First Quantum Minerals Ltd.
Consolidated Financial Statements
Second Quarter – June 30, 2004

(Unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

First Quantum Minerals Ltd.

Consolidated Balance Sheets

As at June 30, 2004 and December 31, 2003

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

	2004 $	2003 $ (restated)
Assets		
Current assets		
Cash and cash equivalents	31,434	25,592
Restricted cash (note 14)	3,901	-
Accounts receivable and prepaid expenses	20,501	4,441
Inventory (note 5)	16,593	17,576
	72,429	47,609
Investments (note 6)	14,258	12,632
Exploration properties	2,296	2,242
Property, plant and equipment (note 7)	180,893	96,603
Other assets and deferred charges (note 8)	6,551	3,049
	276,427	162,135
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	28,170	17,737
Current portion of long-term debt (note 9)	16,192	16,326
	44,362	34,063
Long-term debt (note 9)	75,391	32,374
Future income tax liability (note 10)	9,841	4,589
Other liabilities (note 11)	8,219	7,296
	137,813	78,322
Minority interests	2,190	2,190
	140,003	80,512
Shareholders' Equity		
Equity accounts (note 12)	157,590	113,102
Deficit	(21,166)	(31,479)
	136,424	81,623
	276,427	162,135

Commitments and contingencies (note 15)

Approved by the Board of Directors

Director

Director

The accompanying notes are an integral part of these consolidated financial statements.

First Quantum Minerals Ltd.

Consolidated Statements of Earnings and Deficit

For the three and six months ended June 30, 2004 and 2003

(unaudited)
(expressed in thousands of U.S. dollars, except where indicated)

	Three months ended		Six months ended	
	June 30, 2004 $	**June 30, 2003 $**	**June 30, 2004 $**	**June 30, 2003 $**
Revenues		**(restated)**		**(restated)**
Owned Operations				
Copper	23,398	10,391	45,480	17,242
Acid	2,927	2,308	6,097	5,636
Other	780	(36)	1,036	50
	27,105	12,663	52,613	22,928
Costs and expenses				
Cost of sales	13,079	8,835	25,170	16,959
Depletion and amortization	3,046	1,578	5,378	2,576
Exploration	589	76	966	184
Foreign exchange loss	1,403	1,154	1,532	1,224
General and administrative	1,480	674	2,625	1,204
Interest and financing fees on long-term debt	927	434	1,514	1,020
	20,524	12,751	37,185	23,167
Earnings (loss) before income taxes, non-controlling interest and equity earnings (loss)	6,581	(88)	15,428	(239)
Tax expense (recovery) (note 10)	2,638	(105)	5,252	(70)
Non-controlling interest	-	-	-	-
Equity earnings (loss)	170	(25)	604	(36)
Net earnings (loss) for the period	4,113	(8)	10,780	(205)
Deficit - Beginning of period (note 3)	(25,279)	(36,259)	(31,479)	(36,062)
Prior period restatement (stock-based compensation) (note 3)	-	-	(467)	-
Deficit - End of period	(21,166)	(36,267)	(21,166)	(36,267)
Earnings (loss) per common share				
Basic and Diluted $ per share	$0.07	$0.00	$0.18	$(0.00)
Weighted average number of shares outstanding	60,299,677	48,289,536	59,433,831	45,925,555

The accompanying notes are an integral part of these consolidated financial statements.

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2004 and 2003

(unaudited)

(expressed in thousands of U.S. dollars, except where indicated)

	Three months ended		Six months ended	
	June 30, 2004 $	**June 30, 2003 $**	**June 30, 2004 $**	**June 30, 2003 $**
Cash flows from operating activities		**(restated)**		**(restated)**
Net earnings (loss) for the period	4,113	(8)	10,780	(205)
Items not affecting cash				
Depletion and amortization	3,046	1,578	5,378	2,576
Amortization of financing fees	42	(112)	86	(30)
Environmental and closure provisions	171	109	517	272
Equity (earnings) loss	(170)	25	(604)	36
Unrealized foreign exchange losses	1,331	1,157	1,721	1,367
Stock-based compensation expense	281	-	467	-
Future income tax recovery (expense)	2,638	(134)	5,252	(83)
	11,452	2,615	23,597	3,933
Change in non-cash operating working capital				
Decrease (increase) in accounts receivable and prepaid expenses	(64)	(1,123)	(2,835)	(1,540)
Decrease (increase) in inventory	482	(157)	837	(468)
Increase in other assets and deferred charges	(879)	-	(2,209)	-
(Decrease) increase in accounts payable and accrued liabilities	(1,050)	531	(4,109)	(411)
	9,941	1,866	15,281	1,514
Cash flows from financing activities				
Proceeds from long-term debt	23,496	10,726	41,372	20,591
Repayments of principal on long-term debt	(2,524)	(3,846)	(5,026)	(14,118)
Proceeds from issue of common shares and warrants	232	439	43,557	661
	21,204	7,319	79,903	7,134
Cash flows from investing activities				
Movement in restricted cash	(3,868)	-	(3,868)	-
Net payments to acquire capital assets and investments	(45,439)	(6,706)	(80,432)	(9,840)
Payments for deferred exploration and stripping costs	(2,305)	(1,184)	(3,469)	(1,844)
	(51,612)	(7,890)	(87,769)	(11,684)
Effect of exchange rate changes on cash	(1,079)	-	(1,573)	-
(Decrease) Increase in cash and cash equivalents	(21,546)	1,295	5,842	(3,036)
Cash and cash equivalents - Beginning of period	52,980	3,849	25,592	8,180
Cash and cash equivalents - End of period	31,434	5,144	31,434	5,144

(unaudited)
(expressed in thousands of U.S. dollars, except where indicated)

1. Nature of Operations

First Quantum Minerals Ltd. (the Company or FQM) is engaged principally in the production of copper and acid and related activities including exploration, development and processing. These activities are conducted principally in Zambia and the Democratic Republic of Congo (DRC).

The Company's cash flow and profitability are affected by the market price of copper and acid, operating costs and exploration and development activity costs. The recoverability of the amounts shown in the consolidated balance sheets for deferred exploration and acquisition costs and property, plant and equipment is dependant upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, and the political and economic conditions in the African countries involved.

2. Basis of presentation

These interim consolidated financial statements do not contain all the information that is required of annual financial statements and they should be read in conjunction with the most recent annual financial statements of First Quantum Minerals ("FQM" or the "Company").

These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company except where indicated in note 3 of these interim consolidated financial statements.

3. Changes in accounting policy

Asset Retirement Obligations

Effective January 1, 2004, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) set out in Section 3110 "Asset Retirement Obligations". Under the new standard the Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

Upon adoption of these new recommendations the Company, increased its capital assets and environmental provisions by $1,468 and $2,898 respectively. It also decreased its future income tax liability, retained earnings and inventory balances by $408, $1,280 and $258 respectively. As required by the new recommendation this change has been made retroactively with restatement of prior periods.

The restatement of previous periods has meant that certain comparative figures for the year ended December 31, 2003 presented in these financials have been restated from what was previously published. Specifically retained earnings and future income tax liability decreased by $1,428 and $528 respectively.

3. Changes in accounting policy (continued)

Stock-Based Compensation

Effective January 1, 2004, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA), set out in Section 3870 "Stock-based Compensation and other stock-based payments". Under the new standard on stock-based compensation the Company is required to expense the fair value of the options granted to the Income Statement at the date of issue. The previous policy only required disclosure of the fair value in the notes to the financial statements.

The fair value of the options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. The resulting fair value of the options is amortized over their vesting periods. Cash consideration received from employees when they exercise the options is credited to share capital.

Upon adoption of this standard the Company elected to retroactively adjust retained earnings without restatement. On January 1, 2004 the company decreased retained earnings by $467 and increased contributed surplus and common shares by $391 and $76 respectively.

Hedging Relationships

On Jan 1, 2004, the Company adopted CICA Accounting Guideline 13, "Hedging Relationships" ("AcG 13"), as a result of this the Company reviewed its existing hedge accounting treatment of certain derivative financial instruments in accordance with AcG 13, which establishes new criteria for hedge accounting.

Under the new guideline, the Company is required to document its hedging transactions and explicitly demonstrate that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with derivatives. Derivative financial instruments that do not qualify for hedge accounting under AcG 13 are required to be marked-to-market with changes in the fair value of the derivative instruments recognized as unrealized gains or losses in the statement of operations.

During its review, the Company identified the certain cross-currency swaps and interest rate swaps, which had previously been designated as hedges of fluctuation in currency rate movements. Although some of its other derivative financial instruments would qualify for hedge accounting, most would not qualify under the stringent guidelines of AcG 13, even though, in management's opinion, some of these contracts continue to be effective in mitigating the Company's exposure to interest rate and foreign currency fluctuations.

Having reviewed the current guidelines relating to hedge accounting, management is of the opinion that in order to provide more transparency and consistency in the manner in which hedging transactions are reported, the Company will instead mark-to-market all of its derivative financial instruments.

Upon adoption of this guideline the Company deferred previously unrecognized exchange rate losses of $1,252 and non-hedge derivative losses of $127 and increased the Bwana EIB loan by $1,379 to adjust the carrying value of this loan to the spot rate effective as at December 31, 2003.

(expressed in thousands of U.S. dollars, except where indicated)

4. Change in accounting estimate

Deferred Stripping Costs

Effective April 1, 2004, the company extended its reserves at Lonshi. Based on current reserve estimates measured as at April 1, 2004 the company has approximately 225,000 tonnes of acid soluble copper in the ground at Lonshi. The increase in the reserves at Lonshi has also resulted in a revised mine plan. The new plan, life of mine strip ratio, after consideration of previous deferred stripping provision, is 11.3:1, an increase from the previous mine plan of 8.4:1

5. Inventory

	June 30, 2004 $	December 31, 2003 $
Ore in stockpiles	8,522	10,476
Work-in-progress	890	767
Finished product	218	202
Total product inventory	9,630	11,445
Consumable stores	8,077	7,245
Total inventory	17,707	18,690
Less: Non-current portion	(1,114)	(1,114)
	16,593	17,576

6. Investments

	June 30, 2004 $	December 31, 2003 $
Carlisa Investment Corp. (a)	9,522	9,522
Anvil Mining NL (b) - Shares	4,736	2,943
- Convertible note	-	167
	14,258	12,632

a) The Company has an 18.8% interest in Carlisa that holds a 90% interest in Mopani.

b) The Company has an 18.1% (December 31, 2003: 17.0%) interest in Anvil Mining Limited, which has an operating mine in the Democratic Republic of Congo (DRC), and a public company quoted on the Australian, Berlin, and most recently, the Toronto Stock exchanges. On January 19, 2004 the Company converted the remaining portion of its convertible note into common shares of Anvil. During the second quarter 2004, the Company acquired 330,000 common shares in Anvil, which are separately listed on the Toronto Stock Exchange. The remainder of its shareholding in Anvil remain listed on the Australian Stock Exchange.

(expressed in thousands of U.S. dollars, except where indicated)

7. Property, plant and equipment

			June 30, 2004
	Cost $	Accumulated amortisation $	Net $
Land and Buildings	5,870	2,437	3,433
Mineral Property	36,904	16,215	20,689
Plant and Equipment	89,453	38,968	50,485
Work-in-progress	106,286	-	106,286
	238,513	57,620	180,893

			December 31, 2003
	Cost $	Accumulated amortisation $	Net $
Land and Buildings	5,783	2,205	3,578
Mineral Property	35,441	16,896	18,545
Plant and Equipment	78,584	32,920	45,664
Work-in-progress	28,816	-	28,816
	148,624	52,021	96,603

8. Other assets and deferred charges

	June 30, 2004 $	December 31, 2003 $
Deferred finance fees - net of amortization	4,058	1,935
Non-current ore stockpiles (note 4)	1,114	1,114
Other deferred charges (note 3)	1,379	-
	6,551	3,049

(expressed in thousands of U.S. dollars, except where indicated)

9. Long-term debt

	June 30, 2004	December 31, 2003
	$	$
Drawn debt facilities		
Bwana and Comisa		
SCB facility (a)	21,492	25,074
Bwana EIB facility (b)	14,096	13,265
Banque Belgolaise facility (c)	4,800	6,000
	40,388	**44,339**
Kansanshi		
Kansanshi EIB facility (d)	41,079	-
Standard Bank facility (e)	6,000	-
ZCCM deferred payment (f)	3,333	3,333
	50,412	**3,333**
Other	**783**	**1,028**
Total long-term debt	**91,583**	**48,700**
Less: Current portion	(16,192)	(16,326)
	75,391	**32,374**
Undrawn debt facilities		
Kansanshi		
Standard Bank Group and WestLB (g)	120,000	120,000
Glencore International AG (h)	25,000	-
Banque Belgolaise and Export Development Bank of Canada (i)	30,000	
Kansanshi EIB facility (d)	-	42,677
Standard Bank facility (e)	-	6,000
	175,000	**168,677**

a. Standard Chartered Bank (SCB)

On November 19, 2003, Bwana entered into a new long-term debt facility with SCB to re-finance the above facility, and provide additional funding for capital expenditure projects and general working capital purposes. The new SCB facility of $30,000 is repayable in 14 equal quarterly instalments commencing in March 2004 and bears interest at a rate of LIBOR plus 2.5%.

The company has pledged as security the assets and undertakings of Bwana and the 25 million shares of the Company’s shareholding in Anvil.

b. Bwana European Investment Bank (EIB) facility

In 2002, Bwana entered into a finance contract with EIB for 14,000,000 Euros for additional project financing on the expansion of Bwana. This facility bears interest at between 3% and 12.5% depending upon the price of copper and is repayable in six equal annual instalments commencing July 2003.

The company has pledged as security the assets and undertakings of Bwana pari passu with the pre-existing security provided to SCB.

As this facility is in Euros, the company has entered into cross-currency principal and interest rate swaps with a counterparty to mitigate the foreign exchange and interest rate risk. At June 30, 2004, the principal and interest rate swaps had fair values of $140,000 (Dec 2003: $468,000) and $(111,000) (Dec 2003: ($342,000)), respectively.

9. Long-term debt (continued)

c. Banque Belgolaise facility

On May 2, 2003, the company entered into a long-term debt facility with Banque Belgolaise to assist with financing the Comisa mining fleet. The facility bears interest at LIBOR plus 3% and is repayable in 10 quarterly instalments commencing in February 2004.

The company has pledged as security the mining fleet of Comisa.

d. Kansanshi EIB facility

On December 11, 2003, Kansanshi entered into a subordinated facility agreement with EIB, for 34 million Euros ($41.4 million), to finance the design, construction, operation and maintenance of the Kansanshi project. This facility is available for drawdown prior to October 31, 2006 and repayable in nine equal annual payments commencing October 31, 2007. Interest will be 7.2% until April 30, 2005 and thereafter will be recalculated annually, within a range of 3.2% to 13.2%, based on the average LME cash copper price for the preceding calendar year.

As at June 30, 2004, the Company has drawn down all of this facility. During the quarter the Company entered into cross-currency principal and interest rate swaps to hedge the Euro interest and principal payments on Kansanshi EIB facility. At June 30, 2004, the principal and interest rate swaps had fair values of $(820,000) and $(75,000), respectively.

e. Standard Bank

On December 12, 2003, Kansanshi entered into a $6,000 facility with Standard Bank, London to finance Kansanshi's capital contribution pursuant to a connection agreement between Kansanshi and ZESCO Limited (the Zambian power utility), which provides for the construction of a new power line to service the Kansanshi project. The full amount of this loan was draw down in the first quarter of 2004 and advanced directly to ZESCO Limited.

This facility bears interest at LIBOR plus 3.5%. The full amount of the loan was repayable on June 12, 2004, but was repaid on July 7, 2004, from proceeds of the first drawdown of the Standard Bank Group and West LB Kansanshi project debt facility (note g).

This loan also included the issue of 250,000 warrants the value of which has been included as deferred finance costs.

f. ZCCM deferred payment

Consistent with the Kansanshi development agreement, the company agreed to pay $667 to Zambian Consolidated Copper Mines (ZCCM) on the first business day of April, July and October 2003 and January, April and July 2004 subject to the price of copper. As at June 30, 2004 no further payments have been made to ZCCM.

Undrawn debt facilities

g. Standard Bank Group and WestLB

On December 12, 2003, Kansanshi entered into a secured $120,000 senior facility agreement arranged and underwritten by Standard Bank Group and WestLB to finance the design, construction, operation and maintenance of the Kansanshi project.

The facility comprises two tranches of $60,000, each available for drawdown until July 31, 2005. Tranche A is repayable in ten semi-annual instalments commencing on October 31, 2005; Tranche B is repayable in 21 quarterly payments commencing on January 31, 2006. Interest on Tranche A is calculated at a fixed rate of 6%. Interest on Tranche B is calculated at LIBOR plus 3% during construction and LIBOR plus 2.5% during the repayment period.

(expressed in thousands of U.S. dollars, except where indicated)

9. Long-term debt (continued)

h. Glencore International AG

In the first quarter of 2004, Kansanshi entered into a $25,000 cost over run facility with Glencore International AG. The facility bears interest at LIBOR plus 3.5%. If utilised, the loan is repayable in ten semi-annual instalments commencing eighteen months after the project completion date.

i. Banque Belgolaise and Export Development Bank of Canada

In the second quarter of 2004, Kansanshi entered into a $30,000 facility with Belgolaise Bank and Export Development Canada. This facility is comprised of two tranches. Tranche A is for $25,000 and bears interest at LIBOR + 3% during the availability period and LIBOR + 2.5% thereafter. Tranche B is for $5,000 and 90% of this tranche bears interest at LIBOR + 1%, while the remainder bears interest the same as Tranche A.

This facility is available until the earlier of project completion date or March 31, 2005. The facility is repayable in twelve quarterly instalments commencing the earlier of 4 months after the project completion date or the July 31, 2005.

10. Future income taxes

	June 30, 2004 $	December 31, 2003 $
Opening Balances	4,589	2,957
Future Income tax expense	5,252	1,632
Closing Balance	9,841	4,589

The company has non-capital loss carry-forwards that are available for offset against future earnings. To date, the loss carry-forwards have been utilized so that no cash payments have been made for income tax purposes. The tax expense in the statement of earnings and deficit has been accrued as a result of operating profits at Bwana.

11. Other liabilities

	June 30, 2004 $	December 31, 2003 $
Environmental and closure provision (note 3)	5,095	4,578
Unrealized fair value of derivative instruments (note 3 and 14)	2,764	-
Deferred stripping liability	360	2,718
	8,219	7,296

(expressed in thousands of U.S. dollars, except where indicated)

12. Equity accounts

	June 30, 2004 $	December 31, 2003 $
Represented by:		
Common shares	154,198	110,557
Warrants	777	777
Contributed surplus	2,615	1,768
	157,590	113,102

Number of shares issued and outstanding	60,366,628	56,396,128
Weighted Average Number of Shares	59,433,831	50,668,307

13. Segmented information

The company's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately because each requires different technology and marketing strategies.

Bwana and Comisa Operations (BCO)

The Bwana plant and the Comisa mine are distinct legal entities and operations but from a management perspective are viewed as an integrated operation, with the Bwana plant processing the ore mined by Comisa. The Bwana plant in Zambia produces grade A copper cathodes from ore in tailings dumps and from Comisa's Lonshi open pit mine in the DRC. In addition, the Bwana plant manufactures sulphuric acid for use in processing the copper and for sale to third parties.

Kansanshi Copper Project (KCP)

The Kansanshi project is located in the northwest province of Zambia, approximately 15 kilometres north of Solwezi. The project is in the construction phase which includes civil engineering and earthworks, with commissioning scheduled in late 2004 and commercial production commencing in 2005.

Carlisa (CAR)

From April 1, 2000 to February 28, 2002, the company proportionately consolidated its investment in Carlisa. From March 1, 2002, the company now cost accounts for this investment (note 4) and therefore does not consolidate any of the results of the Carlisa controlled operations at Mopani.

Carlisa holds a 90% interest in Mopani, which comprises the Mufulira Division and Nkana Division both in Zambia.

Corporate Development and Administration (CDA)

The corporate development and administration segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, and corporate administration. It also holds the Connemara gold mine in Zimbabwe which is currently on a care and maintenance basis.

(expressed in thousands of U.S. dollars, except where indicated)

For the six months ended **June 30, 2004**, segmented information is presented as follows:

	BCO	KCP	CAR	CDA	Total
	$	$	$	$	$
External Revenues	51,577	-	-	-	51,577
Interest and other income	13	-	-	1,023	1,036
Total Revenue	**51,590**	**-**	**-**	**1,023**	**52,613**
Cost of Sales	25,170	-	-	-	25,170
Segment gross profit	**26,420**	**-**	**-**	**1,023**	**27,443**
Other Expenses					
Depletion and amortization	5,304	-	-	74	5,378
Exploration	537	-	-	429	966
Foreign exchange loss (gain)	(677)	-	-	2,209	1,532
Non-hedge derivative loss (gain)	-	-	-	-	-
General and administrative	-	-	-	2,625	2,625
Interest and financing fees	1,498	-	-	16	1,514
Total Other Expenses	**6,662**	**-**	**-**	**5,353**	**12,015**
Segment profit (loss) before the under noted items	**19,758**	**-**	**-**	**(4,330)**	**15,428**
Non-controlling interest	-	-	-	-	-
Equity loss (earnings)	-	-	-	(604)	(604)
Tax Expense	5,252	-	-	-	5,252
Segment profit (loss)	**14,506**	**-**	**-**	**(3,726)**	**10,780**
Capital asset additions	11,945	70,077	-	7,646	89,668
Total assets	92,837	139,209	9,522	34,859	276,427
Inter-company balances included in total assets	30,743	-	-	131,377	162,120
Total consolidated assets	123,580	139,209	9,522	166,236	438,547

Definitions:
BCO – Combined operations of Bwana and Comisa
KCP – Kansanshi Copper Project
CAR – Carlisa holds the interest in Mopani Copper Mines
CDA – Corporate Development and Administration which includes Connemara

(expressed in thousands of U.S. dollars, except where indicated)

For the six months ended **June 30, 2003**, segmented information is presented as follows:

	BCO	KCP	CAR	CDA	Total
	$	$	$	$	$
External Revenues	22,878	-	-	-	22,878
Interest and other income	23	-	-	27	50
Total Revenue	**22,901**	**-**	**-**	**27**	**22,928**
Cost of Sales	16,868	-	-	91	16,959
Segment gross profit	**6,033**	**-**	**-**	**(64)**	**5,969**
Other Expenses					
Depletion and amortization	2,535	-	-	41	2,576
Exploration	-	-	-	184	184
Foreign exchange loss (gain)	1,491	-	-	(267)	1,224
General and administrative	-	-	-	1,204	1,204
Interest and financing fees	1,001	-	-	19	1,020
Total Other Expenses	**5,027**	**-**	**-**	**1,181**	**6,208**
Segment profit (loss) before the under noted items	**1,006**	**-**	**-**	**(1,245)**	**(239)**
Non-controlling interest	-	-	-	-	-
Equity loss (earnings)	-	-	-	36	36
Tax Expense (recovery)	(70)	-	-	-	(70)
Segment profit (loss)	**1,076**	**-**	**-**	**(1,281)**	**(205)**
Capital asset additions	9,027	5,765	-	127	14,919
Total assets	86,391	20,457	9,522	69,525	185,895
Inter-company balances included in total assets	(12,594)	-	-	(62,282)	(74,876)
Total consolidated assets	73,797	20,457	9,522	7,243	111,019

Definitions:
BCO – Combined operations of Bwana and Comisa
KCP – Kansanshi Copper Project
CAR – Carlisa holds the interest in Mopani Copper Mines
CDA – Corporate Development and Administration which includes Connemara

(expressed in thousands of U.S. dollars, except where indicated)

For the three months ended **June 30, 2004,** segmented information is presented as follows:

	BCO	KCP	CAR	CDA	Total
	$	$	$	$	$
External Revenues	26,325	-	-	-	26,325
Interest and other income	6	-	-	774	780
Total Revenue	**26,331**	**-**	**-**	**774**	**27,105**
Cost of Sales	13,079	-	-	-	13,079
Segment gross profit	**13,252**	**-**	**-**	**774**	**14,026**
Other Expenses					
Depletion and amortization	3,008	-	-	38	3,046
Exploration	358	-	-	231	589
Foreign exchange loss (gain)	(446)	-	-	1,849	1,403
Non-hedge derivative loss (gain)	-	-	-	-	-
General and administrative	-	-	-	1,480	1,480
Interest and financing fees	921	-	-	6	927
Total Other Expenses	**3,841**	**-**	**-**	**3,604**	**7,445**
Segment profit (loss) before the under noted items	**9,411**	**-**	**-**	**(2,830)**	**6,581**
Non-controlling interest	-	-	-	-	-
Equity loss (earnings)	-	-	-	(170)	(170)
Tax Expense	2,638	-	-	-	2,638
Segment profit (loss)	**6,773**	**-**	**-**	**(2,660)**	**4,113**
Capital asset additions	7,721	35,380	-	5,333	48,434
Total assets	92,837	139,209	9,522	34,859	276,427
Inter-company balances included in total assets	30,743	-	-	131,377	162,120
Total consolidated assets	123,580	139,209	9,522	166,236	438,547

Definitions:
BCO – Combined operations of Bwana and Comisa
KCP – Kansanshi Copper Project
CAR – Carlisa holds the interest in Mopani Copper Mines
CDA – Corporate Development and Administration which includes Connemara

(expressed in thousands of U.S. dollars, except where indicated)

For the three months ended **June 30, 2003**, segmented information is presented as follows:

	BCO	KCP	CAR	CDA	Total
	$	$	$	$	$
External Revenues	12,699	-	-	-	12,699
Interest and other income	(46)	-	-	10	(36)
Total Revenue	**12,653**	**-**	**-**	10	**12,663**
Cost of Sales	8,789	-	-	46	8,835
Segment gross profit	**3,864**	**-**	-	**(36)**	**3,828**
Other Expenses					
Depletion and amortization	1,561	-	-	17	1,578
Exploration	-	-	-	76	76
Foreign exchange loss (gain)	1,227	-	-	(73)	1,154
General and administrative	-	-	-	674	674
Interest and financing fees	426	-	-	8	434
Total Other Expenses	**3,214**	**-**	**-**	**702**	**3,916**
Segment profit (loss) before the under noted items	**650**	-	-	**(738)**	**(88)**
Non-controlling interest	-	-	-	-	-
Equity loss (earnings)	-	-	-	25	25
Tax expense (recovery)	(105)	-	-	-	(105)
Segment profit (loss)	**755**	-	-	**(763)**	**(8)**
Capital asset additions	6,686	5,146	0	64	11,896
Total assets	86,391	20,457	9,522	69,525	185,895
Inter-company balances included in total assets	(12,594)	-	-	(62,282)	(74,876)
Total consolidated assets	73,797	20,457	9,522	7,243	111,019

Definitions:
BCO – Combined operations of Bwana and Comisa
KCP – Kansanshi Copper Project
CAR – Carlisa holds the interest in Mopani Copper Mines
CDA – Corporate Development and Administration which includes Connemara

(expressed in thousands of U.S. dollars, except where indicated)

14. Hedging commitments

The Company uses derivative instruments to mitigate the effect of certain risks that are inherent in this business, and also to take advantage of opportunities to secure attractive pricing for commodities, currencies and interest rates.

As at June 30, 2004, the Company had entered into a number of derivative instruments to minimize the risk exposure to copper and gold prices, foreign currency, and interest rate movements. These instruments consist of forward and option contracts, interest rate protection contracts, and foreign currency protection contracts.

For copper and gold forward and put option contracts, fair value was calculated using spot and forward prices and volatilities. For interest rate protection contracts, fair value was determined using market interest rates. For foreign currency protection contracts, fair value was determined using the exchange rate at year-end.

The put options offer downside protection while allowing the company to participate in any copper and gold price appreciation. Forward contracts are based on a fixed copper and gold price and cap the price that will be received for sales in the future.

The fair values of these contracts are as noted below, and with the exception of copper forward contracts (note a), these have all been marked-to-market and recorded as other liabilities (note 11).

	Estimated Fair Value	
	June 30, 2004 $	**December 31, 2003 $**
Copper forward contracts (a)	(3,491)	(3,336)
Copper option contracts (b)	1,472	-
Gold forward contracts (c)	(5,498)	-
Gold option contracts (d)	1,990	-
ZAR FX option (e)	136	143
Cross currency principal and interest swaps (f)	(866)	126

a) The Company has hedged 1,000 tonnes of its budgeted monthly copper production to December 2004 at the following prices; July 2004 $2,024 and August to December $2,036 per tonne respectively. These contracts are accounted for as long-term sales contracts and therefore are not marked-to-market. As at June 30, 2004, the Company has restricted cash of $3,901 that was required as margin on the out-of-the-money copper forwards at Bwana.

b) The Company has entered into put option contracts on 210,240 tonnes of its expected copper production at Kansanshi beginning in year 2005 and ending in year 2007 at a price of $1,800 ($0.82 lb). Upon entering into these contracts, the Company assumed a premium obligation of $19,174, which becomes due and payable between January 2005 and December 2007.

c) The Company has entered into put option contracts on a total of 139,296 ounces at a forward price of $350 per ounce for part of its gold production at Kansanshi beginning in year 2005 and ending in year 2009.

d) The Company has also entered into contingent gold forward contracts on up to 139,926 ounces of gold with a strike price of $400 for part of its gold production at Kansanshi beginning in year 2005 and ending in year 2009.

e) The Company has entered into an option swap ZAR to USD.

f) The Company has entered into cross-currency principal and interest rate swaps to hedge the Euro interest and principal payments on the Bwana and Kansanshi EIB facility.

15. Commitments and contingencies

Kansanshi deferred consideration

Under the terms of the purchase agreement, the company has agreed to make a final payment to Cyprus Amax in connection with the Kansanshi acquisition. This amount will be calculated as $25,000 less an amount equal to the average market value for the thirty days prior to the commencement of commercial production of the 1.4 million common shares that the company previously issued to Cyprus Amax.

Guelb Moghrein Copper-Gold project

Under the terms of the Guelb Moghrein development agreement announced on July 14, 2004, the Company has conditionally agreed to make the following payments; $2 million upon satisfaction of certain conditions (first payment date); $3 million, 12 months after first payment date; and $5 million, 24 months after first payment or commercial production.

Commitments

In conjunction with the development of Kansanshi and other projects, the company has committed to approximately $120.1 million in capital expenditures as at June 30, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS AND FINANCIAL REVIEW

(August 11, 2004)

Second Quarter and Six Months ended June 30, 2004
(expressed in U.S. dollars)

Highlights

Second Quarter ended June 30, 2004:

- Copper production of 9,585 tonnes (21 million pounds) with a cash cost (C1) of $0.48 per pound
- Acid production of 34,265 tonnes of which 19,149 tonnes were sold externally
- Net earnings of $4.1 million or $0.07 per share
- Cash flow from operations, after operating working capital movements other than cash, were $9.9 million or $0.17 per share

Six Months ended June 30, 2004:

- Copper production of 19,274 tonnes (42 million pounds) with a cash cost (C1) of $0.44 per pound
- Acid production of 68,609 tonnes of which 39,912 tonnes were sold externally
- Net earnings of $10.8 million or $0.18 per share
- Cash flow from operations, after operating working capital movements other than cash, were $15.3 million or $0.26 per share

Summary of Financial and Operational Results

The following discussion, analysis and financial review are comprised of nine main sections:

1. Selected Annual Information
2. Discussion of Earnings and Operations
3. Discussion of Cash Flows
4. Discussion of Financial Position and Liquidity
5. Other Matters
6. Second Quarter Review
7. Outlook
8. Critical Accounting Policies
9. Summary of Quarterly Results

For further information on the Company reference should be made to the Company's Annual Information Form (AIF) and also to its public filings that are available on www.sedar.com.

1. Selected Annual Information

Selected Annual Information
Table 1

	2004 (6 months)	2003[1] (12 months)	2002[1] (13 months)	2001[1]	2000[1]
Statement of Operations ($ millions)					
Total Revenues	$52.6	$60.7	$51.3	$138.1	$91.2
Net Earnings (Loss)	10.8	4.5	(3.9)	(21.3)	7.2
Net Earnings per Share					
Basic	$0.18	$0.09	$(0.09)	$(0.58)	$0.30
Diluted	$0.18	$0.09	$(0.09)	$(0.58)	$0.27
Balance Sheet ($ millions)					
Total Assets	$276.4	$162.1	$99.2	$156.6	$129.5
Total long-term liabilities	93.5	44.3	27.1	61.2	54.5
Shareholders' Equity (**$** millions)	$136.4	$81.6	$52.1	$45.0	$32.0
Cash Flow from:					
Operating activities ($ millions)	$15.3	$15.9	$(4.1)	$6.5	$9.4
Operating per share	$0.26	$0.31	$(0.09)	$0.18	$0.37

[1] *amounts have been restated to conform to new Canadian GAAP requirements*

The comparison between financial years is complicated by the change in fiscal year end that occurred in 2002. This change means that the 2002 year is a 13 month period.

Comparison between years is further complicated by the results of Carlisa being proportionately consolidated from April 1, 2000 to March 1, 2002. After diluting its investment in Carlisa, the Company now cost accounts for its investment. To fully understand the impact of Carlisa, reference should be made to the 2002 audited annual financial statements.

2. Discussion of Earnings and Operations (year to date)

Consolidated Revenue

Revenues increased to $52.6 million (2003: $22.9m; 2002: $33.2m) which comprised copper revenues of $45.5 million (2003: $17.2 m; 2002: $6.3 m), acid revenues of $6.1 million (2003: $5.6m; 2002: $5.5m) and other revenue of $1 million (2003: $0.1 m; 2002: $0.2m). Revenues were up 130% on the comparative period due to improved copper prices and a 74% increase in copper production at Bwana. Acid revenues were up 9% on the comparative period due to increased acid production from the acid plants (8%), and higher acid prices (7%) as the company was able to recoup higher sulphur input costs from its customers. These increases were offset by a higher internal consumption of acid. The increase in other revenue can be principally attributed to recoupment of costs from Kansanshi and interest income on cash balances.

Six Month Revenues
Table 2

	2004	2003	2002
Revenues ($ millions)			
Copper	$45.5	$17.2	$6.3
Acid	6.1	5.6	5.5
Other	1.0	0.1	21.4
Total Revenue	52.6	22.9	33.2
Sales Statistics (tonnes)			
Copper Sales	19,246	11,177	4,338
Acid Sales	39,912	39,264	36,508
Realized Price			
Copper ($ per pound)	$1.07	$0.70	$0.65

The realized copper price rose to $1.07 per pound (2003: $0.70; 2002: $0.65). The LME copper price remained strong for the first six months of 2004 with LME copper inventories falling and demand remaining strong from China. The average LME cash price for the first six months of 2004 was $1.25 (2003: $0.75; 2002: $0.70). The difference between the LME price and the realized price was due to realization charges and hedging activities. During the six months ended, June 30, 2004, the company delivered into copper forward contracts on a portion of the Company's copper sales at an average realized price of $0.86 per pound.

Consolidated Cost of Sales and Production Statistics

Cost of sales for the six months ended June 30, 2004, were $25.2 million (2003: $17.0m: 2002: $31.8m). The 48% increase in cost of sales was primarily due to the 73% increase in copper cathode sold. The 2002 amount includes Carlisa cost of sales of $24.1 million as a result of having proportionately consolidated the Company's investment in Carlisa.

Six Month Cost of Sales and Production Statistics Table 3			
	2004	2003	2002
Costs			
Cost of Sales ($ million)	$25.2	$17.0	$31.8
C1 Costs ($ per pound)	$0.44	$0.44	$0.18
C3 Costs ($ per pound)	$0.59	$0.70	$0.49
Production Statistics (tonnes)			
Copper Production	19,274	11,093	4,338
Acid Production	68,609	63,671	62,875
Ore mined	150,978	12,581	376,640
Ore Grade Mined	4.8%	4.4%	5.0%
Waste mined	3,889,141	1,770,067	1,667,154

Other expenses for the six months ended June 30, 2004 were $12.0 million (2003: $6.2m 2002: $5.4m). Other expenses comprised depletion and amortisation of $5.4 million (2003: $2.6m; 2002: $2.8m), general and administration costs of $2.6 million (2003: $1.2m; 2002: $1.3m) and interest and financing expenses of $1.5 million (2003: $1.0m; 2002: $1.4m). The movement in depreciation expense is due to the increased production at Bwana which uses the units of production method of depreciation. General and administrative expenses have increased disproportionately due to the change in accounting treatment that now requires the expensing of stock options. In the first six months of 2004, $0.5 million was charged to the income statement for the expensing of stock options.

Mining

The on-going exploration program at Lonshi has increased the mine reserve to 225,000 tons of acid soluble copper as at April 1, 2004. In the light of this reserve increase, and the prevailing improvement in copper price, a new mine plan was generated. The new mine plan has life-of-mine stripping ratio of 12.0:1 compared to the previous plan of 8.4:1.

For the six months ended June 30, 2004, approximately 150,978 tonnes (2003: 12,581t; 2002: 376,640t) of ore and approximately 3,889,141 tonnes (2003: 1,770,067t; 2002: 1,667,154t) of waste were mined in total. The relatively high rates of mine production during 2004 are due to the higher projected copper production from Bwana and the need to re-establish a strategic/bank security stockpile The strip ratio (ratio of waste to ore) for the first six months was 25.8:1 (2003: 140.7:1; 2002: 4.4:1). The mining conditions militate against the production of ore during the wet months (December to April); this explains the relatively low rates of production of ore in this period. As a result the Company has deferred costs of approximately $2.4 million since December 31, 2003 (2003: $1.6m) associated with its mining program. For a full understanding of the implications of this policy, reference should be made to the critical accounting policies in both the 2003 Annual Report and Management Discussion and Analysis

Processing

For the six months ended June 30, 2004, copper production increased to 19,274 tonnes (2003: 11,093t; 2002: 4,338t). The 72% increase in production has resulted from a steady state of production being reached as well as Bwana realizing the benefits of the new ore-delivery system and other processing initiatives. For the first six months of 2003, Bwana was still coming to terms with processing Lonshi ore in the wet and was working towards maximizing the processing capacity from the expansion that occurred at the end of 2002. The Bwana plant is on track to exceed the budgeted target of 35,000 tonnes of copper cathode in 2004.

Cash costs (C1) for the six months were $0.44 per pound (2003: $0.44/lb; 2002: $0.18/lb) and total costs (C3) were $0.59 per pound (2003: $0.70/lb; 2002: $0.49/lb). Although cash costs (C1) have remained the same from 2003 to 2004, there have been two offsetting factors that have caused the C1 costs to remain constant. As a result of the increase in copper production, the acid credit per pound of copper produced has fallen to $0.06 per pound from $0.11 per pound in the first six months of 2004. This reduced acid credit has been offset by reduced mining and processing costs.

Acid production was 68,609 tonnes (2003: 63,671t; 2002: 62,875t), of which 39,912 tonnes (2003: 39,264t; 2002: 36,508t) of surplus acid production was sold to external customers. The increase in acid production for the six months can be predominantly explained by the timing of planned maintenance programs. The increase in acid production has only been partially reflected in the surplus acid sales as more acid has been consumed internally due to higher copper production.

Consolidated Earnings

Six Month Net Earnings Table 4			
	2004	2003	2002
Earnings			
$ (millions)	$10.8	$(0.2)	$(2.5)
Basic earnings per share	$0.18	$0.00	$(0.05)
Diluted earnings per share	$0.18	$0.00	$(0.05)

Net earnings for the six months increased to $10.8 million (2003: $(0.02m); 2002: $(2.5m)) or $0.18 per share (2003: $(0.00); 2002: $(0.05)). Equity investment earnings for the six month period were $0.6 million (2003: $(0.01); 2002: $0.0). The improvement in equity investment earnings came as a result of positive earnings from Anvil's Dikulushi mine in the Democratic Republic of Congo (DRC) on the back of improved production and stronger copper prices.

3. Discussion of Cash Flows

Consolidated Cash Flow

Six Month Cash Flows Table 5			
	2004	2003	2002
Cash Flows from: ($ millions)			
Operating activities	$15.3	1.5	(3.4)
Financing activities	79.9	7.1	(1.8)
Investing activities	(87.8)	(11.7)	(3.3)

Six Months ended June 30, 2004

The cash inflow from operating activities was $15.3 million (2003: $1.5m; 2002: ($3.4m) or $0.26 per share (2003: $0.03; 2002: ($0.08)). The significant turnaround in cash flow from operations is attributable to the improvement in revenue resulting from increased production and improved copper prices. Cash flow from operating activities was impacted adversely by movements in operating working capital other than cash of $8.3 million for the six month period.

Included within the cash flow from operating activities was an increase in accounts receivable which were principally related to the timing of copper collections.

The cash inflow from financing activities was $79.9 million (2003: $7.1m; 2002: ($1.8m)). On the February 10, 2004, the Company issued 3.75 million shares at $CDN16.00 for the net proceeds of approximately $43.2 million. In addition the Company also made draw downs on the Kansanshi EIB facility. The draw downs during the first six months amounted to €34 million Euro ($41.1 million). The Company has repaid $4.8 million on the Banque Belgolaise facility and Bwana Standard Charted facilities in the first six months of the year.

The cash outflow from investing activities was $87.8 million (2003: ($11.7m); 2002: ($3.3m)). During the first six months of 2004 the Company continued its capital investment in Kansanshi.

Financings 2004

The following table provides detail of all the financings that were undertaken in 2004 and the actual use of proceeds compared with their stated use of proceeds at the time the financing was announced:

Financing 2004 Table 6			
		Use of Proceeds	
Lender / Source	**Amount**	**Proposed**	**Actual**
3.75 million Common Shares @ CDN16.00 (Feb 10, 2004)	$45.2 million (gross proceeds)	For exploration, and development and general corporate purposes.	As proposed
Standard Bank	$6 million	Financing of Kansanshi Powerline	As proposed
European Investment Bank (EIB)(Kansanshi) (Fully drawn as at June 29, 2004)	€34 million	Finance construction at Kansanshi	As proposed
Standard Bank Group and West LB facility	$120 million	Finance construction at Kansanshi	Undrawn
Banque Belgolaise and Export Development Bank of Canada	$30 million	FQM Zambia Mining Fleet	Undrawn
Glencore International AG	$25 million	Kansanshi Cost Overrun Facility	Undrawn

All of the debt facilities associated with Kansanshi are now available and the Company will draw upon these facilities as required. On July 7, 2004, $30 million was drawn from the Standard Bank Group and West LB facility. Part of this drawdown was used to repay the Standard Bank facility for the financing of the Kansanshi Powerline that was due for repayment on June 12, 2004.

In addition, on July 8, 2004 the company made the first drawdown on the Banque Belgolaise and Export Development Bank of Canada facility for $10.9 million. As proposed, the drawdown was used to finance the mining fleet at Kansanshi.

4. Discussion of Financial Position and Liquidity

Financial Position
Table 7

	2004 **June 30**	**2003** **Dec 31**	**2002** **Dec 31**
Assets ($ millions)			
Cash and cash equivalents	$31.4	$25.6	$8.2
Total current assets	72.4	47.6	23.0
Total assets	276.4	162.1	99.2
Liabilities ($ millions)			
Total current liabilities	$44.4	$34.1	$17.8
Net long-term debt	75.4	32.4	20.1
Total liabilities	137.8	78.3	44.9
Shareholders' Equity ($ millions)	136.4	81.6	52.1
Working capital ($ millions)	$28.0	$13.5	$5.2
Weighted Average # Shares	59,433,831	50,668,307	43,362,680
Outstanding # of Shares	60,366,628	56,396,128	43,506,628

Cash and cash equivalents

At June 30, 2004, the Company had cash and cash equivalents of $31.4 million (Dec 2003: $25.6m; Dec 2002: $8.2m). The increase in cash can be attributed to the equity financing that occurred on Feb 10, 2004 ($43.2m) and positive cash flow from operating activities ($15.3m), which has been offset by the capital investment, principally in Kansanshi, of $79 million of which only $41 million has been debt financed to date.

Restricted Cash

As at June 30, 2004, the Company has $3.9 million in cash that is being held as margin for the out-of-the-money copper forwards at Bwana.

Current assets

Total current assets were $72.4 million (Dec 2003: $47.6m; Dec 2002: $23m) the increase in current assets was due to increased cash and cash equivalents, restricted cash and accounts receivables and prepaid expenses associated with the Kansanshi development.

Total assets

Total assets were $276.4 million (Dec 2003: $162.1m; Dec 2002: $99.2m). The large increase is as a result of an increase in current assets and also capital assets. The capital assets have increased due principally to the continuing construction and investment at Kansanshi.

Current liabilities

Current liabilities were $44.4 million (Dec 2003: $34.1m; Dec 2002: $17.8m). The increase for the first six months of 2004 can be attributed to an increase in accounts payable associated with Kansanshi and an increase in the current portion of long-term debt.

Net long-term debt

Net long term debt was $75.4 million (Dec 2003: $32.4m; Dec 2002: $20.1m). The increase was due to the $41 million drawdown on the EIB Kansanshi facility, net of other repayments of $5.0 million.

Other Liabilities

Other liabilities were $8.2 million (Dec 2003: $7.3m; Dec 2002: $0.7m), which include provisions for environmental and closures, $5.1 million (Dec 2003: $4.6m; Dec 2002: $0.7m), provisions for deferred stripping, $0.3 million (Dec 2003: $2.7m), and deferred foreign exchange gains on derivative instruments of $2.8 million (Dec 2003: $0.0m). The deferred stripping liability decreased during the first six months as the mining activities at Lonshi focussed on pre-stripping. The unrealized fair value on derivative instruments represents the unrealized marked-to-market gains and losses on the derivative instruments at June 30, 2004. Reference should be made to the Financial Instruments note contained in section 5.

Total liabilities

Total liabilities were $137.8 million (Dec 2003: $78.3m; Dec 2002: $44.9m) which include future income taxes of $9.8 million (2003: $4.6m; 2002: $3.5m). The provision for future income taxes continues to increase as the Company generates positive earnings at Bwana and utilizes accelerated capital allowances for tax purposes to minimize the amount of cash taxes payable.

Contractual Obligations

Payments Due by Period Table 8							
($ millions)	Total	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	There after
Long Term Debt $	$91.6	$22.2	$12.3	$9.9	$8.6	$8.9	$29.7
Commitments	$120.1	$112.1	$3.0	$5.0	-	-	-

Under the terms of the Kansanshi purchase agreement the Company is required to make a final payment to Cypress Amax. This amount will be calculated as $25.0 million less an amount equal to the average market value, for the thirty days prior to the project achieving commercial production, of 1.4 million common shares of the Company. This amount has not been included in the table above.

Under the terms of the Guelb Moghrein development agreement announced on July 14, 2004, the Company has conditionally agreed to make the following payments; $2 million upon satisfaction of certain conditions (first payment date); $3 million, 12 months after first payment date; and $5 million, 24 months after first payment or commercial production.

Undrawn Debt Facilities

As at June 30, 2004 the Company had undrawn debt facilities of $175 million (Dec 2003: $168.7m) that have been designated for the capital requirements of the Kansanshi project. The Company will draw upon these facilities as required. In July 2004, $16.9 million was drawdown from these undrawn debt facilities.

Working capital

As at June 30, 2004 the working capital of the Company was $28.0 million (Dec 2003: $13.5m; Dec 2002: $5.2m). The improvement in the working capital ratio comes primarily from the positive cash flow from operations and the equity financing that was completed in February.

Shareholders' Equity

As at June 30, 2004, the Company had shareholders' equity of $136.4 million (Dec 2003: $81.6m; 2002: $52.1m). During the first six months the Company raised $43.2 million from the placement of 3.75 million shares for CDN$16.00, the proceeds of which will be used to assist in funding the exploration and development of the Lufua Project in the DRC. Any additional proceeds will be used for potential acquisitions, working capital and general corporate purposes.

As at June 30, 2004 the Company had 60,366,628 common shares outstanding (Dec 2003: 56,396,128; Dec 2002: 43,506,628). In addition to the outstanding common shares, the Company had 2,758,000 options and 250,000 warrants outstanding. The weighted average number of shares outstanding for the six months was 59,433,831 (Dec 2003: 50,668,307; Dec 2002: 43,362,680)

5. Other Matters

Quarterly Segmented Discussion Table 9			
($ millions)	**BCO**	**CDA**	**Total**
Revenue	$51.6	$1.0	$52.6
Cost of Sales	25.2	-	25.2
Gross Profit	26.4	1.0	27.4
Other expenses	11.9	4.7	16.6
Net Earnings	14.5	(3.7)	10.8

Segmented Information

For the six months ended June 30, 2004, the combined operation at Bwana and Comisa (BCO) had revenues of $51.6 million (2003: $22.9m; 2002: $11.8m). CDA refers to Corporate Development and Administration.

Kansanshi Copper Project ("Kansanshi")

As at June 30, 2004, the Kansanshi project is approximately 79% complete. Engineering and Design is essentially complete with the exception of control system design. Site construction is approximately 59% complete. $90.4 million of the direct capital cost of the process plant has been committed. All major equipment items and long lead items have been purchased. All site construction contracts have been awarded and site construction for disciplines is in progress. Site construction is at peak levels.

The construction and procurement process began in earnest in September 2003. As of June 2004, engineering and design aspects of the project are complete. Major bulk earthworks are generally complete, roads and drains have been established. The majority of site concrete is due to be completed in August. Structural, mechanical and site plate work erection is well underway with some tankage areas largely complete. Site spooling and fabrication of pipe work is proceeding and installation of process plant piping has commenced. The installation of tailings and return lines are well advanced. Electrical works continue, with a number of substations now being equipped and cable pulling is underway.

For a complete understanding of the Kansanshi project and its significance to the Company reference should be made to the 2003 Annual Report and Management Discussion and Analysis.

Guelb Moghrein Copper-Gold Project

The Government of Mauritania has signed an agreement approving the involvement of First Quantum Minerals in the development of the Guelb Moghrein copper-gold deposit located near Akjoujt in Mauritania. The agreement clears the way for a new company to be formed which will be beneficially owned 80% by First Quantum Minerals and 20% by Guelb Moghrein Mines d'Akjoujt SA.

First Quantum Minerals has conditionally undertaken to develop Guelb Moghrein with production expected by the fourth quarter of 2005. Production will be initially targeted at approximately 30,000 tonnes of copper and 50,000 ounces of gold per year in the form of a copper-gold concentrate which will be trucked to the port of Noucakchott and exported to smelters in Europe and Asia.

The Guelb Moghrein deposit is located 250 kilometres northeast of the nation's capital, Nouakchott, near the town of Akjoujt, and is accessible by paved highway. It consists of an open pit mineable, copper/gold deposit containing a measured and indicated resource of 23.7 million tonnes grading 1.88% total copper and 1.41 grams of gold per tonne, as estimated by Kilborn-SNC Lavalin Europe Limited, for a previous owner.

This resource was estimated in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, July 1998, and hence is believed to have been done to the industry standards then pertaining. The resource, which First Quantum considers relevant, has not been verified by a Qualified Person for First Quantum as required by National Instrument 43-101. First Quantum is not treating the resource as a National Instrument 43-101 defined resource and therefore it should not be relied upon. First Quantum intends to establish a new resource under National Instrument 43-101 guidelines in due course.

Deferred Exploration

As at June 30, 2004, the Company had deferred exploration costs of $2.3 million (Dec 2003: $2.2m; Dec 2002:$1.0m), which consisted of deferred costs in relation to Lufua $1.2 million (Dec 2003: $1.1m), Lonshi $0.7 million (Dec 2003: $0.7m) and Zambian exploration projects $0.4 million (Dec 2003:$0.4m). Lufua is a copper-cobalt prospect located in the DRC. The deferred exploration costs for Lonshi are costs associated with a further potential extension of the copper resource at the Lonshi mineral property in the DRC. Effective April 1, 2004, the Company transferred $1 million from deferred exploration to mineral property to reflect the increase in reserves and the new mine plan.

During the six months ended June 2004, the Company expensed $1 million (2003: $0.2m; 2002: $0.1m) on other exploration targets that were predominantly located within the DRC and Zambia. Exploration activities in the first three months of each year are generally limited due to the wet season in Zambia and the DRC.

Investments -Carlisa

The Company holds an 18.8% interest in Carlisa Investment Corporation (Carlisa), which holds a 90% interest in Mopani Copper Mines Plc (Mopani). Mopani is a privately held company registered in Zambia. The carrying value of this investment as at June 30, 2004 is $9.5 million (Dec 2003: $9.5; Dec 2002: $9.5m). There were no movements in this investment during the first six months of 2004.

In a recent article in the Lusaka Post, it was noted that Mopani had produced about "80,000 metric tonnes of copper for the first half of this year." In a further media release, Mopani announced that it "is to invest $90 million into the expansion smelting facility and the erection of an acid plant." The new smelter will be initially designed to process 650,000 tonnes of copper concentrate per annum. As the majority owner of Mopani is a private company, only limited public information is available for dissemination.

Investments -Anvil

The Company holds an 18.1% (2003: 17.0%; 2002: 18.6%) interest in Anvil Mining Limited (Anvil), a public company quoted on the Australian (ASX), Berlin, and most recently, the Toronto Stock Exchange (TSX). The Company currently holds 36,996,171 shares (2003: 34,029,857; 2002: 31,148,857) listed on the ASX and acquired 330,000 shares listed on the TSX during the second quarter. The carrying value of this investment as at June 30, 2004 was $4.7 million (2003: $3.1m; 2002: $2.8m). The market value of this investment as at June 30, 2004 was approximately $17.4 million (2003: $10.5m; 2002: $2.1m).

On June 2, 2004, Anvil completed a Canadian initial public offering. The purpose of this offering was to enhance Anvil's ability to access the larger North American capital markets and enhance opportunities for the development and growth of Anvil.

Further information on Anvil can be found at www.anvil.com.au.

Financial Instruments

As at June 30, 2004, the Company had entered into a number of derivative instruments to minimize the risk exposure to copper and gold prices, foreign currency, and interest rate movements. These instruments consist of forward and option contracts, interest rate protection contracts, and foreign currency protection contracts.

For copper and gold forward and put option contracts, fair value was calculated using spot and forward prices and volatilities. For interest rate protection contracts, fair value was determined using market interest rates. For foreign currency protection contracts, fair value was determined using the exchange rate at quarter-end.

The put options offer downside protection while allowing the company to participate in any copper and gold price appreciation. Forward contracts are based on a fixed copper and gold price and cap the price that will be received for sales in the future.

Copper Financial Instruments

The Company has entered into forward contracts of 1,000 tonnes of its budgeted monthly copper production at Bwana to December 2004 at the following prices; July 2004 $2,024 ($0.92 lb) and August to December $2,036 ($0.92 lb) per tonne respectively. At June 30, 2004, the fair value of these copper forwards was negative $3.5 million. These forward contracts are accounted for as long-term sales contracts and therefore are not marked-to-market.

The Company has entered into put option contracts of 210,240 tonnes of its expected copper production at Kansanshi beginning in year 2005 and ending in year 2007 at a price of $1,800 per tonne ($0.89 lb). At June 30, 2004, the fair value of these copper put options was $1.5 million and has been accounted for in the balance sheet as unrealized fair value of derivative instruments.

Gold Financial Instruments

The Company has entered into put option contracts on 139,296 ounces at a forward price of $350 per ounce gold production at Kansanshi beginning in year 2005 and ending in year 2009.

The Company has also entered into contingent gold forward contracts over the same period as the gold options on up to 139,926 ounces of gold.

Other Financial Instruments

The Company has entered into cross-currency principal and interest rate swaps to hedge the Euro interest and principal payments on the Bwana and Kansanshi EIB facility. At June 30, 2004, the fair value of these instruments was negative $866,000 and has been accounted for in the balance sheet as unrealized fair value of derivative instruments.

The Company has entered into an option swap ZAR to USD. At June 30, 2004, the fair value of this instrument was $136,000 and has been accounted for in the balance sheet as unrealized fair value of derivative instruments.

6. Second Quarter Review

Second quarter revenues were $27.1 million (2003: $12.7m; 2002: $5.1m) which included copper revenues of $23.4 million (2002: $10.3m; 2002: $3.3m), acid revenues of $2.9 million (2003: $2.4m; 2002: $2.3m), and other revenues of $0.8 million (2003: $0.0m; 2002: $(0.5m)). Copper revenues increased 127% due to improvements in both the realized copper price and a 42% increase in copper production at Bwana. Acid revenues also increased due to increased acid production and the Company's ability to pass higher sulphur prices onto its customers through an increased acid price. The increase in other revenue can be principally attributed to recoupment of corporate costs from Kansanshi and interest income on cash balances.

Second Quarter Statistics Table 10	2004 3 months	2003 3 months	2002 3 months
Revenues: ($ millions)			
Copper	$23.4	$10.3	$3.3
Acid	2.9	2.4	2.3
Other	0.8	0.0	(0.5)
Net Earnings ($ millions)	$4.1	$(0.2)	$2.1
Production Statistics (tonnes)			
Copper Production	9,585	6,734	2,258
Acid Production	34,265	29,286	27,586
Ore Mined	84,536	12,581	348,285
Waste Mined	2,853,637	1,342,858	992,820
Costs of Production			
Cash Costs (C1)	$0.48	$0.44	$0.25
Cash Costs (C3)	$0.67	$0.69	$0.58

Cost of sales were $13.1 million (2003: $8.8m; 2002: $3.5m), the increase in cost of sales was predominately driven by the increase in copper production. Other expenses for the second quarter were $7.4 million (2003: $3.9m; 2002: $2.0m). Other expenses were predominantly comprised of depreciation of $3 million (2003: $1.6m; 2002: $1.1m) and general and administration expenses of $1.5 million (2003: $0.7m; 2002: $0.8m). The movement in depreciation expense is due to the increased production at Bwana which uses the units of production method of depreciation. Included in the general and administration expense for the second quarter was $0.3 million of stock option expense, which is now required to be charged to the income statement.

Mining

During the second quarter 2004, approximately 84,536 tonnes (2003: 12,581t; 2002: 348,285t) of ore and approximately 2,853,637 tonnes (2003: 1,342,858t; 2002: 992,820t) of waste were mined from Lonshi. The strip ratio for the quarter was 33.8:1, which was significantly greater than the revised life to date mine strip ratio of 12.0:1. The Company extended its focus on pre-stripping as access to the bottom of the pit was limited due to water inflow that occurred in the first half of the quarter. By the end of the quarter access to the pit had improved.

Processing

During the second quarter 2004, copper production increased to 9,585 tonnes (2003: 6,734t; 2002: 2,258t). The 40% increase over 2003 was due to a steady state of production being reached as Bwana realized the benefits of the new ore delivery system and other processing initiatives.

Cash costs (C1) were $0.48 per pound (2003: $0.44 lb; 2002:$0.25 lb) and total costs (C3) were $0.67 per pound (2003: $0.69 lb; 2002: $0.58 lb) of copper. The increase in costs from 2003 can be principally attributed to higher ore costs associated with the mobilisation of an expanded mining fleet at Lonshi, and lower ore grades. The lower ore grades came as a result of processing ore from stockpiles rather than directly from the Lonshi pit.

In comparison to the first quarter 2004, cash costs were higher (Q1 2004: $0.39/lb: Q2 2004: $0.48/lb) due to a decrease of $0.03 per pound in the acid credit due to the planned acid plant maintenance shutdown, an increase in mining costs of $0.03 per pound due to the lower ore grades and mobilisation costs of the expanded mining fleet at Lonshi, and an increase of $0.02 per pound in operating costs as a result of the accrual of site bonuses.

Acid production increased to 34,265 tonnes (2003: 29,286t; 2002: 27,586t) of which 19,149 tonnes (2003: 15,832t; 2002: 15,006t) of surplus acid production was sold. The increase in acid production can be principally attributed to the timing of maintenance shutdowns. In 2003, both acid plants maintenance programs occurred in the second quarter as compared with only one in the second quarter of 2004.

Cash Flow

During the second quarter 2004, the cash flow from operating activities was $9.9 million (2003: $1.9m; 2002: $(1.3m)) or $0.16 per share (2003: $0.04; 2002: $0.07). The significant improvement in cash flow from operations is attributable to the improvement in revenue resulting from increased production and improved copper prices. Cash flow from operating activities was impacted adversely by movements in working capital other than cash of $1.5 million for the quarter.

The cash flow from operations improved quarter on quarter from $5.4 million in the first quarter to $9.9 million in the second quarter 2004. Although net profit for the second quarter was lower than the first quarter by $2.5 million this decrease was offset by improved cash collections from accounts receivable of $2.7 million, a smaller reduction in accounts payable balances of $2.0

million, and an increase in non cash operating expenses of approximately $1.7 million associated with depreciation and foreign exchange losses.

The cash inflow from financing activities was $21.2 million (2003: $7.3m; 2002: ($0.4m)). During the second quarter 2004, the Company made drawdowns on the Kansanshi EIB facility in the amount of €19.4m Euro ($23.5 million).

The cash outflow from investing activities was $51.6 million (2003: $7.9m; 2002: $5.8m) and was principally due to the construction associated with the Kansanshi project.

7. Outlook

Based on copper production of 19,274 tonnes for the first six months of 2004 the Bwana Mkubwa SX/EW processing facility is expected to exceed annual forecast production of 35,000 tonnes of copper cathode. Cash costs (C1) remain inline with forecast of an improved upon $0.44 per pound of copper. During the second half of the 2004, unit operating costs should benefit from higher ore grade, lower cost owner mining at the Lonshi mine, improved metal recoveries through the installation of two additional counter current decantation (CCD) tanks and the installation of the fourth rectiformer at the new tank house. During July, Bwana Mkubwa had record production for the month of 3,500 tonnes of copper cathode.

At Kansanshi, construction is well underway. Waste stripping and ore stockpiling will commence in the third quarter with first fill of reagents and “wet” circuit testing beginning in October. Commissioning will start during the fourth quarter during which fine-tuning and optimization of the mill, flotation, leach, filtration, solvent extraction, and electrowinning facilities, and build-up of in circuit inventory will take place. Improvements to the sulphide milling circuit resulting in name plate throughput of approximately 4 million tonnes per year will result in copper production outperforming the DFS forecasts in the early years of operation. In addition, studies continue to consider bringing forward expansions scheduled in the DFS in years three and five with the aim of increasing copper output sooner.

At the newly discovered Lufua project in the DRC, in-fill drilling to move the resource into the reserve category is underway, metallurgical testing and preliminary feasibility work is being carried out in 2004.

At Guelb Moghrein, metallurgical test work on ore samples has been initiated to determine the optimum process for recovery of the copper and gold mineralization. MDM Processing, an Australian engineering company, has been contracted to oversee this metallurgical work and to complete the preliminary process design. Under the current timetable, the metallurgical test work and process design, which will lead to a feasibility study, is projected to be completed by the end of 2004, with contracts for the plant construction anticipated to be early in 2005.

A substantial exploration program is underway for the DRC Pedicle region where First Quantum controls approximately 11,000 square kilometers of prospective geology. Drilling will test several copper soil anomalies including Lufua East, Nina, Ndongo, Ndongo East and Lonshi South. Drilling will also take place in Zambia at the Mkushi prospect and in Joint Venture with BHP Billiton at Mwinilunga and Luamata.

In Chile, a generative exploration program utilizing satellite imagery has yielded several potential targets. Follow up field work on colour alteration anomalies is in progress and a program to drill test these occurrences is planned for 2004.

8. Critical Accounting Policies

The following section outlines those changes in accounting policies that have been occurred since the filing of the Company’s 2003 Audit Financial Statements and the accompanying Management Discussion and Analysis. For a full understanding of the critical accounting policies of the company reference should be made to the aforementioned financial statements.

Stock-Based Compensation

Effective January 1, 2004, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA), set out in Section 3870 “Stock-based Compensation and other stock-based payments”. Under the new standard on stock-based compensation the Company is required to expense the fair value of the options granted to the Income Statement at the date of issue. The previous policy only required disclosure of the fair value in the notes to the financial statements.

The fair value of the options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. The resulting fair value of the options is amortized over their vesting periods. Cash consideration received from employees when they exercise the options is credited to share capital.

The adoption of this standard required retroactive adjustment to retained earnings without restatement. On Jan 1, 2004 the company decreased retained earnings by $467,000 and increased contributed surplus and common shares by $391,000 and $76,000 respectively.

Asset Retirement Obligations

Effective January 1, 2004, the Company adopted the recommendations of the CICA set out in Section 3110 “Asset Retirement Obligations”. Under the new standard the company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

Upon adoption of these new recommendations the Company, increased its capital assets and environmental provisions by $1.5 million and $2.9 million respectively. It also decreased its future income tax liability, retained earnings and inventory balances by $0.4 million, $1.3 million and $0.3 million respectively.

Hedging Relationships

On January 1, 2004, the Company has adopted CICA Accounting Guideline 13, “Hedging Relationships” (AcG 13), the Company reviewed its existing hedge accounting treatment of certain derivative financial instruments in accordance with AcG 13 which establishes new criteria for hedge accounting.

Under the new guideline, the Company is required to document its hedging transactions and explicitly demonstrate that the hedges are sufficiently effective in order to continue accrual accounting for positions hedged with derivatives. Derivative financial instruments that do not qualify for hedge accounting under AcG 13 are required to be marked-to-market with changes in the fair value of the derivative instruments recognized as unrealized gains or losses in the statement of operations.

During its review, the Company identified cross-currency swaps and interest rate swaps, which had previously been designated as hedges of fluctuation in currency rate movements. Although some of its other derivative financial instruments would qualify for hedge accounting, most would not qualify under the stringent guidelines of AcG 13, even though, in management’s opinion, some of these contracts continue to be effective in mitigating the Company’s exposure to interest rate and foreign currency fluctuations.

Having reviewed the current guidelines relating to hedge accounting, management is of the opinion that in order to provide more transparency and consistency in the manner in which hedging transactions are reported, the Company will instead mark-to market all of its derivative financial instruments.

The overall effect resulting from the application of AcG 13 was an increase to the Company’s net profit after taxes for the quarter by $0.1 million. For further information on the adoption of AcG 13 reference should be made to note 2 of the Quarterly Financial Statements.

Estimates, Risks and Uncertainties

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Company’s operations and results are subjected to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding mining and processing, mine development, copper prices, gold prices, estimation of carrying values, government and environmental regulations, international operations, health, currency, inflation, key personnel, share market and capital requirements risks. For a full understanding of these risks and others, reference should be made to the Company’s ‘Annual Information Form’.

Forward Looking Statements

Certain information contained in the Management’s Discussion and Analysis constitutes “forward - looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, including but not limited to those with respect to the prices of gold, copper, cobalt and sulphuric acid, estimated future production, estimated costs of future production, the Company’s hedging policy and permitting time lines, involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual prices of copper, gold, cobalt and sulphuric acid, the factual results of current exploration, development and mining activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company’s documents filed from time to time with the Alberta, British Columbia, Ontario and Quebec Securities Commission and the United States Securities and Exchange Commission and the Alternative Investment Market operated by the London Stock Exchange.

9. Summary of Quarterly Results

The following table sets out the financial performance, financial position and operation statistics for the Company for the last eight quarters. It should be noted that Q4 2002 is for 4 months due to the change in fiscal year end that occurred in 2002.

Summary of Quarterly Results (unaudited)
Table 11

Statement of Operations and Deficit	**2004 Q2**	**2004 Q1**	**2003 Q4**	**2003 Q3**	**2003 Q2**	**2003 Q1**	**2002 Q4**	**2002 Q3**
Total Revenues ($ millions)	$27.1	$25.5	$20.0	$17.7	$12.7	$10.3	$11.9	$6.3
Cost of Sales ($ millions)	13.1	12.1	13.0	11.5	8.8	8.1	10.6	4.5
Net Earnings (Loss) ($ millions)	4.1	6.7	1.5	3.2	(0.2)	(0.0)	(1.0)	(0.4)
Basic Earnings per share	$0.07	$0.11	$0.02	$0.06	($0.00)	$(0.00)	$(0.02)	$(0.01)
Diluted Earnings per share	$0.07	$0.11	$0.02	$0.06	($0.00)	$(0.00)	$(0.02)	$(0.01)
Production Statistics								
Mining:								
Ore Mined	84,536	66,442	438,523	260,409	12,367	0	487,235	177,951
Copper Grade %	5.2	4.3	5.5	4.8	4.3	4.6	5.3	5.6
Waste Mined	2,853,637	1,035,504	884,580	1,832,783	1,342,858	427,209	1,048,452	1,593,720
Processing:								
Ore Processed	236,887	208,667	196,898	233,032	181,260	110,875	161,015	256,688
Contained Copper (tonnes)	10,813	10,904	10,790	11,188	7,794	5,053	7,033	2,866
Recovery %	89	89	89	79	86	86	80	68
Copper Produced (tonnes)	9,585	9,689	9,558	8,862	6,734	4,359	5,595	1,945
Acid Produced (tonnes)	34,265	34,344	33,035	36,245	29,286	34,385	43,283	34,105
Surplus Acid (tonnes)	19,149	20,763	15,689	20,275	15,832	23,432	27,669	24,021
Financial Position ($ millions)								
Working Capital	$28.0	$40.2	$13.5	$9.6	$1.1	$0.8	$5.2	$(6.7)
Total Assets	276.4	241.8	162.1	132.3	111.0	97.0	99.2	82.8