

Notes To Consolidated Financial Statements

Through its operating subsidiaries, FCX markets its products worldwide primarily pursuant to the terms of long-term contracts. As a percentage of consolidated revenues, revenues under long-term contracts totaled approximately 96 percent in 2004 and 95 percent in 2003 and 2002. The only customer under long-term contracts with over ten percent

of revenues in at least one of the past three years is PT Smelting with 29 percent in 2004, 23 percent in 2003 and 20 percent in 2002.

FCX revenues attributable to various countries based on the location of the customer follow (in thousands):

	2004	2003	2002
Indonesia (PT Smelting)	\$ 696,022	\$ 510,245	\$ 391,071
Spain	490,647	372,791	378,817
Japan	414,386	412,404	342,899
Korea	142,924	69,134	79,352
Switzerland	64,145	130,518	146,062
Others	563,742	717,073	572,261
Total	\$ 2,371,866	\$ 2,212,165	\$ 1,910,462

FCX revenues attributable to the products it produces follow (in thousands):

	2004	2003	2002
Copper in concentrates ^a	\$ 996,331	\$ 612,443	\$ 599,358
Gold in concentrates	516,554	685,230	546,048
Silver in concentrates	17,091	16,374	14,740
Refined copper products	716,959	603,177	532,769
Gold and silver in slimes	124,383	272,050	209,136
Royalties	(43,498)	(26,472)	(24,532)
Sulphur and other	44,046	49,363	32,943
Total	\$ 2,371,866	\$ 2,212,165	\$ 1,910,462

a. Amounts are net of treatment and refining charges totaling \$175.9 million for 2004, \$179.1 million for 2003 and \$215.8 million for 2002.

Note 13. Supplementary Mineral Reserve Information (Unaudited)

Proven and probable reserves were determined by the use of mapping, drilling, sampling, assaying and evaluation methods generally applied in the mining industry, as more fully discussed below. The term "reserve," as used in the reserve data presented here, means that part of a mineral deposit which can be economically and legally extracted or produced at the time of the reserve determination. The term "proven reserves" means reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; (b) grade and/or quality are computed from the result of detailed sampling; and (c) the sites for inspection, sampling and measurements are spaced so closely and the geologic character is sufficiently defined that size, shape, depth and mineral content of reserves are well established. The term "probable reserves" means reserves for which quantity and grade are computed from information similar to that used for proven reserves but the sites for sampling are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

All of PT Freeport Indonesia's current aggregate (including Rio Tinto's share) proven and probable reserves, shown below, are located in Block A of PT Freeport Indonesia's Contract of Work. The initial term of the Contract of Work covering Block A expires at the end of 2021. PT Freeport Indonesia can extend this term for two successive 10-year periods, subject to the approval of the Indonesian government, which cannot be withheld or delayed unreasonably. PT Freeport Indonesia's reserve amounts reflect its estimates of the reserves that can be recovered before the end of 2041 (the expiration of the two 10-year extensions). PT Freeport Indonesia's current mine plan has been developed and its operations are based on receiving the two 10-year extensions. As a result, PT Freeport Indonesia does not anticipate the mining of all of its reserves prior to the end of 2021 based on its current mine plan, and there can be no assurance that the Indonesian government will approve the extensions. Prior to the end of 2021, under its current mine plan PT Freeport Indonesia expects to mine approximately 47 percent of aggregate proven and probable ore, representing approximately 55 percent of its share of recoverable copper reserves and approximately 69 percent of its share of recoverable gold reserves.