

[Freeport-McMoRan Inc.](#) (NYSE: FCX):

- Net loss attributable to common stock totaled \$479 million, \$0.38 per share, for second-quarter 2016. After adjusting for net charges totaling \$452 million, \$0.36 per share, second-quarter 2016 adjusted net loss attributable to common stock totaled \$27 million, \$0.02 per share.
- Consolidated sales (including volumes from Tenke Fungurume (Tenke), which is being reported as a discontinued operation) totaled 1.1 billion pounds of copper, 156 thousand ounces of gold, 19 million pounds of molybdenum and 12.4 million barrels of oil equivalents (MMBOE) for second-quarter 2016, compared with 964 million pounds of copper, 352 thousand ounces of gold, 23 million pounds of molybdenum and 13.1 MMBOE for second-quarter 2015.
- Consolidated sales for the year 2016 (including volumes from Tenke through the anticipated closing date) are expected to approximate 5.0 billion pounds of copper, 1.7 million ounces of gold, 76 million pounds of molybdenum and 47.4 MMBOE, including 1.3 billion pounds of copper, 410 thousand ounces of gold, 20 million pounds of molybdenum and 11.4 MMBOE for third-quarter 2016.
- Average realized prices were \$2.18 per pound of copper, \$1,292 per ounce for gold and \$41.10 per barrel for oil for second-quarter 2016.
- Average unit net cash costs were \$1.33 per pound of copper for mining operations and \$15.00 per barrel of oil equivalents (BOE) for oil and gas operations for second-quarter 2016. Unit net cash costs for the year 2016 are expected to average \$1.06 per pound of copper for mining operations (including Tenke) and \$15.50 per BOE for oil and gas operations.
- Operating cash flows totaled \$874 million (including \$278 million in working capital sources and changes in other tax payments) for second-quarter 2016. Based on current sales volume and cost estimates and assuming average prices of \$2.25 per pound for copper, \$1,300 per ounce for gold, \$6 per pound for molybdenum and \$48 per barrel for Brent crude oil for the second half of 2016, operating cash flows for the year 2016 are expected to approximate \$4.5 billion (including \$0.7 billion in working capital sources and changes in other tax payments).
- Capital expenditures totaled \$833 million for second-quarter 2016, consisting of \$441 million for mining operations (including \$350 million for major projects) and \$392 million for oil and gas operations. Capital expenditures are expected to approximate \$3.1 billion for the year 2016, consisting of \$1.7 billion for mining operations (including \$1.3 billion for major projects) and \$1.4 billion for oil and gas operations.
- During second-quarter 2016, FCX completed previously announced asset sales for aggregate cash consideration of \$1.3 billion, including the \$1.0 billion sale of an additional 13 percent undivided interest in Morenci. In May 2016, FCX entered into a definitive agreement to sell its interest in TF Holdings Limited for \$2.65 billion in cash and contingent consideration of up to \$120 million. In accordance with accounting guidelines, the results of Tenke are reported as discontinued operations for all periods presented.
- During second-quarter 2016, FCX entered into agreements to terminate FM O&G's three drilling rig contracts for a total of \$755 million and potential contingent consideration depending on future oil prices. The settlements result in aggregate savings of approximately \$350 million, compared to the previously contracted commitments.
- Through July 25, 2016, FCX exchanged \$369 million in senior notes for approximately 28 million shares of its common stock in a series of privately negotiated transactions, including \$268 million exchanged during second-quarter 2016.
- At June 30, 2016, consolidated debt totaled \$19.3 billion and consolidated cash totaled \$352 million. At June 30, 2016, FCX had no borrowings and \$3.5 billion available under its \$3.5 billion revolving credit facility.

[Freeport-McMoRan Inc.](#) (NYSE: FCX) reported net losses attributable to common stock of \$479 million, \$0.38 per share, for second-quarter 2016 and \$4.7 billion, \$3.70 per share, for the first six months of 2016, compared with \$1.85 billion, \$1.78 per share, for second-quarter 2015 and \$4.3 billion, \$4.16 per share, for the first six months of 2015. FCX's net losses attributable to common stock include net charges totaling \$452 million, \$0.36 per share, for second-quarter 2016 and \$4.4 billion, \$3.53 per share, for the first six months of 2016, primarily for impairment of oil and gas properties and drillship settlements/idle rig costs, partly offset by net gains on the sales of assets. Second-quarter 2015 included net charges of \$2.0 billion, \$1.92 per share, and the first six months of 2015 included net charges of \$4.4 billion, \$4.24 per share, primarily for the impairment of oil and gas properties. For further discussion of these net charges refer to the supplemental schedule "Adjusted Net (Loss) Income," on page IX, which is available on FCX's website, "fcx.com."

Richard C. Adkerson, President and Chief Executive Officer, said, "We are pleased to report significant progress toward our immediate objective of strengthening FCX's balance sheet and enhancing shareholder value in a challenging market environment. Our global team continues to execute on our strategy to constrain costs and capital spending in a manner that protects the long-term values of our large resources. Our announced asset sale transactions totaling over \$4 billion year-to-date demonstrate the attractiveness of our high-quality asset base. We are focused on executing our operating plans, which position us for significant free cash flow generation in the balance of 2016 and 2017, and on building long-term values from our portfolio of low-cost, long-lived reserves and resources for the benefit of our shareholders."

SUMMARY FINANCIAL DATA

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
	(in millions, except per share amounts)			
Revenues ^{a,b}	\$3,334	\$3,938	\$6,576	\$7,709
Operating income (loss) ^a	\$18	\$(2,421)	\$(3,854)	\$(5,451)
Net loss from continuing operations	\$(229)	\$(1,828)	\$(4,326)	\$(4,275)
Net (loss) income from discontinued operations ^c	\$(181)	\$29	\$(185)	\$70
Net loss attributable to common stock ^{d,e}				

\$(479) \$(1,851) \$(4,663) \$(4,325)

Diluted net (loss) income per share of common stock:				
Continuing operations	\$ (0.23)	\$ (1.78)	\$ (3.54)	\$ (4.18)
Discontinued operations	(0.15)	—	(0.16)	0.02
	\$ (0.38)	\$ (1.78)	\$ (3.70)	\$ (4.16)
Diluted weighted-average common shares outstanding	1,269	1,040	1,260	1,040
Operating cash flows ^f	\$ 874	\$ 1,069	\$ 1,614	\$ 1,786
Capital expenditures	\$ 833	\$ 1,661	\$ 1,815	\$ 3,528
At June 30:				
Cash and cash equivalents	\$ 352	\$ 318	\$ 352	\$ 318
Total debt, including current portion	\$ 19,319	\$ 20,902	\$ 19,319	\$ 20,902

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

b. Includes (unfavorable) favorable adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods totaling \$(28) million (\$(15) million to net loss attributable to common stock from continuing operations or \$(0.01) per share) in second-quarter 2016, \$(22) million (\$(11) million to net loss attributable to common stock from continuing operations or \$(0.01) per share) in second-quarter 2015, \$5 million (\$2 million to net loss attributable to common stock from continuing operations or less than \$0.01 per share) for the first six months of 2016 and \$(99) million (\$(47) million to net loss attributable to common stock from continuing operations or \$(0.04) per share) for the first six months of 2015. For further discussion, refer to the supplemental schedule, "Derivative Instruments," on page XI, which is available on FCX's website, "fcx.com."

c. Net (loss) income from discontinued operations includes charges for (i) allocated interest expense totaling \$11 million in second-quarter 2016, \$7 million in second-quarter 2015, \$21 million for the first six months of 2016 and \$14 million for the first six months of 2015 associated with the portion of the term loan that is required to be repaid as a result of the sale of FCX's interest in Tenke and (ii) income tax (benefit) provision totaling \$(16) million in second-quarter 2016, \$12 million in second-quarter 2015, \$(23) million for the first six months of 2016 and \$31 million for the first six months of 2015. In accordance with accounting guidelines, the second quarter and first six months of 2016 are also net of an estimated loss on disposal, which will be adjusted through closing of the transaction (refer to the supplemental schedule, "Adjusted Net (Loss) Income," on page IX, which is available on FCX's website, "fcx.com").

d. Includes net charges totaling \$452 million (\$0.36 per share) in second-quarter 2016, \$2.0 billion (\$1.92 per share) in second-quarter 2015, \$4.4 billion (\$3.53 per share) for the first six months of 2016 and \$4.4 billion (\$4.24 per share) for the first six months of 2015, which are described in the supplemental schedule, "Adjusted Net (Loss) Income," on page IX, 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 XI, which is available on FCX's website, "fcx.com."

f. Includes net working capital sources (uses) and changes in other tax payments of \$278 million in second-quarter 2016, \$(104) million in second-quarter 2015, \$466 million for the first six months of 2016 and \$(190) million for the first six months of 2015.

DEBT REDUCTION INITIATIVES

FCX previously announced plans to reduce debt and restore its balance sheet strength through a combination of asset sale transactions, cash flow from operations and potential capital market transactions. To date, FCX has announced over \$4 billion in transactions and has received aggregate cash consideration of \$1.4 billion, including \$87 million in July 2016. The \$2.65 billion Tenke Fungurume (Tenke) transaction is expected to close in fourth-quarter 2016. In addition, FCX continues to aggressively manage production, exploration and administrative costs and capital spending.

During second-quarter 2016, FCX restructured its oil and gas business to reduce costs and align capital allocation for the business with FCX's corporate debt reduction initiatives. During the quarter, FCX terminated contracts for Freeport-McMoRan Oil & Gas LLC's (FM O&G) deepwater drillships, and settled aggregate commitments totaling \$1.1 billion for \$755 million, of which \$540 million was funded with shares of FCX common stock. In addition to the drillship contract savings of approximately \$350 million, FCX has identified annual operating and administrative cost savings in excess of \$150 million in connection with restructuring efforts.

During 2016, FCX has retired \$369 million of its senior notes through a series of privately negotiated exchanges for 28 million shares of its common stock (including \$268 million during second-quarter 2016, which resulted in a \$39 million gain on early extinguishment of debt). These transactions will reduce annual interest expense by \$17 million. FCX will continue to evaluate opportunities for transactions, which may include open-market purchases of its debt, debt for debt exchanges, and privately negotiated exchanges of its debt for equity or equity-linked securities. FCX may also issue additional debt or convertible securities to repay or refinance existing debt. The completion and amount of these transactions, if any, are subject to a number of factors, including market conditions, FCX's financial position and its ability to complete such transactions on economically attractive terms.

With the successful completion of the Cerro Verde expansion and access to higher grade ore from the Grasberg mine in future

quarters, FCX expects to generate substantial cash flows over the next 18 months for debt reduction.

As part of its plan to reduce outstanding indebtedness, FCX intends to commence, subject to market conditions, a registered at-the-market offering of up to \$1.5 billion of common stock and use the proceeds to retire outstanding indebtedness. FCX believes the proceeds of this offering, together with previously announced asset sale transactions and anticipated cash flow from operations, will enable it to achieve its near-term debt reduction objectives.

While additional asset sales may be considered, FCX remains focused on retaining a high-quality portfolio of long-lived copper assets positioned to generate value as market conditions improve. In addition to debt reduction plans, FCX is pursuing opportunities to create additional value through mine designs that would increase copper reserves, reduce costs and provide opportunities to enhance net present values, and continues to advance studies for future development of its copper resources, the timing of which will be dependent on market conditions.

Following provides a summary of FCX's completed and pending asset sales (in billions):

	Closing or Expected Closing Date	Cash Consideration ^a	
Morenci (13 percent interest)	Second-quarter 2016	\$ 1.00	
Timok exploration project in Serbia	Second-quarter 2016	0.13	b
Oil and gas royalty interests	Second-quarter 2016	0.10	
Other land sales	Second-quarter 2016	0.06	
Haynesville shale assets	Third-quarter 2016	0.09	
Tenke	Fourth-quarter 2016	2.65	c
Total, excluding potential transactions and contingent consideration		4.03	
Potential Freeport Cobalt/Kinsanfu transactions ^d		0.15	
Contingent consideration ^{b,c}		0.23	
Total		\$ 4.41	

a. Reflects aggregate cash consideration.

b. Excludes contingent consideration of up to \$107 million payable to FCX in stages based upon achievement of defined development milestones.

c. Excludes contingent consideration of up to \$120 million, consisting of \$60 million if the average copper price exceeds \$3.50 per pound and \$60 million if the average cobalt price exceeds \$20 per pound, for the 24-month period ending December 31, 2019.

d. FCX has agreed to negotiate exclusively with China Molybdenum Co., Ltd. (CMOC) until December 31, 2016, to enter into a definitive agreement to sell its interests in Freeport Cobalt for \$100 million and the Kinsanfu exploration project in the Democratic Republic of Congo (DRC) for \$50 million in separate transactions.

SUMMARY OPERATING DATA

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Copper (millions of recoverable pounds)				
Production ^a	1,133	977	2,230	1,892
Sales, excluding purchases ^a	1,111	964	2,234	1,924
Average realized price per pound ^a	\$ 2.18	\$ 2.71	\$ 2.16	\$ 2.70
Site production and delivery costs per pound ^b	\$ 1.43	\$ 1.85	\$ 1.47	\$ 1.89
Unit net cash costs per pound ^b	\$ 1.33	\$ 1.50	\$ 1.35	\$ 1.57
Gold (thousands of recoverable ounces)				
Production	166	367	350	626
Sales, excluding purchases	156	352	357	615
Average realized price per ounce	\$ 1,292	\$ 1,174	\$ 1,259	\$ 1,183
Molybdenum (millions of recoverable pounds)				
Production	19	25	39	49
Sales, excluding purchases	19	23	36	46
Average realized price per pound	\$ 8.34	\$ 9.51	\$ 7.99	\$ 9.84
Oil Equivalents				
Sales volumes				
MMBOE	12.4	13.1	24.5	25.6
Thousand BOE (MBOE) per day	136	144	135	142
Cash operating margin per BOE ^c				
Realized revenues	\$ 32.70	\$ 50.04	^d \$ 28.29	\$ 46.95
Cash production costs	(15.00)	(19.04)	(15.42)	(19.62)

Cash operating margin \$ 17.70 \$ 31.00 \$ 12.87 \$ 27.33

Includes production and sales volumes from the Tenke mine, which is reported as a discontinued operation. Copper sales volumes from the Tenke mine totaled 124 million pounds in second-quarter 2016, 104 million pounds in second-quarter 2015, a. 247 million pounds for the first six months of 2016 and 237 million pounds for the first six months of 2015. For realized copper prices (excluding Tenke), refer to the supplemental schedules, "Selected Mining Operating Data," beginning on page I, which are available on FCX's website, "fcx.com."

Reflects per pound weighted-average production and delivery costs and unit net cash costs (net of by-product credits) for all copper mines (including Tenke), before net noncash and other costs. Excluding the Tenke mine, mining unit net cash costs averaged \$1.33 per pound in second-quarter 2016, \$1.56 per pound in second-quarter 2015, \$1.36 per pound for the first six b. months of 2016 and \$1.63 per pound for the first six months of 2015. 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 XV, which are available on FCX's website, "fcx.com."

Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. Cash production costs exclude accretion and other costs. For reconciliations of realized revenues and cash production costs per BOE to revenues and c. production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, "fcx.com."

d. Includes realized cash gains on crude oil derivative contracts of \$7.73 per BOE in second-quarter 2015 and \$7.87 per BOE for the first six months of 2015. FCX currently does not have oil and gas derivative contracts in place for 2016 or future years.

Consolidated Sales Volumes

Second-quarter 2016 consolidated copper sales (including Tenke) totaled 1.1 billion pounds, approximately 5 percent below the April 2016 estimate because of lower sales from Indonesia, and were higher than second-quarter 2015 sales of 964 million pounds, primarily reflecting higher volumes from Cerro Verde.

Second-quarter 2016 consolidated gold sales of 156 thousand ounces were lower than the April 2016 estimate of 195 thousand ounces primarily reflecting lower mining rates in Indonesia, and were lower than second-quarter 2015 sales of 352 thousand ounces, primarily reflecting lower ore grades and lower mining and milling rates.

Second-quarter 2016 consolidated molybdenum sales of 19 million pounds approximated the April 2016 estimate and were lower than second-quarter 2015 sales of 23 million pounds, primarily reflecting market-driven curtailed production volumes from the primary molybdenum mines.

Second-quarter 2016 sales from oil and gas operations of 12.4 MMBOE, including 8.65 million barrels (MMBbls) of crude oil, 18.8 billion cubic feet (Bcf) of natural gas and 0.6 MMBbls of natural gas liquids (NGLs), were lower than the April 2016 estimate of 13.5 MMBOE, primarily reflecting lower than anticipated well performance and start-up delays at new wells, and were lower than second-quarter 2015 sales of 13.1 MMBOE, primarily reflecting lower natural gas volumes from Haynesville.

Sales volumes for the year 2016 are expected to approximate 5.0 billion pounds of copper (including 440 million pounds for Tenke through the anticipated closing date), 1.7 million ounces of gold, 76 million pounds of molybdenum and 47.4 MMBOE, including 1.3 billion pounds of copper (including 115 million pounds for Tenke), 410 thousand ounces of gold, 20 million pounds of molybdenum and 11.4 MMBOE for third-quarter 2016. Anticipated higher grades from the Grasberg mine are expected to result in approximately 30 percent of 2016 copper sales and 55 percent of 2016 gold sales to occur in fourth-quarter 2016.

Consolidated Unit Costs

Mining Unit Net Cash Costs. Consolidated average unit net cash costs (net of by-product credits) for FCX's copper mines (including Tenke) of \$1.33 per pound of copper in second-quarter 2016 were lower than unit net cash costs of \$1.50 per pound in second-quarter 2015, primarily reflecting higher copper sales volumes and the impact of ongoing cost reduction initiatives, partly offset by lower gold and silver credits.

Assuming average prices of \$1,300 per ounce of gold and \$6 per pound of molybdenum for the second half of 2016 and achievement of current sales volume and cost estimates, consolidated unit net cash costs (net of by-product credits) for copper mines (including Tenke) are expected to average \$1.06 per pound of copper for the year 2016. The impact of price changes for the second half of 2016 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 \$0.01 per pound for each \$2 per pound change in the average price of molybdenum. Quarterly unit net cash costs vary with fluctuations in sales volumes and realized prices primarily for gold and molybdenum.

Oil and Gas Cash Production Costs per BOE. Cash production costs for oil and gas operations of \$15.00 per BOE in second-quarter 2016 were lower than cash production costs of \$19.04 per BOE in second-quarter 2015, primarily reflecting

higher production from Gulf of Mexico (GOM) wells and ongoing cost reduction efforts.

Based on current sales volume and cost estimates, cash production costs are expected to approximate \$15.50 per BOE for the year 2016.

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, molybdenum concentrate and silver are also produced by certain of FCX's North America copper mines.

All of the North America mining operations are wholly owned, except for Morenci. FCX records its undivided joint venture interest in Morenci using the proportionate consolidation method. On May 31, 2016, FCX completed the sale of an additional 13 percent undivided interest in Morenci for \$1.0 billion in cash. As a result of the transaction, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent.

Operating and Development Activities. FCX has significant undeveloped reserves and resources in North America and a portfolio of long-term development projects. In the near term, FCX is deferring development of new projects as a result of current market conditions. Future investments will be undertaken based on the results of economic and technical feasibility studies, and market conditions.

During 2015, FCX's revised plans for its North America copper mines to incorporate reductions in mining rates to reduce operating and capital costs. In addition, FCX curtailed operations at the Miami and Tyrone mines and is operating its Sierrita mine at reduced rates. The revised plans at each of the operations incorporate the impacts of lower energy, acid and other consumables, reduced labor costs and a significant reduction in capital spending plans. These operating plans continue to be reviewed and additional adjustments will be made as market conditions warrant.

Operating Data. Following is a summary of consolidated operating data for the North America copper mines for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Copper (millions of recoverable pounds)				
Production	469	469	956	921
Sales	464	486	967	958
Average realized price per pound	\$ 2.18	\$ 2.77	\$ 2.17	\$ 2.73
Molybdenum (millions of recoverable pounds)				
Production ^a	8	10	16	19
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.40	\$ 1.78	\$ 1.40	\$ 1.79
By-product credits	(0.11)	(0.16)	(0.10)	(0.17)
Treatment charges	0.11	0.12	0.11	0.13
Unit net cash costs	\$ 1.40	\$ 1.74	\$ 1.41	\$ 1.75

a. Refer to summary operating data on page 4 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 XV, which are available on FCX's website, "fcx.com."

North America's consolidated copper sales volumes totaling 464 million pounds in second-quarter 2016 were lower than 486 million pounds in second-quarter 2015 primarily because of timing of sales in the 2015 period. North America copper sales are estimated to approximate 1.8 billion pounds for the year 2016, compared with 2.0 billion pounds in 2015.

Average unit net cash costs (net of by-product credits) for the North America copper mines of \$1.40 per pound of copper in second-quarter 2016 were lower than the unit net cash costs of \$1.74 per pound in second-quarter 2015, primarily reflecting cost reduction initiatives and lower energy and other input costs.

Average unit net cash costs (net of by-product credits) for the North America copper mines are expected to approximate \$1.42 per pound of copper for the year 2016, based on achievement of current sales volume and cost estimates and assuming an average molybdenum price of \$6 per pound for the second half of 2016. North America's average unit net cash costs would change by approximately \$0.012 per pound for each \$2 per pound change in the average price of molybdenum.

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

Operating and Development Activities. In September 2015, the Cerro Verde expansion project commenced operations, and achieved capacity operating rates during first-quarter 2016. Cerro Verde's expanded operations benefit from its large-scale, long-lived reserves and cost efficiencies. The project expanded the concentrator facilities from 120,000 metric tons of ore per day to 360,000 metric tons of ore per day and is on track to provide incremental annual production of approximately 600 million pounds of copper and 15 million pounds of molybdenum.

During 2015, FCX revised plans for its South America copper mines, principally to reflect adjustments to the mine plan at El Abra to reduce mining and stacking rates by approximately 50 percent to achieve lower operating and labor costs, defer capital expenditures and extend the life of the existing operations.

FCX continues to evaluate a potential large-scale milling operation at El Abra to process additional sulfide material and to achieve higher recoveries. Exploration results in recent years at El Abra indicate a significant sulfide resource, which could potentially support a major mill project. Future investments will depend on technical studies, economic factors and global copper market conditions.

Operating Data. Following is a summary of consolidated operating data for the South America mining operations for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Copper (millions of recoverable pounds)				
Production	334	188	669	381
Sales	327	178	650	378
Average realized price per pound	\$ 2.19	\$ 2.69	\$ 2.18	\$ 2.68
Molybdenum (millions of recoverable pounds)				
Production ^a	4	2	9	4
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.20	\$ 1.77	\$ 1.22	\$ 1.76
By-product credits	(0.12)	(0.04)	(0.10)	(0.06)
Treatment charges	0.23	0.17	0.23	0.17
Royalty on metals	—	—	0.01	—
Unit net cash costs	\$ 1.31	\$ 1.90	\$ 1.36	\$ 1.87

a. Refer to summary operating data on page 4 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 XV, which are available on FCX's website, "fcx.com."

South America's consolidated copper sales volumes of 327 million pounds in second-quarter 2016 were significantly higher than second-quarter 2015 sales of 178 million pounds, primarily reflecting Cerro Verde's expanded operations. Sales from South America mining are expected to approximate 1.36 billion pounds of copper for the year 2016, compared with 871 million pounds of copper in 2015.

Average unit net cash costs (net of by-product credits) for South America mining of \$1.31 per pound of copper in second-quarter 2016 were significantly lower than unit net cash costs of \$1.90 per pound in second-quarter 2015, primarily reflecting higher copper sales volumes and economies of scale associated with the Cerro Verde expansion. Average unit net cash costs (net of by-product credits) for South America mining are expected to approximate \$1.40 per pound of copper for the year 2016, based on current sales volume and cost estimates and assuming average prices of \$6 per pound of molybdenum for the second half of 2016.

Indonesia Mining. Through its 90.64 percent owned and consolidated subsidiary PT Freeport Indonesia (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 concentrates that contain significant quantities of gold and silver.

Regulatory Matters. In October 2015, the Indonesian government provided a letter of assurance to PT-FI indicating that it will approve the extension of operations beyond 2021, and provide the same rights and the same level of legal and fiscal certainty

provided under its current Contract of Work (COW). PT-FI continues to engage in discussions with the Indonesian government to obtain extension of its long-term rights available under the COW.

In connection with its COW negotiations and subject to concluding an agreement to extend PT-FI's operations beyond 2021 on acceptable terms, PT-FI has agreed to construct new smelter capacity in Indonesia and to divest an additional 20.64 percent interest in PT-FI at fair market value.

PT-FI is required to apply for renewal of export permits at six-month intervals. In February 2016, PT-FI's export permit was renewed through August 8, 2016. PT-FI has applied for an extension of this permit. The Indonesian government continues to impose a 5.0 percent export duty while it reviews PT-FI's smelter plans.

Operating and Development Activities. PT-FI's revised operating plans incorporate improved operational efficiencies, reductions in input costs, supplies and contractor costs, foreign exchange impacts and an approximate 20 percent deferral of capital expenditures that had been planned for 2016.

PT-FI has several projects in progress 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, currently anticipated to occur in early 2018. From 2016 to 2020, estimated aggregate capital spending on these projects is currently expected to average \$1.0 billion per year (\$0.8 billion per year net to PT-FI). 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.

Operating Data. Following is a summary of consolidated operating data for the Indonesia mining operations for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Copper (millions of recoverable pounds)				
Production	208	205	373	359
Sales	196	196	370	351
Average realized price per pound	\$ 2.20	\$ 2.61	\$ 2.17	\$ 2.66
Gold (thousands of recoverable ounces)				
Production	158	360	336	615
Sales	151	346	346	606
Average realized price per ounce	\$ 1,292	\$ 1,173	\$ 1,260	\$ 1,183
Unit net cash costs per pound of copper ^a				
Site production and delivery, excluding adjustments	\$ 1.77	\$ 2.26	\$ 1.99	\$ 2.51
Gold and silver credits	(1.05)	(2.13)	(1.27)	(2.11)
Treatment charges	0.29	0.32	0.30	0.31
Export duties	0.08	0.18	0.08	0.16
Royalty on metals	0.11	0.18	0.12	0.17
Unit net cash costs	\$ 1.20	\$ 0.81	\$ 1.22	\$ 1.04

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 XV, which are available on FCX's website, "fcx.com."

Indonesia's consolidated copper sales totaled 196 million pounds in both the second quarters of 2016 and 2015 as higher copper ore grades in the 2016 period were offset by lower mining and milling rates. Indonesia's second-quarter 2016 gold sales of 151 thousand ounces were lower than second-quarter 2015 sales of 346 thousand ounces, primarily reflecting lower gold ore grades and lower mining and milling rates.

During second-quarter 2016, PT-FI completed repairs to its large-scale concentrating facility, which required 23 days of downtime to repair one of the milling circuits. PT-FI's second-quarter 2016 production was also impacted by lower than expected mining rates and productivity in the Grasberg open pit, which affects the timing of metal production. Productivity in the Grasberg open pit has improved in July.

At the Grasberg mine, the sequencing of mining areas with varying ore grades causes fluctuations in quarterly and annual production of copper and gold. Consolidated sales volumes from Indonesia mining operations are expected to approximate 1.3 billion pounds of copper and 1.7 million ounces of gold for the year 2016, compared with 744 million pounds of copper and 1.2 million ounces of gold for the year 2015. PT-FI expects ore grades to improve significantly, with approximately 40 percent of its 2016 copper sales and 55 percent of its 2016 gold sales anticipated in fourth-quarter 2016.

A significant portion of PT-FI's costs are fixed and unit costs vary depending on volumes and other factors. Indonesia's unit net cash costs (including gold and silver credits) of \$1.20 per pound of copper in second-quarter 2016 were higher than unit net cash costs of \$0.81 per pound in second-quarter 2015, primarily reflecting lower gold credits, partly offset by lower royalties, export duties and energy costs.

Based on current sales volume and cost estimates, and assuming an average gold price of \$1,300 per ounce for the second half of 2016, unit net cash costs (net of gold and silver credits) for Indonesia mining are expected to approximate \$0.12 per pound of copper for the year 2016 and \$0.43 per pound for third-quarter 2016. Indonesia mining's unit net cash costs for the year 2016 would change by approximately \$0.05 per pound for each \$50 per ounce change in the average price of gold. Because of the fixed nature of a large portion of Indonesia mining's costs, unit costs vary from quarter to quarter depending on copper and gold volumes. Anticipated higher ore grades from the Grasberg mine are expected to result in lower unit net cash costs in the second half of 2016.

Africa Mining. Africa mining includes the Tenke Fungurume Mining S.A. (TFM) minerals district, in which FCX holds an effective 56 percent interest in the Tenke copper and cobalt mining concessions in the Southeast region of the DRC. In May 2016, FCX entered into a definitive agreement to sell its interest in TF Holdings Limited. As a result and in accordance with accounting guidelines, the operating results of Africa mining have been separately reported as discontinued operations in FCX's consolidated statements of operations for all periods presented. The transaction is expected to close in fourth-quarter 2016, subject to regulatory approvals, CMOC shareholder approval and other customary closing conditions.

Operating and Development Activities. Revised plans at Tenke incorporate a 50 percent reduction in capital spending for 2016 and various initiatives to reduce operating, administrative and exploration costs. TFM successfully commissioned a sulphuric acid plant in first-quarter 2016, which will reduce requirements for third-party acid purchases.

Operating Data. Following is a summary of operating data for the Africa mining operations for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Copper (millions of recoverable pounds)				
Production	122	115	232	231
Sales	124	104	247	237
Average realized price per pound ^a	\$ 2.07	\$ 2.63	\$ 2.08	\$ 2.66
Cobalt (millions of contained pounds)				
Production	10	9	19	16
Sales	10	8	20	16
Average realized price per pound	\$ 6.58	\$ 9.27	\$ 6.52	\$ 9.23
Unit net cash costs per pound of copper ^b				
Site production and delivery, excluding adjustments	\$ 1.62	\$ 1.54	\$ 1.63	\$ 1.56
Cobalt credits ^c	(0.33)	(0.53)	(0.35)	(0.44)
Royalty on metals	0.05	0.06	0.05	0.06
Unit net cash costs	\$ 1.34	\$ 1.07	\$ 1.33	\$ 1.18

^a. Includes point-of-sale transportation costs as negotiated in customer contracts.

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

^c. Net of cobalt downstream processing and freight costs.

Africa mining's copper sales of 124 million pounds in second-quarter 2016 were higher than second-quarter 2015 copper sales of 104 million pounds, primarily reflecting higher mining rates and timing of sales in the 2015 period. Africa mining's sales for 2016 (through the anticipated closing date) are expected to approximate 440 million pounds of copper and 35 million pounds of cobalt, compared with 467 million pounds of copper and 35 million pounds of cobalt for the year 2015.

Africa mining's unit net cash costs (net of cobalt credits) of \$1.34 per pound of copper in second-quarter 2016 were higher than unit net cash costs of \$1.07 per pound of copper in second-quarter 2015, primarily reflecting lower cobalt credits. Unit net cash costs (net of cobalt credits) for Africa mining are expected to approximate \$1.28 per pound of copper for the year 2016, based on current sales volume and cost estimates and assuming an average cobalt price of \$11 per pound for the second half of 2016. Africa mining's unit net cash costs for the year 2016 would change by approximately \$0.045 per pound for each \$2 per pound change in the average price of cobalt.

Molybdenum Mines. FCX has two wholly owned molybdenum mines in North America - 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 and South America copper mines, is processed at FCX's conversion facilities.

Operating and Development Activities. In response to market conditions, the revised plans for the Henderson molybdenum mine incorporate lower operating rates, resulting in an approximate 65 percent reduction in Henderson's annual production volumes. FCX also adjusted production plans at its by-product mines, including reduced production at its Sierrita mine. Additionally, FCX incorporated changes in the commercial pricing structure for its chemicals products to promote continuation of chemical-grade production.

Production from the Molybdenum mines totaled 7 million pounds of molybdenum in second-quarter 2016 and 13 million pounds in second-quarter 2015. Refer to summary operating data on page 4 for FCX's consolidated molybdenum sales, which includes sales of molybdenum produced at the Molybdenum mines, and from FCX's North and South America copper mines.

Average unit net cash costs for the Molybdenum mines of \$7.80 per pound of molybdenum in second-quarter 2016 were higher than average unit net cash costs of \$7.19 per pound in second-quarter 2015, primarily reflecting lower volumes. Based on current sales volume and cost estimates, unit net cash costs for the Molybdenum mines are expected to average approximately \$8.60 per pound of molybdenum for the year 2016.

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 XV, which are available on FCX's website, "fcx.com."

Mining Exploration Activities. FCX's mining exploration activities are generally associated with its existing mines focusing on opportunities to expand reserves and resources to support development of additional future production capacity. Exploration results continue to indicate opportunities for significant future potential reserve additions in North and South America. Exploration spending continues to be constrained by market conditions and is expected to approximate \$45 million for the year 2016.

OIL AND GAS OPERATIONS

Through its wholly owned oil and gas subsidiary, FM O&G, FCX's principal oil and gas assets include significant oil production facilities and growth potential in the Deepwater GOM and established oil production facilities in California. For the first six months of 2016, approximately 90 percent of FCX's oil and gas revenues were from oil and NGLs.

During second-quarter 2016, FM O&G completed the sale of certain oil and gas royalty interests for cash consideration of \$102 million (before closing adjustments), and in July 2016, completed the sale of its Haynesville shale assets in North Louisiana for cash consideration of \$87 million (before closing adjustments). Under full cost accounting rules, the proceeds from these transactions are recorded as a reduction of capitalized oil and gas properties, with no gain or loss recognition.

Impairment of Oil and Gas Properties. FM O&G follows the full cost method of accounting, whereby all costs associated with oil and gas property acquisition, exploration and development activities are capitalized and amortized to expense under the unit-of-production method on a country-by-country basis using estimates of proved oil and gas reserves relating to each country where such activities are conducted. The costs of unproved oil and gas properties are excluded from amortization until the properties are evaluated.

Under full cost accounting rules, a "ceiling test" is conducted each quarter to review the carrying value of oil and gas properties for impairment. The U.S. Securities and Exchange Commission (SEC) requires the twelve-month average of the first-day-of-the-month historical reference oil price be used in determining the ceiling test limitation. Using West Texas Intermediate (WTI) as the reference oil price, the average price was \$43.12 per barrel at June 30, 2016, compared with \$46.26 per barrel at March 31, 2016. As a result of the impact of the reduction in twelve-month historical prices, net capitalized costs exceeded the ceiling test limitation under full cost accounting rules, which resulted in the recognition of a second-quarter 2016 impairment charge of \$291 million.

If the twelve-month historical average price remains below the June 30, 2016, twelve-month average of \$43.12 per barrel, the ceiling test limitation will decrease, potentially resulting in additional ceiling test impairments of FCX's oil and gas properties. The WTI spot oil price was \$43.13 per barrel at July 25, 2016. In addition to a decline in the trailing twelve-month average oil and gas prices, other factors that could result in future impairment of FCX's oil and gas properties include costs transferred from unevaluated properties to the full cost pool without corresponding proved oil and gas reserve additions, negative reserve revisions and the capitalization of future exploration and development costs. At June 30, 2016, carrying costs for unevaluated properties excluded from amortization totaled \$1.7 billion. These costs will be transferred into the full cost pool as the properties are evaluated and proved reserves are established or if impairment is determined. If these activities do not result in additions to discounted future net cash flows from proved oil and gas reserves at least equal to the related costs transferred (net of related tax effects), additional ceiling test impairments may occur.

Financial and Operating Data. Following is a summary of financial and operating data for the U.S. oil and gas operations for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Financial Summary (in millions)				
Realized revenues ^a	\$ 405	\$ 656	^b \$ 694	\$ 1,203
Cash production costs ^a	(186)	(249)	(378)	(503)
Cash operating margin	\$ 219	\$ 407	\$ 316	\$ 700
Capital expenditures ^c	\$ 388	\$ 777	\$ 868	\$ 1,795
Sales Volumes				
Oil (MMBbls)	8.7	8.6	17.0	17.0
Natural gas (Bcf)	18.8	23.5	38.4	45.3
NGLs (MMBbls)	0.6	0.6	1.2	1.1
MMBOE	12.4	13.1	24.5	25.6
Average Realized Prices ^a				
Oil (per barrel)	\$ 41.10	\$ 67.61	^b \$ 35.21	\$ 62.13 ^b
Natural gas (per million British thermal units, or MMBtu)	\$ 2.04	\$ 2.66	\$ 2.02	\$ 2.75
NGLs (per barrel)	\$ 18.00	\$ 20.50	\$ 16.44	\$ 21.71
Cash Operating Margin per BOE ^a				
Realized revenues	\$ 32.70	\$ 50.04	^b \$ 28.29	\$ 46.95 ^b
Cash production costs	(15.00)	(19.04)	(15.42)	(19.62)
Cash operating margin	\$ 17.70	\$ 31.00	\$ 12.87	\$ 27.33

Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. Cash production costs exclude accretion and other costs. For reconciliations of realized revenues (including average realized prices for oil, natural gas

^a and NGLs) and cash production costs to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, "fcx.com";

^b Includes realized cash gains on crude oil derivative contracts of \$101 million (\$11.79 per barrel of oil and \$7.73 per BOE) in second-quarter 2015 and \$201 million (\$11.88 per barrel of oil and \$7.87 per BOE) for the first six months of 2015. FCX currently does not have oil and gas derivative contracts in place for 2016 or future years.

^c Excludes international oil and gas expenditures totaling \$4 million in second-quarter 2016, \$29 million in second-quarter 2015, and \$47 million for the first six months of 2016 and \$44 million for the first six months of 2015, primarily related to the Morocco oil and gas properties.

FM O&G's average realized price for crude oil was \$41.10 per barrel in second-quarter 2016 (87 percent of the average Brent crude oil price of \$47.03 per barrel). FM O&G's average realized price for natural gas was \$2.04 per MMBtu in second-quarter 2016, compared to the New York Mercantile Exchange natural gas price average of \$1.95 per MMBtu for the April through June 2016 contracts.

Lower realized revenues for oil and gas operations of \$32.70 per BOE in second-quarter 2016, compared to \$50.04 per BOE in second-quarter 2015, primarily reflects lower oil prices and the impact of realized cash gains on derivative contracts of \$7.73 per BOE in second-quarter 2015.

Cash production costs for oil and gas operations of \$15.00 per BOE in second-quarter 2016 were lower than cash production costs of \$19.04 per BOE in second-quarter 2015, primarily reflecting higher production from GOM wells and ongoing cost reduction efforts.

Following is a summary of average oil and gas sales volumes per day by region for the second quarters and first six months of 2016 and 2015:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
Sales Volumes (MBOE per day)	2016	2015	2016	2015
GOM ^a	88	80	85	77
California	32	38	32	39
Haynesville/Madden/Other ^b	16	26	18	26
Total oil and gas operations	136	144	135	142

^a Includes sales from properties on the GOM Shelf and in the Deepwater GOM, and the Inboard Lower Tertiary/Cretaceous natural gas trend.

^b

In July 2016, FM O&G completed the sale of the Haynesville shale assets.

Daily sales volumes averaged 136 MBOE for second-quarter 2016, including 95 thousand barrels (MBbls) of crude oil, 207 million cubic feet (MMcf) of natural gas and 6 MBbls of NGLs. Since year-end 2015, FM O&G has commenced production from six 100-percent-owned Deepwater GOM wells. Oil and gas sales volumes are expected to average 130 MBOE per day for the year 2016, comprised of 73 percent oil, 5 percent natural gas and 22 percent NGLs. These estimates are below the April 2016 estimates of 149 MBOE per day, reflecting revised estimates for three Holstein Deep wells that commenced production in second-quarter 2016, the sale of the Haynesville shale assets and production constraints following a fire at a third-party natural gas processing plant.

In late June 2016, a fire at a third-party natural gas processing plant in Pascagoula, Mississippi resulted in the shutdown of the plant and the pipeline that transports gas supply from several offshore platforms, including FM O&G's Horn Mountain and Marlin facilities (representing approximately 45 percent of FM O&G's GOM BOE production). As a result, production has been temporarily constrained and FM O&G is currently accessing an alternative pipeline as an interim solution. FM O&G is working with third parties on alternative routes to resume normal production and does not expect long-term impacts from this event.

Based on current sales volume and cost estimates, cash production costs are expected to approximate \$15.50 per BOE for the year 2016.

Oil and Gas Exploration, Operating and Development Activities. In second-quarter 2016, FM O&G remained focused on managing costs and enhancing asset values in response to the current market environment. FM O&G achieved a number of important operational milestones during the quarter, including the commencement of production from five 100-percent-owned Deepwater GOM tieback wells, including three at Holstein Deep and two in the Horn Mountain area. At Lucius and Heidelberg, the operator drilled development wells with favorable results that we believe will further benefit future oil production.

During second-quarter 2016, FCX negotiated the termination and settlement of FM O&G's drilling rig contracts with Noble Drilling (U.S.) LLC (Noble) and Rowan Companies plc (Rowan). As a result of the settlements, FM O&G was released from a total of \$1.1 billion in payment obligations under its three drilling rig contracts. In aggregate, reductions in previously contracted commitments for deepwater drillships approximate \$350 million. During second-quarter 2016, FCX issued 48 million shares of its common stock (representing a value of \$540 million) and paid \$85 million cash in connection with the settlements. FCX will fund the remaining \$130 million in cash during third-quarter 2016. FCX also agreed to provide contingent payments of up to \$105 million, depending on the average price of crude oil over the 12-month period ending June 30, 2017. A net charge of \$0.6 billion was recorded in second-quarter 2016 associated with the termination of these contracts.

Assuming an average oil price of \$49 per barrel, combined with these actions, operating cash flows from the oil and gas business are expected to exceed its capital expenditures in the second half of 2016 and 2017.

Since commencing development activities in 2014 at its three 100-percent-owned production platforms in the Deepwater GOM, FM O&G has drilled 14 wells in producing fields with positive results; 10 of these wells have been brought on production, including five wells during second-quarter 2016.

Oil and Gas Capital Expenditures. Capital expenditures for oil and gas operations in second-quarter 2016 totaled \$388 million in the U.S. (including \$205 million incurred for GOM and approximately \$150 million associated with the change in capital expenditure accruals) and \$4 million associated with international oil and gas properties.

Capital expenditures for oil and gas operations for the year 2016 are estimated to total \$1.4 billion, with approximately 90 percent of the capital budget expected to be directed to the GOM.

Deepwater GOM. FM O&G operates and owns 100-percent working interests in the Holstein, Marlin and Horn Mountain deepwater production platforms, which in total have processing capacity of 250 MBbls of oil per day. In addition, FM O&G has interests in the Lucius, Heidelberg, Ram Powell and Hoover producing oil fields and the Atwater Valley undeveloped area.

During second-quarter 2016, production from six wells in the Lucius field in the Keathley Canyon area averaged 20 MBOE per day, net to FM O&G's 25-percent working interest. The field has performed well since initial production commenced in first-quarter 2015. In second-quarter 2016, the operator completed the seventh well in the field. Approximately 80 percent of FM O&G's working interest is held through its consolidated subsidiary Plains Offshore Operations Inc. (POI). Third parties hold a preferred interest in POI and are entitled to a liquidation preference and to receive preferred distributions.

In January 2016, first oil production commenced from three initial subsea wells in the Heidelberg oil field in the Green Canyon area. Heidelberg is a subsea oil development consisting of five subsea wells tied back to a truss spar hull located in 5,300 feet of water. In second-quarter 2016, the operator commenced drilling a fourth well in the field, and in July 2016, logging results confirmed oil pay with similar characteristics to a good offset producing well. The fifth and final well of the initial development phase commenced drilling in third-quarter 2016. Heidelberg field was discovered in February 2009, and the subsequent development project was sanctioned in early 2013. FM O&G has a 12.5 percent working interest in Heidelberg.

At the 100-percent-owned Holstein Deep, three wells commenced production in second-quarter 2016 and are currently

producing at a gross rate of approximately 9 MBOE per day. The rates are below previous estimates, reflecting lower than expected crude oil quality and lower permeability. The Holstein Deep development is located in Green Canyon Block 643, west of the 100-percent-owned Holstein platform in 3,890 feet of water, with production facilities capable of processing 113 MBbls of oil per day.

FM O&G's 100-percent-owned Horn Mountain field is located in the Mississippi Canyon area and has production facilities capable of processing 75 MBbls of oil per day. The Quebec/Victory and Kilo/Oscar wells commenced production in second-quarter 2016. To enhance recovery of remaining oil in place, future development plans will target subsea tieback from multiple stacked sands in the area.

FM O&G's well inventory also includes the Horn Mountain Deep discovery well, where successful drilling results in 2015 indicated the presence of sand sections deeper than known pay sections in the field. These positive results and geophysical data support the existence of Middle Miocene reservoir potential for additional development opportunities in the Horn Mountain Deep area, including five 100-percent-owned exploration prospects with significant future potential. FM O&G controls rights to over 55,000 acres associated with these prospects.

FM O&G's 100-percent-owned Marlin Hub is located in the Mississippi Canyon area and has production facilities capable of processing 60 MBbls of oil per day. FM O&G has drilled five successful tieback opportunities in the area since 2014. The King D-12 and Dorado wells commenced production in 2015, and the King D-13 well commenced production in first-quarter 2016.

CASH FLOWS, CASH and DEBT TRANSACTIONS

Operating Cash Flows. FCX generated operating cash flows of \$874 million (including \$278 million in working capital sources and changes in other tax payments) for second-quarter 2016 and \$1.6 billion (including \$466 million in working capital sources and changes in other tax payments) for the first six months of 2016.

Based on current sales volume and cost estimates and assuming average prices of \$2.25 per pound of copper, \$1,300 per ounce of gold, \$6 per pound of molybdenum and \$48 per barrel of Brent crude oil for the second half of 2016, FCX's consolidated operating cash flows are estimated to approximate \$4.5 billion for the year 2016 (including \$0.7 billion in working capital sources and other tax payments). The impact of price changes for the second half of 2016 on operating cash flows would approximate \$260 million for each \$0.10 per pound change in the average price of copper, \$40 million for each \$50 per ounce change in the average price of gold, \$35 million for each \$2 per pound change in the average price of molybdenum and \$55 million for each \$5 per barrel change in the average Brent crude oil price.

Capital Expenditures. Capital expenditures totaled \$833 million for second-quarter 2016, consisting of \$441 million for mining operations (including \$350 million for major projects) and \$392 million for oil and gas operations. Capital expenditures for the first six months of 2016 totaled \$1.8 billion, consisting of \$900 million for mining operations (including \$0.7 billion for major projects) and \$915 million for oil and gas operations.

Capital expenditures are expected to approximate \$3.1 billion for the year 2016, consisting of \$1.7 billion for mining operations (including \$1.3 billion for major projects, primarily for underground development activities at Grasberg and remaining costs for the Cerro Verde expansion) and \$1.4 billion for oil and gas operations.

Cash. Following is a summary of the U.S. and international components of consolidated cash and cash equivalents available to the parent company (excluding cash and cash equivalents of \$78 million in assets held for sale), net of noncontrolling interests' share, taxes and other costs at June 30, 2016 (in millions):

Cash at domestic companies	\$ 20
Cash at international operations	332
Total consolidated cash and cash equivalents	352
Noncontrolling interests' share	(102)
Cash, net of noncontrolling interests' share	250
Withholding taxes and other	(23)
Net cash available	\$ 227

Debt. FCX continues to focus on cost and capital management and cash flow generation from its operations and is taking actions to reduce debt through asset sales, available cash flows and other transactions. Following is a summary of total debt and the related weighted-average interest rates at June 30, 2016 (in billions, except percentages):

		Weighted- Average Interest Rate
FCX Senior Notes	\$ 11.6	3.8%
FCX Term Loan	2.5	^a 3.2%

FM O&G Senior Notes	2.5	6.6%
Cerro Verde Credit Facility	1.8	2.8%
Other debt	0.9	4.7%
	\$19.3	4.0%

a. In accordance with the mandatory prepayment provision of the amended Term Loan, 50 percent of the proceeds associated with the Tenke sale must be applied toward repaying the Term Loan.

At June 30, 2016, FCX had \$40 million in letters of credit issued and availability of \$3.5 billion under its \$3.5 billion revolving credit facility.

Through July 25, 2016, FCX exchanged \$369 million in senior notes (including exchanges totaling \$268 million in second-quarter 2016) maturing in 2022, 2023, 2034 and 2043 for 28 million shares of FCX common stock in a series of privately negotiated transactions at a cost of \$311 million. FCX has approximately 1.33 billion common shares outstanding, which includes shares issued through July 25, 2016, in connection with the settlement of these privately negotiated transactions.

FINANCIAL POLICY

FCX intends to continue to seek to strengthen its financial position, with a focus on significant debt reduction. In December 2015, FCX's common stock dividend was suspended. FCX's Board of Directors will continue to review its financial policy on an ongoing basis.

WEBCAST INFORMATION

A conference call with securities analysts to discuss FCX's second-quarter 2016 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 26, 2016.

FCX is a premier U.S.-based natural resources company with an industry-leading global portfolio of mineral assets and significant oil and gas resources. 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; significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America; the Tenke Fungurume minerals district in the DRC; and significant U.S. oil and natural gas assets, principally in the Deepwater GOM and in California. 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, cash production costs per BOE, operating cash flows, capital expenditures, debt reduction initiatives, including FCX's ability to complete pending asset sales and to sell additional assets, exploration efforts and results, development and production activities and costs, liquidity, tax rates, the impact of copper, gold, molybdenum, cobalt, crude oil and natural gas 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," and "potential" and any similar expressions are intended to identify those assertions as forward-looking statements. Under its term loan and revolving credit facility, as amended, FCX is not permitted to pay dividends on common stock on or prior to March 31, 2017. The declaration of dividends is at the discretion of the Board, subject to restrictions under FCX's credit agreements, 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, molybdenum, cobalt, crude oil and natural gas, mine sequencing, production rates, drilling results, potential effects of cost and capital expenditure reductions and production curtailments on financial results and cash flow, the outcome of FCX's debt reduction initiatives, FCX's ability to secure regulatory approvals, satisfy closing conditions and consummate pending asset sales, potential additional oil and gas property impairment charges, potential inventory adjustments, potential impairment of long-lived mining assets, the outcome of ongoing discussions with the Indonesian government regarding PT-FI's COW, PT-FI's ability to obtain renewal of its export license after August 8, 2016, the potential effects of violence in

Indonesia generally and in the province of Papua, the resolution of administrative disputes in the DRC, industry risks, regulatory changes, political risks, labor relations, weather- and climate-related risks, environmental risks, litigation results 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, 2015, 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 costs per pound of copper and molybdenum, oil and gas realized revenues, cash production costs and cash operating margin, 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 MINING OPERATING DATA

	Three Months Ended June 30,			
	Production		Sales	
	2016	2015	2016	2015
COPPER (millions of recoverable pounds) (FCX's net interest in %)				
North America				
Morenci (72%) ^a	224	219	221	225
Bagdad (100%)	44	51	45	56
Safford (100%)	53	39	52	40
Sierrita (100%)	41	48	40	51
Miami (100%)	6	12	7	12
Chino (100%)	80	76	78	78
Tyrone (100%)	19	23	19	23
Other (100%)	2	1	2	1
Total North America	469	469	464	486
South America				
Cerro Verde (53.56%)	278	104	270	97
El Abra (51%)	56	84	57	81
Total South America	334	188	327	178
Indonesia				
Grasberg (90.64%) ^b	208	205	196	196
Consolidated - continuing operations	1,011	862	987	860
Discontinued operation - Tenke Fungurume (Tenke) (56%)	122	115	124	104
Total	1,133	977	1,111	964
Less noncontrolling interests	229	160	226	149
Net	904	817	885	815
Average realized price per pound			\$ 2.19	\$ 2.72
Average realized price per pound (including Tenke)			\$ 2.18	\$ 2.71
GOLD (thousands of recoverable ounces) (FCX's net interest in %)				
North America (100%)	8	7	5	6
Indonesia (90.64%) ^b	158	360	151	346
Consolidated	166	367	156	352
Less noncontrolling interests	14	34	14	33
Net	152	333	142	319
Average realized price per ounce			\$ 1,292	\$ 1,174
MOLYBDENUM (millions of recoverable pounds) (FCX's net interest in %)				
Henderson (100%)	3	7	N/A	N/A

Climax (100%)	4	6	N/A	N/A
North America copper mines (100%) ^a	8	10	N/A	N/A
Cerro Verde (53.56%)	4	2	N/A	N/A
Consolidated	19	25	19	23
Less noncontrolling interests	2	1	2	1
Net	17	24	17	22
Average realized price per pound			\$ 8.34	\$ 9.51

COBALT (millions of contained pounds)

(FCX's net interest in %)

Discontinued operation - Tenke (56%)	10	9	10	8
Less noncontrolling interests	4	4	5	4
Net	6	5	5	4
Average realized price per pound			\$ 6.58	\$ 9.27

^a. Amounts are net of Morenci's undivided joint venture partner's interest; effective May 31, 2016, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent.

^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 43 million pounds in second-quarter 2016 and 24 million pounds in second-quarter 2015.

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SELECTED MINING OPERATING DATA (continued)

COPPER (millions of recoverable pounds) (FCX's net interest in %)	Six Months Ended June 30,			
	Production		Sales	
	2016	2015	2016	2015
North America				
Morenci (72%) ^a	456	424	459	436
Bagdad (100%)	92	104	95	114
Safford (100%)	109	79	111	81
Sierrita (100%)	82	95	83	100
Miami (100%)	14	23	16	25
Chino (100%)	161	149	161	153
Tyrone (100%)	39	45	39	47
Other (100%)	3	2	3	2
Total North America	956	921	967	958
South America				
Cerro Verde (53.56%)	550	211	526	207
El Abra (51%)	119	170	124	171
Total South America	669	381	650	378
Indonesia				
Grasberg (90.64%) ^b	373	359	370	351
Consolidated - continuing operations	1,998	1,661	1,987	^c 1,687
Discontinued operation - Tenke (56%)	232	231	247	237
Total	2,230	1,892	2,234	1,924
Less noncontrolling interests	450	317	448	317
Net	1,780	1,575	1,786	1,607
Average realized price per pound			\$ 2.17	\$ 2.71
Average realized price per pound (including Tenke)			\$ 2.16	\$ 2.70
GOLD (thousands of recoverable ounces) (FCX's net interest in %)				
North America (100%)	14	11	11	9
Indonesia (90.64%) ^b	336	615	346	606
Consolidated	350	626	357	615
Less noncontrolling interests	31	58	32	57
Net	319	568	325	558
Average realized price per ounce			\$ 1,259	\$ 1,183

MOLYBDENUM (millions of recoverable pounds)				
(FCX's net interest in %)				
Henderson (100%)	5	14	N/A	N/A
Climax (100%)	9	12	N/A	N/A
North America copper mines (100%) ^a	16	19	N/A	N/A
Cerro Verde (53.56%)	9	4	N/A	N/A
Consolidated	39	49	36	46
Less noncontrolling interests	4	2	3	2
Net	35	47	33	44
Average realized price per pound			\$ 7.99	\$ 9.84

COBALT (millions of contained pounds)				
(FCX's net interest in %)				
Discontinued operation - Tenke (56%)	19	16	20	16
Less noncontrolling interests	8	7	9	7
Net	11	9	11	9
Average realized price per pound			\$ 6.52	\$ 9.23

^a. Amounts are net of Morenci's undivided joint venture partner's interest; effective May 31, 2016, FCX's undivided interest in Morenci was prospectively reduced from 85 percent to 72 percent.

^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 70 million pounds for the first six months of 2016 and 64 million pounds for the first six months of 2015.

FREEPORT-McMoRan INC.

SELECTED MINING OPERATING DATA (continued)

	Three Months Ended June 30, 2016	2015	Six Months Ended June 30, 2016	2015
100% North America Copper Mines				
Solution Extraction/Electrowinning (SX/EW) Operations				
Leach ore placed in stockpiles (metric tons per day)	780,700	890,000	807,100	902,500
Average copper ore grade (percent)	0.33	0.26	0.32	0.25
Copper production (millions of recoverable pounds)	303	261	605	508
Mill Operations				
Ore milled (metric tons per day)	300,400	316,000	299,500	308,800
Average ore grades (percent):				
Copper	0.48	0.47	0.49	0.48
Molybdenum	0.03	0.03	0.03	0.03
Copper recovery rate (percent)	86.6	85.8	85.6	85.6
Production (millions of recoverable pounds):				
Copper	219	247	445	488
Molybdenum	8	10	16	19
100% South America Mining				
SX/EW Operations				
Leach ore placed in stockpiles (metric tons per day)	170,400	237,000	155,500	235,300
Average copper ore grade (percent)	0.39	0.41	0.40	0.41
Copper production (millions of recoverable pounds)	82	109	172	223
Mill Operations				
Ore milled (metric tons per day)	352,000	116,500	345,700	117,900
Average ore grades:				
Copper (percent)	0.42	0.46	0.43	0.45
Molybdenum (percent)	0.02	0.01	0.02	0.02
Copper recovery rate (percent)	88.0	78.2	87.1	78.9
Production (recoverable):				
Copper (millions of pounds)	252	79	497	158
Molybdenum (millions of pounds)	4	2	9	4
100% Indonesia Mining				
Ore milled (metric tons per day) ^a				
Grasberg open pit	110,200	134,200	108,000	121,200

Deep Ore Zone underground mine	36,700	42,700	40,500	45,800
Deep Mill Level Zone (DMLZ) underground mine ^b	4,900	—	4,500	—
Grasberg Block Cave underground mine ^b	2,600	—	2,400	—
Big Gossan underground mine ^b	1,000	—	600	—
Total	155,400	176,900	156,000	167,000
Average ore grades:				
Copper (percent)	0.84	0.67	0.77	0.63
Gold (grams per metric ton)	0.48	0.86	0.50	0.78
Recovery rates (percent):				
Copper	90.4	90.6	89.9	90.6
Gold	80.0	83.5	80.3	83.9
Production (recoverable):				
Copper (millions of pounds)	226	205	409	359
Gold (thousands of ounces)	174	360	364	615
100% Africa Mining (Discontinued Operation)				
Ore milled (metric tons per day)	15,900	15,300	15,500	14,900
Average ore grades (percent):				
Copper	4.05	4.02	4.01	4.18
Cobalt	0.43	0.44	0.46	0.40
Copper recovery rate (percent)	94.5	93.9	93.7	93.9
Production (millions of pounds):				
Copper (recoverable)	122	115	232	231
Cobalt (contained)	10	9	19	16
100% Molybdenum Mines				
Ore milled (metric tons per day)	18,600	35,900	18,500	38,200
Average molybdenum ore grade (percent)	0.19	0.20	0.21	0.19
Molybdenum production (millions of recoverable pounds)	7	13	14	26

^a. Amounts represent the approximate average daily throughput processed at PT-FI's 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 2021; production from the Grasberg Block Cave underground mine is expected to commence in 2018 and production from the Big Gossan underground mine is expected to restart in the first half of 2017.

FREEPORT-McMoRan INC.

SELECTED U.S. OIL AND GAS OPERATING DATA

	Three Months Ended June 30,			
	Sales Volumes		Sales per Day	
	2016	2015	2016	2015
Gulf of Mexico (GOM) ^a				
Oil (thousand barrels or MBbls)	5,825	5,234	64	58
Natural gas (million cubic feet or MMcf)	9,814	9,279	108	102
Natural gas liquids (NGLs, in MBbls)	559	529	6	5
Thousand barrels of oil equivalents (MBOE)	8,019	7,309	88	80
Average realized price per BOE ^b	\$35.02	\$47.82		
Cash production costs per BOE ^b	\$12.43	\$16.98		
Capital expenditures (in millions)	\$205	\$676		
CALIFORNIA				
Oil (MBbls)	2,792	3,326	31	37
Natural gas (MMcf)	405	562	5	6
NGLs (MBbls)	30	42	— ^c	— ^c
MBOE	2,890	3,462	32	38
Average realized price per BOE ^b	\$36.70	\$48.30		
Cash production costs per BOE ^b	\$23.62	\$27.13		
Capital expenditures (in millions)	\$7	\$24		
HAYNESVILLE/MADDEN/OTHER ^d				
Oil (MBbls)	37	39	— ^c	— ^c
Natural gas (MMcf)	8,576	13,693	94	151
NGLs (MBbls)	7	15	— ^c	— ^c
MBOE	1,473	2,336	16	26
Average realized price per BOE ^b	\$12.09	\$16.15		
Cash production costs per BOE ^b	\$12.07	\$13.55		
Capital expenditures (in millions)	\$2	\$6		
TOTAL U.S. OIL AND GAS OPERATIONS				
Oil (MBbls)	8,654	8,599	95	95

Natural gas (MMcf)	18,795	23,534	207	259
NGLs (MBbls)	596	586	6	5
MBOE	12,382	13,107	136	144
Cash operating margin per BOE: ^b				
Realized revenues	\$32.70	\$50.04 ^e		
Less: cash production costs	15.00	19.04		
Cash operating margin	\$17.70	\$31.00		
Depreciation, depletion and amortization per BOE	\$17.61	\$36.99		
Capital expenditures (in millions)	\$388	\$777	^f	^f

a. Reflects properties in the Deepwater GOM and on the Shelf, including the Inboard Lower Tertiary/Cretaceous natural gas trend.

b. Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. For reconciliations of average realized price and cash production costs per BOE to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, "fcx.com";

c. Rounds to less than 1 MBbl per day.

d. In July 2016, FM O&G completed the sale of the Haynesville shale assets.

e. Includes realized cash gains on crude oil derivative contracts of \$7.73 per BOE. These contracts were managed on a consolidated basis; accordingly, the average realized price per BOE by region did not reflect adjustments for crude oil derivative contracts. FM O&G currently does not have oil and gas derivative contracts in place for 2016 or future years.

f. Consolidated capital expenditures for U.S. oil and gas operations reflect total spending, which includes changes in capital expenditure accruals and other adjustments totaling \$174 million for second-quarter 2016 and \$71 million for second-quarter 2015 that are not specifically allocated to the above regions. Excludes international oil and gas capital expenditures totaling \$4 million in second-quarter 2016 and \$29 million for second-quarter 2015, primarily related to the Morocco oil and gas properties.

FREEPORT-McMoRan INC.

SELECTED U.S. OIL AND GAS OPERATING DATA (continued)

	Six Months Ended June 30,			
	Sales Volumes		Sales per Day	
	2016	2015	2016	2015
GOM^a				
Oil (MBbls)	11,198	10,197	62	56
Natural gas (MMcf)	18,712	16,634	103	92
NGLs (MBbls)	1,084	1,001	6	6
MBOE	15,401	13,970	85	77
Average realized price per BOE ^b	\$30.55	\$44.40		
Cash production costs per BOE ^b	\$12.26	\$17.17		
Capital expenditures (in millions)	\$482	\$1,381		
CALIFORNIA				
Oil (MBbls)	5,673	6,700	31	37
Natural gas (MMcf)	885	1,146	5	6
NGLs (MBbls)	66	84	— ^c	— ^c
MBOE	5,887	6,975	32	39
Average realized price per BOE ^b	\$31.24	\$43.49		
Cash production costs per BOE ^b	\$25.98	\$29.43		
Capital expenditures (in millions)	\$16	\$53		
HAYNESVILLE/MADDEN/OTHER^d				
Oil (MBbls)	81	74	— ^c	1
Natural gas (MMcf)	18,837	27,521	103	152
NGLs (MBbls)	20	25	— ^c	— ^c
MBOE	3,240	4,686	18	26
Average realized price per BOE ^b	\$12.18	\$16.66		
Cash production costs per BOE ^b	\$11.21	\$12.42		
Capital expenditures (in millions)	\$2	\$27		
TOTAL U.S. OIL AND GAS OPERATIONS				
Oil (MBbls)	16,952	16,971	93	94
Natural gas (MMcf)	38,434	45,301	211	250
NGLs (MBbls)	1,170	1,110	6	6
MBOE	24,528	25,631	135	142
Cash operating margin per BOE: ^b				
Realized revenue	\$28.29	\$46.95 ^e		
Less: cash production costs	15.42	19.62		

Cash operating margin	\$ 12.87	\$ 27.33
Depreciation, depletion and amortization per BOE	\$ 19.27	\$ 39.59
Capital expenditures (in millions)	\$ 868	\$ 1,795

a. Reflects properties in the Deepwater GOM and on the Shelf, including the Inboard Lower Tertiary/Cretaceous natural gas trend.

b. Cash operating margin for oil and gas operations reflects realized revenues less cash production costs. For reconciliations of average realized price and cash production costs per BOE to revenues and production and delivery costs reported in FCX's consolidated financial statements, refer to the supplemental schedules, "Product Revenues and Production Costs," beginning on page XV, which are available on FCX's website, fcx.com;

c. Rounds to less than 1 MBbl per day.

d. In July 2016, FM O&G completed the sale of the Haynesville shale assets.

e. Includes realized cash gains on crude oil derivative contracts of \$7.87 per BOE. These contracts were managed on a consolidated basis; accordingly, the average realized price per BOE by region did not reflect adjustments for crude oil derivative contracts. FM O&G currently does not have oil and gas derivative contracts in place for 2016 or future years.

f. Consolidated capital expenditures for U.S. oil and gas operations reflect total spending, which includes changes in capital expenditure accruals and other adjustments totaling \$368 million for the first six months of 2016 and \$334 million for the first six months of 2015 that are not specifically allocated to the above regions. Excludes international oil and gas capital expenditures totaling \$47 million for the first six months of 2016 and \$44 million for the first six months of 2015, primarily related to the Morocco oil and gas properties.

FREEPORT-McMoRan INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended
	June 30,	June 30,	June 30,
	2016	2015	2016
	(In millions, except per share)		
Revenues ^a	\$ 3,334	\$ 3,938	\$ 6,551
Cost of sales:			
Production and delivery ^b	2,956	2,651	5,455
Depreciation, depletion and amortization	632	833	1,299
Impairment of oil and gas properties	291	2,686	4,077
Total cost of sales	3,879	6,170	10,831
Selling, general and administrative expenses	160	^c 148	298
Mining exploration and research expenses	15	30	33
Environmental obligations and shutdown costs	11	11	21
Net gain on sales of assets	(749)	—	(749)
Total costs and expenses	3,316	6,359	10,430
Operating income (loss)	18	(2,421)	(3,880)
Interest expense, net ^d	(196)	(142)	(387)
Net gain on early extinguishment of debt	39	—	36
Other income, net	25	36	^e 64
Loss from continuing operations before income taxes and equity in affiliated companies' net earnings	(114)	(2,527)	(4,141)
(Provision for) benefit from income taxes ^f	(116)	699	(193)
Equity in affiliated companies' net earnings	1	—	8
Net loss from continuing operations	(229)	(1,828)	(4,333)
Net (loss) income from discontinued operations ^g	(181)	29	(185)
Net loss	(410)	(1,799)	(4,518)
Net income attributable to noncontrolling interests:			
Continuing operations	(47)	(16)	(109)
Discontinued operations	(12)	(26)	(22)
Preferred dividends attributable to redeemable noncontrolling interest	(10)	(10)	(21)
Net loss attributable to common stockholders ^h	\$(479)	\$(1,851)	\$(4,670)
Basic and diluted net (loss) income per share attributable to common stockholders:			
Continuing operations	\$(0.23)	\$(1.78)	\$(3.00)
Discontinued operations	(0.15)	—	(0.15)
	\$(0.38)	\$(1.78)	\$(3.15)
Basic and diluted weighted-average common shares outstanding	1,269	1,040	1,269
Dividends declared per share of common stock	\$—	\$ 0.1605	\$—

a. Revenues include favorable (unfavorable) adjustments to provisionally priced concentrate and cathode copper sales recognized in prior periods (refer to the supplemental schedule, "Derivative Instruments," on page XI for a summary of these amounts).

b. Revenues for the 2015 periods also include net noncash mark-to-market losses associated with crude oil derivative contracts (refer to the supplemental schedule, "Adjusted Net (Loss) Income," on Page IX for a summary of these amounts).

- Refer to the supplemental schedule, "Adjusted Net (Loss) Income," on page IX for a summary of amounts included in production and delivery costs for net charges at (i) oil and gas operations primarily associated with drillship contract settlements/idle rig costs and inventory write downs and (ii) mining operations for adjustments to inventories.
- b. Includes net restructuring charges at oil and gas operations. Refer to the supplemental schedule, "Adjusted Net (Loss) Income," on page IX.
- c. Consolidated interest expense, excluding capitalized interest, totaled \$218 million in second-quarter 2016, \$208 million in second-quarter 2015, \$436 million for the first six months of 2016 and \$411 million for the first six months of 2015.
- d. Includes a gain for the proceeds received from insurance carriers and other third parties related to a shareholder derivative litigation settlement. Refer to the supplemental schedule, "Adjusted Net (Loss) Income," on page IX.
- e. Refer to the supplemental schedule, "Income Taxes," on page X for a summary of income taxes from continuing operations.

- Net of charges for (i) allocated interest expense associated with FCX's term loan that is required to be repaid as a result of the sale of FCX's interest in Tenke Fungurume (Tenke) totaling \$11 million in second-quarter 2016, \$7 million in second-quarter 2015, \$21 million for the first six months of 2016 and \$14 million for the first six months of 2015 and (ii) income tax (benefit) provision totaling \$(16) million in second-quarter 2016, \$12 million in second-quarter 2015, \$(23) million for the first six months of 2016 and \$31 million for the first six months of 2015. In accordance with accounting guidelines, the second quarter and first six months of 2016 are also net of \$177 million for the estimated loss on disposal, which will be adjusted through closing of the transaction.
- f. FCX defers recognizing profits on intercompany sales until final sales to third parties occur. Refer to the supplemental schedule, "Deferred Profits," on page XI for a summary of net impacts from changes in these deferrals.

FREEPORT-McMoRan INC.

CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2016	December 31, 2015
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 352	\$ 195
Trade accounts receivable	694	660
Income and other tax receivables	916	1,341
Other accounts receivable	102	154
Inventories:		
Mill and leach stockpiles	1,348	1,539
Materials and supplies, net	1,338	1,594
Product	1,058	1,071
Other current assets	226	164
Held for sale	4,666	744
Total current assets	10,700	7,462
Property, plant, equipment and mining development costs, net	23,609	24,248
Oil and gas properties, net - full cost method:		
Subject to amortization, less accumulated amortization and impairment	1,381	2,262
Not subject to amortization	1,656	4,831
Long-term mill and leach stockpiles	1,742	1,663
Other assets	2,208	2,001
Held for sale	—	4,110
Total assets	\$ 41,296	\$ 46,577
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,569	\$ 3,255
Current portion of debt	770	649
Current portion of environmental and asset retirement obligations	322	272
Accrued income taxes	55	23
Held for sale	824	108
Total current liabilities	4,540	4,307
Long-term debt, less current portion	18,549	19,779
Deferred income taxes	3,758	3,607
Environmental and asset retirement obligations, less current portion	3,697	3,717
Other liabilities	1,662	1,641
Held for sale	—	718
Total liabilities	32,206	33,769
Redeemable noncontrolling interest	771	764

Equity:		
Stockholders' equity:		
Common stock	145	137
Capital in excess of par value	25,105	24,283
Accumulated deficit	(17,049)	(12,387)
Accumulated other comprehensive loss	(488)	(503)
Common stock held in treasury	(3,710)	(3,702)
Total stockholders' equity	4,003	7,828
Noncontrolling interests ^a	4,316	4,216
Total equity	8,319	12,044
Total liabilities and equity	\$ 41,296	\$ 46,577

a. Includes noncontrolling interests of \$1.2 billion at June 30, 2016, and December 31, 2015, associated with Tenke.

FREEPORT-McMoRan INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six Months Ended June 30,	
	2016	2015
	(In millions)	
Cash flow from operating activities:		
Net loss	\$ (4,511)	\$ (4,205)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	1,374	1,829
Impairment of oil and gas properties	4,078	5,790
Non-cash oil and gas drillship settlements/idle rig costs	612	—
Oil and gas inventory adjustments and write downs	82	23
Mining inventory adjustments	7	63
Net gain on sales of assets	(749)	(39)
Net charges for environmental and asset retirement obligations, including accretion	107	109
Payments for environmental and asset retirement obligations	(116)	(81)
Net gain on early extinguishment of debt	(36)	—
Deferred income taxes	169	(1,432)
Estimated loss on disposal of discontinued operations	177	—
Increase in long-term mill and leach stockpiles	(99)	(104)
Net gains on crude oil derivative contracts	—	(58)
Other, net	53	81
Changes in working capital and other tax payments, excluding amounts from dispositions:		
Accounts receivable	259	493
Inventories	190	8
Other current assets	(53)	(1)
Accounts payable and accrued liabilities	44	(205)
Accrued income taxes and changes in other tax payments	26	(485)
Net cash provided by operating activities	1,614	1,786
Cash flow from investing activities:		
Capital expenditures:		
North America copper mines	(76)	(214)
South America	(293)	(902)
Indonesia	(459)	(438)
Molybdenum mines	(1)	(7)
U.S. oil and gas operations	(868)	(1,795)
Other	(118)	(172)
Net proceeds from sale of additional interest in Morenci	996	—
Net proceeds from sale of other assets	290	150
Other, net	(6)	(14)
Net cash used in investing activities	(535)	(3,392)
Cash flow from financing activities:		
Proceeds from debt	2,811	4,422
Repayments of debt	(3,649)	(2,360)
Net proceeds from sale of common stock	32	—
Cash dividends and distributions paid:		
Common stock	(5)	(380)
Noncontrolling interests	(39)	(60)
Stock-based awards net payments, including excess tax benefit	(5)	(7)
Debt financing costs and other, net	(18)	(7)
Net cash (used in) provided by financing activities	(873)	1,608

Net increase in cash and cash equivalents	206	2
Increase in cash and cash equivalents in assets held for sale	(49) (1
Cash and cash equivalents at beginning of year	195	317
Cash and cash equivalents at end of period	\$ 352	\$ 318

FREEMPORT-McMoRan INC.
ADJUSTED NET (LOSS) INCOME

Adjusted net (loss) income is intended to provide investors and others with information about FCX's recurring operating performance. This information differs from net loss attributable to common stockholders 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. Adjusted net (loss) income may not be comparable to similarly titled measures reported by other companies.

	Three Months Ended June 30,			2015	
	2016				
	Pre-tax	After-tax	Per Share	Pre-tax	After-tax
Net loss attributable to common stockholders	N/A	\$ (479)	\$ (0.38)	N/A	\$ (1,851)
Net noncash mark-to-market losses on crude oil derivative contracts	\$ —	\$ —	\$ —	\$ (95)	\$ (59)
Impairment of oil and gas properties	(291)	(291)	^a (0.23)	(2,686)	(1,975)
Other net charges for oil and gas operations:					
Drillship settlements/idle rig costs	(639)	(639)	(0.50)	(3)	(2)
Inventory write downs	(53)	(53)	(0.04)	(19)	(12)
Restructuring charges	(37)	(37)	(0.03)	—	—
Mining inventory adjustments	(2)	(2)	—	(59)	(38)
Net gain on sales of assets ^b	749	744	0.59	—	—
Net gain on early extinguishment of debt	39	39	0.03	—	—
Gain on shareholder derivative litigation settlement	—	—	—	92	92
Net tax charges ^c	N/A	(36)	(0.03)	N/A	—
Estimated loss on discontinued operations	(177)	(177)	(0.14)	—	—
	\$ (411)	\$ (452)	\$ (0.36)	^d \$ (2,770)	\$ (1,994)
Adjusted net (loss) income attributable to common stockholders	N/A	\$ (27)	\$ (0.02)	N/A	\$ 143
	Six Months Ended June 30,			2015	
	2016				
	Pre-tax	After-tax	Per Share	Pre-tax	After-tax
Net loss attributable to common stockholders	N/A	\$ (4,663)	\$ (3.70)	N/A	\$ (4,325)
Net noncash mark-to-market losses on crude oil derivative contracts	\$ —	\$ —	\$ —	\$ (143)	\$ (89)
Impairment of oil and gas properties	(4,078)	(4,078)	^a (3.24)	(5,790)	(4,374)
Other net charges for oil and gas operations:					
Drillship settlements/idle rig costs	(804)	(804)	(0.64)	(16)	(10)
Inventory write downs	(88)	(88)	(0.07)	(23)	(14)
Restructuring charges	(39)	(39)	(0.03)	—	—
Mining inventory adjustments	(7)	(7)	(0.01)	(63)	(41)
Net gain on sales of assets ^b	749	744	0.59	39	25
Net gain on early extinguishment of debt	36	36	0.03	—	—
Gain on shareholder derivative litigation settlement	—	—	—	92	92
Net tax charges ^c	N/A	(36)	(0.03)	N/A	—
Estimated loss on discontinued operations	(177)	(177)	(0.14)	—	—
	\$ (4,408)	\$ (4,449)	\$ (3.53)	^d \$ (5,904)	\$ (4,411)
Adjusted net (loss) income attributable to common stockholders	N/A	\$ (214)	\$ (0.17)	N/A	\$ 86

As a result of the impairment to oil and gas properties, FCX recorded tax charges of \$108 million in second-quarter 2016, \$305 million in second-quarter 2015, \$1.5 billion for the first six months of 2016 and \$763 million for the first six months of 2015 to establish a valuation allowance against deferred tax assets that will not generate a future benefit. These tax charges have been reflected in the above after-tax impacts for the impairment of oil and gas properties.

^b Net gain on sales of assets primarily reflects the sales of a 13 percent undivided interest in the Morenci unincorporated joint venture and an interest in the Timok exploration project in Serbia for the second quarter and first six months of 2016, and the sale of FCX's one-third interest in the Luna Energy power facility in New Mexico for the first six months of 2015.

^c For further discussion of net tax charges impacting the second quarter and first six months of 2016, refer to "Income Taxes," on page X.

^d Per share amounts do not foot down because of rounding.

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