

Notes To Consolidated Financial Statements

Year-End	Ore (Thousand Metric Tons)	Average Ore Grade Per Metric Ton					Proven and Probable Recoverable Reserves		
		Copper	Gold		Silver		Copper	Gold	Silver
		(%)	(Grams)	(Ounces)	(Grams)	(Ounces)	(Billions of Lbs.)	(Millions of Ozs.)	(Millions of Ozs.)
2000	2,514,532	1.10	1.04	.033	3.40	.109	50.9	63.7	139.6
2001	2,583,883	1.13	1.05	.034	3.72	.120	52.5	64.5	151.6
2002	2,584,465	1.12	1.02	.033	3.73	.120	53.3	62.6	147.6
2003	2,695,883	1.08	0.98	.032	3.72	.120	54.4	60.4	159.4
2004	2,769,102	1.09	0.97	.031	3.84	.123	56.2	61.0	174.5

By Ore Body at December 31, 2004:

Developed and producing:

Grasberg open pit	710,607	1.11	1.30	.042	2.58	.083	14.9	24.9	29.9
Deep Ore Zone	155,243	0.92	0.63	.020	4.98	.160	2.5	2.3	12.6

Undeveloped:

Grasberg block cave	873,792	1.00	0.76	.024	2.82	.091	16.2	14.2	42.2
Kucing Liar	498,999	1.30	1.18	.038	5.61	.180	12.4	9.3	38.7
Mill Level Zone	158,773	0.87	0.76	.024	3.93	.126	2.6	3.0	12.6
Deep Mill Level Zone	146,417	1.22	0.95	.031	6.25	.201	3.4	3.4	18.4
Ertsberg Stockwork Zone	121,714	0.49	0.90	.029	1.65	.053	1.1	2.7	4.2
Dom block cave	43,651	1.09	0.31	.010	5.91	.190	0.8	0.3	4.0
Big Gossan	32,906	2.63	0.92	.030	15.72	.505	1.6	0.7	8.1
Dom open pit	27,000	1.80	0.43	.014	9.60	.309	0.7	0.2	3.8
Total	2,769,102	1.09	0.97	.031	3.84	.123	56.2	61.0	174.5

PT Freeport Indonesia's share

FCX's equity share^a

40.5	46.5	124.5
36.7	42.1	112.8

a. Reflects FCX's 90.6 percent ownership interest (see Note 2).

Estimated recoverable reserves were assessed using a copper price of \$0.85 per pound, a gold price of \$270 per ounce and a silver price of \$5.00 per ounce. With respect to the proven and probable reserves presented above, if metal prices were adjusted to the approximate average London spot prices for the past three years, i.e., copper prices adjusted from \$0.85 per pound to \$0.94 per pound and gold prices adjusted from \$270 per ounce to \$361 per ounce, the additions to proven and probable reserves would not be material to reported reserves.

Incremental cash flow attributable to the fourth concentrator mill expansion is shared 60 percent by PT Freeport Indonesia and 40 percent by Rio Tinto (Note 2). Incremental cash flow consists of amounts generated from production in excess of specified

annual amounts based on the December 31, 1994, reserves and mine plan. The incremental revenues from production from the expansion and total revenues from production from Block A, including production from PT Freeport Indonesia's previously existing operations, share proportionately in operating, nonexpansion capital and administrative costs. PT Freeport Indonesia receives 100 percent of cash flow from its existing pre-expansion production facilities as specified by the contractual arrangements. PT Freeport Indonesia's estimated net share of recoverable reserves and FCX's equity interest in those reserves follow:

Year-End	PT Freeport Indonesia			FCX ^a		
	Copper	Gold	Silver	Copper	Gold	Silver
	(Billions of Lbs.)	(Millions of Ozs.)	(Millions of Ozs.)	(Billions of Lbs.)	(Millions of Ozs.)	(Millions of Ozs.)
2000	38.9	50.3	108.5	33.4	43.2	93.2
2001	39.4	50.2	114.5	35.7	45.5	103.8
2002	39.4	48.5	110.9	35.7	44.0	100.5
2003	39.7	46.6	116.8	36.0	42.2	105.9
2004	40.5	46.5	124.5	36.7	42.1	112.8

a. Reflects FCX's 85.9 percent ownership interest through 2000 and 90.6 percent ownership interest thereafter (see Note 2).