

PRESS RELEASE
FEBRUARY 17, 2017

Statement from Richard C. Adkerson
President and CEO Freeport-McMoRan Inc.

Jakarta – For more than five years, PT Freeport Indonesia (PT-FI) has consistently made good faith efforts to be responsive to changes in Indonesian laws and government regulations, some of which have negatively impacted our operations at the Grasberg mining operations in Papua.

I have been in Jakarta for many days working to address issues facing our Company from the recent decrees from the Ministry of Energy and Mineral Resources on exports of copper concentrates. Together with our management team and members of the local community, we have been working to protect the interests of the Company and its many stakeholders, including our valued employees.

Even though Indonesia's Mining Law of 2009 states that Contracts of Work remain in force during their terms, the Government is seeking to require Freeport to forfeit the 1991 Contract of Work in return for an uncertain operating license and short-term approval to export.

We cannot relinquish the legal rights provided by the Contract which are the basis of long-term stability and protection for our Company and vital to the long-term interests of our employees, communities and shareholders. Legal and fiscal certainty is necessary for PTFI to make the massive long-term investments of capital necessary to develop our resources in the remote area of our operations in Papua.

Under the Contract, Freeport has made \$12 billion of investments and is undertaking \$15 billion of ongoing capital investments to develop our underground resources. We have built a business with a workforce of 32,000 Indonesians.

Under the Contract, the Government has received 60% of the direct financial benefits of our operations. Taxes, royalties, and dividends paid to the Government since 1991 have exceeded \$16.5 billion while Freeport-McMoRan has received \$10.8 billion in dividends. Future taxes, royalties, and dividends to be paid the Government through 2041 are expected to exceed \$40 billion.

Indonesian law reflects the internationally accepted legal principle that a contract constitutes a law between the parties to the contract and a contract cannot be unilaterally altered or terminated, even by passage of subsequent law and regulations.

Freeport has made good faith efforts to be flexible and committed to convert its Contract to a special license (IUPK) when the Government and Freeport enter into a mutually agreed

investment agreement that provides Freeport the same rights it has under the existing Contract, consistent with a letter of assurance from the Government to PTFI dated October 7, 2015.

We had discussed with the Government having a six months period to negotiate this investment agreement. Exports would be allowed and the Contract would remain in effect prior to signing the investment agreement. However, Government decrees now mandate that our Contract be terminated to obtain permission to export, which we cannot accept.

On January 17, 2017, PTFI submitted to the Ministry of Energy and Mineral Resources a notification describing breaches and violations of the Contract by the Government. PTFI expressed a sincere hope that this impending dispute with the Government can be resolved but reserved all of its rights pursuant to the Contract against the Government, including the right to commence arbitration to enforce all provisions of the Contract and to seek applicable damages.

Because Freeport cannot export without forfeiting its Contract, there will be severe unfavorable consequences for all stakeholders, including the suspension of capital investments, a significant reduction in domestic purchases of goods and services, and job losses for contractors and workers as we are forced to adjust our business costs to match constrained production.

This is an unfortunate and concerning situation for all of us. I appreciate all of your support for the Company during this challenging time. Our management team is committed to working to protect your long-term interests. I remain hopeful that we can find a mutually acceptable solution for our Company and the Government.

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