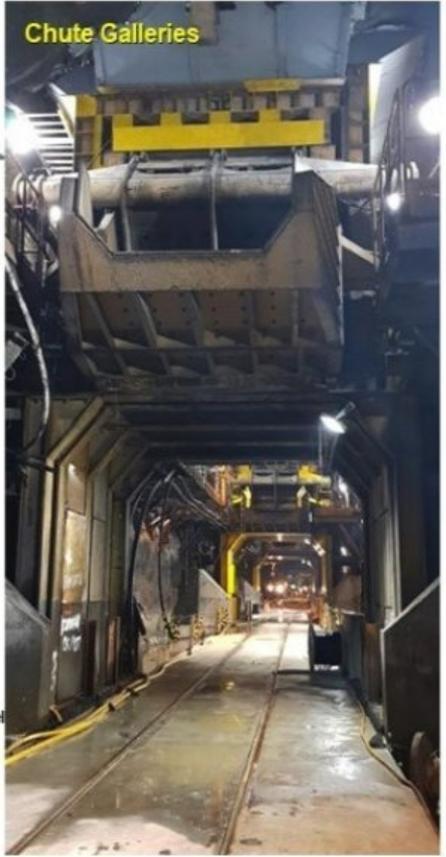
Near-Term Objectives

- 14 km of Development Remaining in 2018
- Complete Rail & Ore Flow Systems in 3Q18
- First Tonne of Ore to Mill via Rail & Conveyor 3Q18
- Complete Key Fixed Facilities
- Complete 200+ Drawpoints for Cave Initiation
- First Undercut Blasting Expected in 4Q18
- First Cave Production Expected in 1H19

See Cautionary Statement.

GBC Service Shaft

355 meters

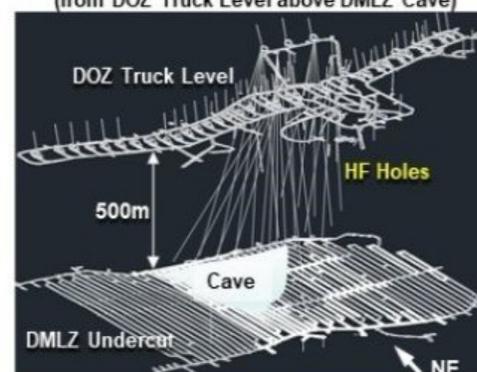


Deep MLZ (DMLZ) Commissioning

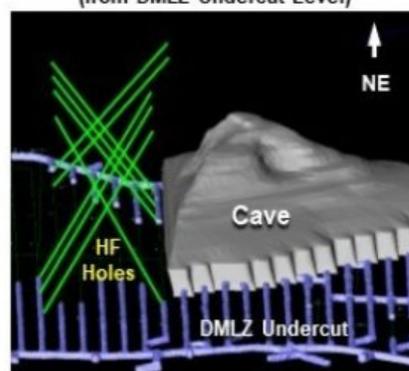
- 437mm t @ 0.91% Cu & 0.76 g/t Au
- PT-FI continues to address mining-induced seismic activity in DMLZ that began in 2017 and continued during 2018.
- During 2Q18, PT-FI initiated plans to conduct hydraulic fracturing activities to manage rock stresses & pre-condition DMLZ for large scale production.
- Revised mine plan currently projects block cave mining activities in DMLZ to commence in mid-2019.
- DMLZ expected to reach full production rates of 80,000 t/d in 2022.
- Plans will continue to be reviewed.

See Cautionary Statement.

Hydraulic Fracturing
(from DOZ Truck Level above DMLZ Cave)



Pre-Conditioning Future Production Area
(from DMLZ Undercut Level)



Sensitivities

(US\$ millions)

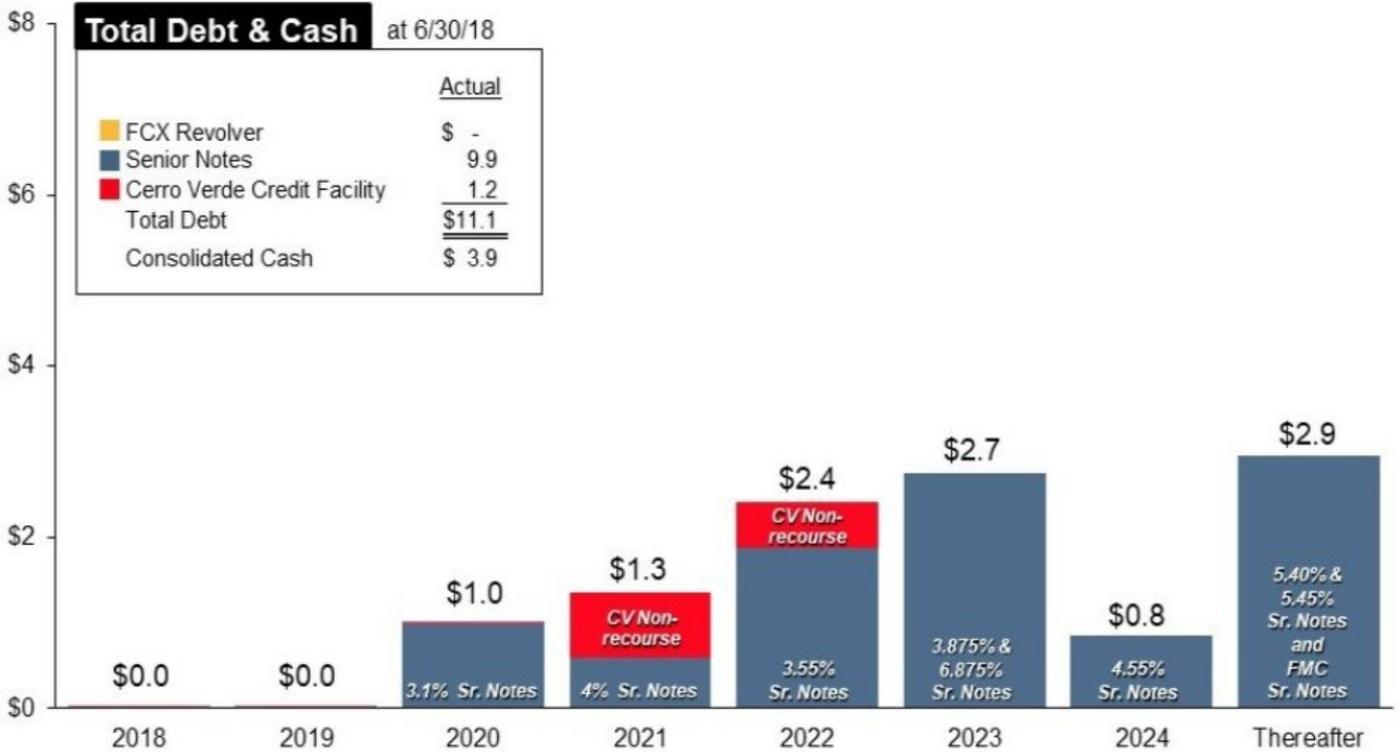
2019e - 2020e Change	EBITDA	Operating Cash Flow
Copper: +/- \$0.10/lb	\$325	\$250
Molybdenum: +/- \$1.00/lb	\$80	\$75
Gold: +/- \$50/ounce	\$40	\$20
Currencies: ⁽¹⁾ +/- 10%	\$175	\$125
2021e - 2022e Change		
Copper: +/- \$0.10/lb	\$400	\$315
Molybdenum: +/- \$1.00/lb	\$80	\$75
Gold: +/- \$50/ounce	\$80	\$45
Currencies: ⁽¹⁾ +/- 10%	\$175	\$125

(1) U.S. Dollar Exchange Rates: 630 Chilean peso, 13,900 Indonesian rupiah, \$0.76 Australian dollar, \$1.18 Euro, 3.25 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 resolution of PT-FI's long term mining rights or extension of PT-FI's temporary IUPK after 7/31/18. e = estimate. See Cautionary Statement.

FCX Debt Maturities as of 6/30/18

(US\$ billions)



Adjusted EBITDA Reconciliation

<i>(in millions)</i>	2Q 2018	12-mos Ended 6/30/18
Net Income Attributable to Common Stock – Continuing Operations	\$ 873	\$2,878
Interest expense, net	142	765
Income tax provision	515	1,544
Depreciation, depletion and amortization	442	1,768
Gain on early extinguishment of debt	(9)	(32)
Net gain on sales of assets	(45)	(104)
Accretion	27	117
Cerro Verde royalties and related net charges	-	203
Other net charges ⁽¹⁾	40	278
Other income, net	(20)	(41)
Net income attributable to noncontrolling interest	166	424
Equity in affiliated companies' net earnings	<u>(3)</u>	<u>(8)</u>
FCX Adjusted EBITDA – Continuing Operations ⁽²⁾	<u>\$2,128</u>	<u>\$7,792</u>

(1) Other net charges primarily include adjustments to environmental and related litigation reserves (\$50 mm in 2Q18 and \$271 mm for the 12-months ended June 30, 2018).

(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.

2Q18 Copper Realization & 3Q18 Guidance

2Q18 LME Average Copper Price	\$3.12/lb
3-Mo. Fwd Price for Copper at the End of June	\$3.01/lb
FCX 2Q18 Consolidated Copper Price Realization	\$3.08/lb* (Generally, 50/50 Weight of Qtrly Avg and 3-mo Forward Price at End of Period)
FCX 2Q18 Prior Period Open Lb Adj. (aka Provisional Price Adj.)	Revenue/EBITDA Benefit: \$23 mm Net Income Benefit: \$9 mm Earnings/Share Benefit: \$0.01
3Q18 Open Pound Guidance	<ul style="list-style-type: none"> ▪ 2Q18 Open Lbs Priced at \$3.01/lb on 6/30/18 ▪ Each \$0.05 Change in Avg Copper Price in 3Q18 = \$10 mm Impact to 2018 Net Income ▪ LME Copper Settled at \$2.80/lb on 7/24/18

* Note that when the average quarter end forward curve price is below the average quarterly spot price, FCX's consolidated quarterly copper realization can be expected to be below the quarterly average (and vice versa if quarter end forward curve price is above 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	~46%	~38%
4Q18e	~38%	~38%

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 \$2.75 per pound for copper, \$1,250 per ounce for gold and \$11.00 per pound for molybdenum for the second half of 2018, FCX estimates its consolidated effective tax rate for the year 2018 will approximate 38 percent. FCX expects that its consolidated effective tax rate for the year 2018 would decrease with higher prices. e = estimate See Cautionary Statement.

