First Quantum Minerals Ltd.
Consolidated Financial Statements
Third Quarter – September 30, 2006
(Unaudited)
(expressed in thousands of U.S. dollars, except where indicated)

First Quantum Minerals Ltd.

Consolidated Balance Sheets

As at September 30, 2006 and December 31, 2005

(Unaudited)

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

	2006 **$**	**2005** **$**
Assets		
Current assets		
Cash and cash equivalents	189,928	82,910
Restricted cash	12,754	20,162
Accounts receivable	206,382	62,938
Inventory (note 4)	114,743	60,854
Current portion of other assets and deferred charges (note 6)	17,118	7,506
	540,925	234,370
Investments	9,939	9,522
Property, plant and equipment (note 5)	993,313	471,294
Other assets and deferred charges (note 6)	40,284	31,325
	1,584,461	746,511
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	80,669	63,492
Current taxes payable	89,034	16,055
Current portion of long-term debt (note 7)	50,652	58,255
Current portion of other liabilities (note 8)	29,678	20,377
	250,033	158,179
Long-term debt (note 7)	173,673	176,767
Future income tax liability	190,024	43,330
Other liabilities (note 8)	32,716	34,340
	646,446	412,616
Minority interests	75,258	22,454
	721,704	435,070
Shareholders' Equity		
Equity accounts (note 9)	393,631	166,592
Retained earnings	469,127	144,849
	862,758	311,441
	1,584,461	746,511

Commitments and Subsequent event (note 14 and 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 Retained Earnings

For the three and nine months ended September 30, 2006 and 2005

(Unaudited)

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

	Three months ended		Nine months ended	
	September 30, 2006 $	**September 30, 2005 $**	**September 30, 2006 $**	**September 30, 2005 $**
Revenues	328,409	143,022	878,068	267,719
Cost of sales	72,538	53,792	190,472	105,028
Depletion and amortization	13,700	12,519	40,066	23,364
Operating profit	242,171	76,711	647,530	139,327
Other expenses				
Exploration	5,170	1,497	12,159	3,649
General and administrative	7,031	2,498	14,408	6,777
Interest and financing fees on long-term debt	7,119	5,821	19,056	10,054
Other expenses (note 11)	4,502	5,868	57,994	3,483
Gain on disposal of investment	(1,643)	-	(1,643)	(16,127)
	22,179	15,684	101,974	7,836
Earnings before income taxes and minority interest	219,992	61,027	545,556	131,491
Income taxes	59,219	14,784	148,341	25,708
Minority interest	21,597	6,770	52,786	10,085
Net earnings for the period	139,176	39,473	344,429	95,698
Retained earnings (deficit) - beginning of period	335,715	49,289	144,849	(3,936)
Dividends	5,764	1,033	20,151	4,033
Retained earnings - end of period	469,127	87,729	469,127	87,729
Earnings per common share				
Basic	$2.09	$0.64	$5.35	$1.56
Diluted	$2.05	$0.63	$5.25	$1.52
Weighted average shares outstanding (000’s)	66,615	61,583	64,346	61,451

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 nine months ended September 30, 2006 and 2005

(Unaudited)

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

	Three months ended		Nine months ended	
	September 30, 2006 $	September 30, 2005 $	September 30, 2006 $	September 30, 2005 $
Cash flows from operating activities				
Net earnings for the period	139,176	39,473	344,429	95,698
Items not affecting cash				
Depletion and amortization	13,700	12,519	40,066	23,364
Minority interest	21,597	6,771	52,786	10,086
Provision for deferred stripping	-	5,901	-	2,772
Unrealized foreign exchange loss (gain)	351	(475)	2,858	(5,334)
Future income tax expense	12,769	9,681	41,879	12,648
Stock-based compensation expense	2,643	672	4,700	2,041
Unrealized derivative instruments (gain) loss	(3,804)	4,935	15,025	8,561
Other	666	1,658	3,101	2,505
Gain on disposal of investment	(1,643)	-	(1,643)	(16,127)
	185,455	81,135	503,201	136,214
Change in non-cash operating working capital				
Increase in accounts receivable and prepaid expenses	(19,240)	(25,998)	(143,743)	(43,932)
Increase in inventory	(17,144)	(2,617)	(53,141)	(21,497)
Increase in accounts payable and accrued liabilities	34	17,314	74,809	16,623
Long term incentive plan contribution (note 10)	(15,563)	-	(15,563)	-
	133,542	69,834	365,563	87,408
Cash flows from financing activities				
Restricted cash	16,911	827	7,408	(1,538)
Proceeds from long-term debt	-	11,500	82,000	43,023
Repayments of long-term debt	(50,523)	(15,260)	(95,986)	(30,694)
Issuance of common shares	476	235	3,460	1,523
Dividends paid	(5,764)	(1,033)	(20,151)	(4,033)
Deferred premium obligation and finance fees	(2,801)	(1,390)	(9,062)	(11,372)
	(41,701)	(5,121)	(32,331)	(3,091)
Cash flows from investing activities				
Property, plant and equipment	(78,872)	(52,168)	(206,832)	(92,155)
Deferred exploration and stripping costs	(15,368)	(5,665)	(20,780)	(1,281)
Other	1,886	-	1,389	21,944
	(92,354)	(57,833)	(226,223)	(71,492)
Effect of exchange rate changes on cash	114	279	9	442
(Decrease) increase in cash and cash equivalents	(513)	6,880	107,009	12,825
Cash and cash equivalents – beginning of period	190,327	56,464	82,910	50,356
Cash and cash equivalents – end of period	189,928	63,623	189,928	63,623

(Unaudited)
(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

1 Nature of operations

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

2 Basis of presentation

These interim consolidated financial statements have been prepared in accordance with Canadian GAAP disclosure requirements for interim financial statements and do not contain all the information that is required of annual financial statements. Accordingly, they should be read in conjunction with the December 2005 audited financial statements.

3 Adastra acquisition

The Company acquired 100% of Adastra Minerals Inc. ("Adastra") in a two step transaction. Adastra is an international mining company currently developing several mineral assets in Central Africa, including the Kolwezi Copper-Cobalt Tailings Project in the DRC. On May 1, 2006, the Company acquired 75% of the outstanding shares of Adastra and therefore consolidates Adastra's operating results from May 1, 2006. On August 11, 2006, the Company acquired the remaining 25% of the outstanding shares of Adastra.

The acquisition of Adastra has been accounted for as an asset purchase with the total consideration paid being comprised of:

	$
Issuance of common shares (note 9)	234,443
Cash	34,972
Transaction costs	3,647
	273,062

The preliminary allocation of the purchase price to assets and liabilities acquired is as follows:

Assets	**$**
Cash	10,584
Restricted cash	2,972
Accounts receivable and prepaid expenses	709
Property, plant and equipment	375,543
Liabilities	
Accounts payable and accrued liabilities	9,797
Other liabilities	1,059
Future income tax liability	105,872
Minority interest	18
	273,062

The purchase price allocation is preliminary and subject to adjustment over the course of 2006 on completion of the valuation process and analysis of resulting tax effects.

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

4 Inventory

	September 30, 2006 $	December 31, 2005 $
Ore in stockpiles	32,067	23,480
Work-in-progress	5,575	3,744
Finished product	18,858	5,130
Total product inventory	56,500	32,354
Consumable stores	58,243	28,500
Total inventory	114,743	60,854

5 Property, plant and equipment

	September 30, 2006			December 31, 2005		
	Cost	Accumulated amortization	Net $	Cost	Accumulated amortization	Net $
Processing facilities and ancillary equipment	492,128	115,980	376,148	383,404	84,980	298,424
Capital work-in-progress	212,531	-	212,531	140,919	-	140,919
Mineral properties	428,014	23,380	404,634	52,420	20,469	31,951
Total	1,132,673	139,360	993,313	576,743	105,449	471,294

6 Other assets and deferred charges

	September 30, 2006 $	December 31, 2005 $
Prepaid power	10,340	10,380
Deferred finance fees - net of amortization	11,277	11,596
Deferred stripping asset	27,582	7,811
Fair value of derivative instruments (note 13)	127	932
Future income tax asset	3,329	4,390
Other prepaids	4,747	3,722
	57,402	38,831
Current portion	(17,118)	(7,506)
	40,284	31,325

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

7 Long-term debt

	September 30, 2006 $	December 31, 2005 $
Drawn debt facilities		
Standard Bank Group and WestLB AG facility (a)	73,943	117,000
Fortis Bank and Export Development Bank facility (b)	60,000	-
Kansanshi EIB facility (c)	43,132	40,265
Glencore International AG facility (d)	25,000	25,000
Fortis Bank facility (e)	22,000	-
Bwana Standard Chartered Bank facility (f)	-	13,007
Standard Chartered Bank facility (g)	-	11,500
Other	250	250
Banque Belgolaise and Export Development Canada facility	-	25,000
Banque Belgolaise facility	-	3,000
Total long-term debt	224,325	235,022
Less: Current portion	(50,652)	(58,255)
	173,673	176,767

a) Standard Bank Group and WestLB AG facility

In 2003, Kansanshi entered into a secured $120.0 million senior debt facility agreement arranged and underwritten by Standard Bank Group and WestLB to finance the Kansanshi project. The facility comprises two tranches of $60.0 million. Tranche A is repayable in 11 semi-annual instalments commencing on January 31, 2006; Tranche B is repayable in 22 quarterly payments commencing on October 31, 2005. Interest on Tranche A is calculated at a fixed rate of 6%. Interest on Tranche B is calculated at LIBOR plus 3% during the repayment period. A sinking fund has been established to meet these quarterly payments and is recorded as restricted cash. The obligations under this facility are secured by a charge over the assets and undertakings of Kansanshi, a pledge on the shares of Kansanshi Holdings Limited and a guarantee of repayment by FQM.

b) Fortis Bank and Export Development Bank facility

In May 2006, the Company entered into a secured $60.0 million facility agreement with Fortis Bank to finance the design, construction, operation and maintenance of the Guelb Moghrein mine. The facility is comprised of two tranches. Tranche A is for $45.0 million and is repayable in 17 quarterly instalments commencing on December 15, 2006. Tranche B is for $15.0 million and is repayable in four quarterly instalments commencing on December 15, 2009. Interest is calculated at LIBOR plus 2% on $40.0 million of the facility and LIBOR plus 3.1% on $20.0 million of the facility. The obligations under this facility are secured by a charge over the assets and undertakings of Mauritanian Copper Mines (“MCM”), a pledge on the shares of MCM and a guarantee of repayment by FQM.

c) Kansanshi European Investment Bank facility

In 2003, Kansanshi entered into a subordinated debt facility agreement with European Investment Bank (“EIB”), for 34.0 million Euros, to finance the Kansanshi project. This facility is repayable in nine equal annual payments commencing October 31, 2007. Interest is calculated annually, with a range of 3.2% to 13.2%, based on the average LME cash copper price for the preceding calendar year. The interest rate is at its lower limit at a realized copper price of less than $1,300 per tonne and then increases incrementally until the copper price reaches its $2,200 per tonne upper limit. As this facility is in Euros, the Company has entered into cross-currency principal and interest rate swaps to mitigate the effects of movements in the Euro.

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

d) Glencore International AG facility

In 2004, Kansanshi entered into a $25.0 million facility with Glencore International AG. This facility was drawn down in 2005 and is repayable in 10 semi-annual instalments commencing December 31, 2006 and bears interest at LIBOR plus 3.5%.

e) Fortis Bank facility

In March 2006, the Company entered into a bridge facility with Fortis Bank SA/NV for $22.0 million, which was used to repay the Banque Belgolaise and Export Development Bank of Canada facility and the Banque Belgolaise facility. The facility is due and payable on December 31, 2006 and bears interest at LIBOR plus 2.5%. It is the Company's intention to re-finance this loan with a new long-term facility.

f) Bwana Standard Chartered Bank facility

In 2003, Bwana entered into a long-term debt facility with Standard Chartered Bank of $30.0 million to provide additional funding for capital projects and general working capital purposes. The Company repaid this facility in September 2006.

g) Standard Chartered Bank facility

In 2005, the Company entered into a facility with Standard Chartered Bank for $11.5 million, which was used to repay the Bwana EIB facility. The Company repaid this facility in September 2006.

8 Other liabilities

	September 30, 2006 $	December 31, 2005 $
Unrealized fair value of derivative liability (note 13)	32,849	20,417
Deferred premium obligation (note 13)	10,289	15,714
Zesco Limited	2,947	3,368
ZCCM deferred payment	3,333	3,333
Guelb Moghrein deferred payment	5,000	4,845
Asset retirement obligation	4,673	4,195
Deferred stripping liability	-	1,009
Other	3,303	1,836
	62,394	54,717
Current Portion	(29,678)	(20,377)
	32,716	34,340

(Unaudited)
(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

9 Equity accounts

	September 30, 2006 $	December 31, 2005 $
Common shares	399,149	160,733
Treasury shares	(15,563)	-
Contributed surplus	10,045	5,859
	393,631	166,592

Number of shares issued and outstanding	67,283	61,674
Weighted average number of shares	64,346	61,498

On May 1, 2006, the Company issued 3,497,192 common shares at $CA 57.41 per share for the initial acquisition of Adastra. On August 11, 2006, the Company issued a further 1,181,274 common shares at $CA 55.87 per share for the second step acquisition of Adastra (note 3). The share issue price is the 14 day average share price of the Company's common shares at the date of acquisition.

10 Stock-based compensation

The Company has implemented a long-term incentive plan (the "Plan"), which provides for the issuance of performance stock units ("PSU"s) and restricted stock units ("RSU"s) in such amounts as are approved by the Company's Compensation Committee.

Each PSU entitles participants, which includes directors, officers, and employees, to receive one common share of the Company at the end of a three year period if certain performance and vesting criteria, which are based on the Company's performance relative to a representative group of other mining companies, have been met. The final value of the PSUs will ultimately be based on the value of common shares of the Company at the end of the three year period and the number of PSUs that ultimately vest. Each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. Current RSU grants will vest in equal tranches over a three year period.

The Company has established an independent trust to purchase on the open market the common shares necessary to satisfy the outstanding PSUs and RSUs. The Company consolidates the trust as it constitutes a variable interest entity. Consequently, shares purchased by the trust to satisfy obligations under the Plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

At September 30, 2006, 107,336 PSUs and 161,527 RSUs have been granted. The trust has purchased 268,863 shares of the Company for allocation subject to performance and vesting criteria being satisfied. The Company has recorded an expense of $1.6 million during the quarter ended September 30, 2006 in respect of these units.

11 Other expenses (income)

	Three months ended		Nine months ended	
	September 30, 2006 $	September 30, 2005 $	September 30, 2006 $	September 30, 2005 $
Derivative instrument losses	6,526	5,664	59,160	9,101
Foreign exchange losses (gains)	757	990	4,815	(4,058)
Interest and sundry income	(2,781)	(786)	(5,981)	(1,560)
	4,502	5,868	57,994	3,483

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

12 Segmented information

The Company's operating segments are strategic business units that produce different but related products or services. The operating segments consist of the Kansanshi operation ("KCO"), the Bwana/Lonshi operation ("BLD"), the Guelb Moghrein operation ("GMP"), the Frontier project ("FRO"), and the corporate development and administration segment ("CDA").

The CDA segment is responsible for the evaluation and acquisition of the new mineral properties, regulatory reporting, and corporate administration. Included in the CDA is the newly acquired Kolwezi Copper-Cobalt Tailings project, the Connemara gold mine in Zimbabwe, which is currently on a care and maintenance basis and the investment in Carlisa which holds a 90% interest in Mopani Copper Mines Ltd.

For the nine months ended September 30, 2006, segmented information is presented as follows:

						2006
	KCO	**BLD**	**GMP**	**FRO**	**CDA**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Segmented revenues	611,833	288,604	-	-	10,852	911,289
Less inter-segment revenues	-	22,369	-	-	10,852	33,221
Revenues	611,833	266,235	-	-	-	878,068
Cost of sales	115,697	74,775	-	-	-	190,472
Depletion and amortization	21,919	18,084	-	-	63	40,066
Operating profit (loss)	474,217	173,376	-	-	(63)	647,530
Interest on long-term debt	17,269	998	-	-	789	19,056
Other	61,845	8,759	-	-	12,314	82,918
Segmented profit before undernoted items	395,103	163,619	-	-	(13,166)	545,556
Income taxes	103,657	46,831	-	-	(2,147)	148,341
Minority interest	52,786	-	-	-	-	52,786
Segmented profit	238,660	116,788	-	-	(11,019)	344,429
Property, plant and equipment	396,201	53,948	103,245	65,199	374,720	993,313
Total assets	768,106	180,866	120,413	67,586	447,490	1,584,461
Capital expenditures	87,231	1,527	38,499	55,331	374,028	556,616

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

For nine months ended September 30, 2005, segmented information is presented as follows:

						2005
	KCO **$**	**BLD** **$**	**GMP** **$**	**FRO** **$**	**CDA** **$**	**Total** **$**
Segmented revenues	137,280	138,314	-	-	6,782	282,376
Less inter-segment revenues	-	7,875	-	-	6,782	14,657
Revenues	137,280	130,439	-	-	-	267,719
Cost of sales	50,443	54,585	-	-	-	105,028
Depletion and amortization	9,389	13,888	-	-	87	23,364
Operating profit (loss)	77,448	61,966	-	-	(87)	139,327
Interest on long-term debt	6,719	3,211	-	-	124	10,054
Other	5,247	2,772	-	-	(10,237)	(2,218)
Segmented profit before undernoted items	65,482	55,983	-	-	10,026	131,491
Income taxes	14,386	11,322	-	-	-	25,708
Minority interest	10,085	-	-	-	-	10,085
Segmented profit	41,011	44,661	-	-	10,026	95,698
Property, plant and equipment	283,571	87,713	41,917	3,691	924	417,816
Total assets	409,616	132,730	42,622	3,691	52,858	641,517
Capital expenditures	49,879	44,358	31,255	-	-	125,492

For the three months ended September 30, 2006, segmented information is presented as follows:

						2006
	KCO **$**	**BLD** **$**	**GMP** **$**	**FRO** **$**	**CDA** **$**	**Total** **$**
Segmented revenues	229,046	108,100	-	-	4,836	341,982
Less inter-segment revenues	-	8,737	-	-	4,836	13,573
Revenues	229,046	99,363	-	-	-	328,409
Cost of sales	48,846	23,692	-	-	-	72,538
Depletion and amortization	8,082	5,592	-	-	26	13,700
Operating profit (loss)	172,118	70,079	-	-	(26)	242,171
Interest on long-term debt	6,104	750	-	-	265	7,119
Other	7,133	2,320	-	-	5,607	15,060
Segmented profit before undernoted items	158,881	67,009	-	-	(5,898)	219,992
Income taxes	40,924	19,414	-	-	(1,119)	59,219
Minority interest	21,597	-	-	-	-	21,597
Segmented profit	96,360	47,595	-	-	(4,779)	139,176
Property, plant and equipment	396,201	53,948	103,245	65,199	374,720	993,313
Total assets	768,106	180,866	120,413	67,586	447,490	1,584,461
Capital expenditures	25,974	452	10,978	30,057	90,515	157,976

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

For the three months ended September 30, 2005, segmented information is presented as follows:

	KCO $	BLD $	GMP $	FRO $	CDA $	2005 Total $
Segmented revenues	92,217	55,032	-	-	2,907	150,156
Less inter-segment revenues	-	4,227	-	-	2,907	7,134
Revenues	92,217	50,805	-	-	-	143,022
Cost of sales	31,905	21,887	-	-	-	53,792
Depletion and amortization	6,462	6,027	-	-	30	12,519
Operating profit (loss)	53,850	22,891	-	-	(30)	76,711
Interest on long-term debt	4,080	1,617	-	-	124	5,821
Other	7,041	2,144	-	-	678	9,863
Segmented profit before undernoted items	42,729	19,130	-	-	(832)	61,027
Income taxes	11,657	3,127	-	-	-	14,784
Minority interest	6,770	-	-	-	-	6,770
Segmented profit	24,302	16,003	-	-	(832)	39,473
Property, plant and equipment	283,571	87,713	41,917	3,691	924	417,816
Total assets	409,616	132,730	42,622	3,691	52,858	641,517
Capital expenditures	6,767	34,835	19,484	-	-	61,086

13 Derivative instruments

As at September 30, 2006, the Company has entered into a number of derivative instruments to mitigate the Company's exposure to copper and gold prices, foreign exchange rates, and interest rates. The Company does not apply hedge accounting and all derivatives are marked-to-market.

(All dollar amounts in tables are in thousands of U.S. dollars, except where indicated)

As at September 30, 2006, the following derivative positions were outstanding:

	2006	2007	2008	2009	Total	Fair Value
Copper (i)						
Put options (tonnes)	17,148	86,016	-	-	103,164	-
Price ($/tonne)	$1,800	$1,800	-	-		
Copper (Collar) (tonnes)	4,500	-	-	-	4,500	(8,186)
Average upper limit ($/tonne)	$5,750	-	-	-		
Average lower limit ($/tonne)	$4,250	-	-	-		
Gold						
Put options (oz)	6,246	37,380	24,060	38,028	105,714	60
Price ($/oz)	$350	$350	$350	$350		
Forward Contracts (oz)	6,246	37,380	24,060	38,028	105,714	(24,723)
Price ($/oz)	$400	$400	$400	$400		
Unrealized fair value of derivative liability						(32,849)
Other						
Interest rate swaps						248
Cross currency swaps						(121)
Unrealized fair value of Derivative asset						127

i) Copper

As at September 30, 2006, there were put option contracts for 103,164 tonnes of copper outstanding with a premium obligation of $10.0 million.

As at September 30, 2006, there were copper collar contracts for 4,500 tonnes of copper outstanding with a premium obligation of $0.3 million.

14 Commitments

In conjunction with the development of Guelb Moghrein, Frontier and other projects, the Company has committed to approximately $95.0 million in capital expenditures as at September 30, 2006.

15 Subsequent event

In October 2006, the Company executed final documentation for a $400.0 million corporate revolving term credit facility that will be used to restructure the Company's existing project based debt, provide financing for the Frontier project and provide a revolving facility to be used for general purposes. Subsequent to September 30, 2006, the Company drew down the first $225.0 million of the new corporate facility and repaid all of the Company's credit facilities, except for the subordinated Kansanshi EIB and Glencore International AG facilities.

The facility comprises three tranches, to a maximum of $400.0 million, of $225.0 million, $125.0 million, and $100.0 million, respectively. Tranche A is repayable in ten equal semi-annual instalments commencing on December 31, 2006, Tranche B is repayable in seven semi-annual instalments commencing on June 30, 2008, and Tranche C is to have any outstanding balance reduced $50.0 million on December 31, 2007 and any remaining balance is to be repaid on June 30, 2011. Interest on Tranche A and B is calculated at LIBOR plus 2.50%. Interest on Tranche C is calculated at LIBOR plus 2.75%.

Management Discussion and Analysis and Financial Review

for the

Third Quarter and Nine Months ended September 30, 2006

(expressed in US Dollars)

Nov 14, 2006

1. Highlights: Third Quarter 2006

- Net earnings of $139.2 million ($2.09 per share), a net earning's increase of 253% compared to the third quarter of 2005
- Cash flow from operating activities, before working capital movements, of $185.5 million ($2.78 per share), an increase of 129% compared to the third quarter of 2005
- Copper production of 44,403 tonnes (97.9 million pounds), an increase of 23% compared to the third quarter of 2005
- The Company's Board of Directors approved the Frontier Copper Project; construction is well advanced; commercial production targeted for third quarter of 2007
- Adastra Minerals Inc. became a wholly-owned subsidiary in August 2006

Subsequent Events

- Guelb Moghrein in Mauritania achieved commercial production on October 5, 2006
- New $400 million corporate credit facility entered into with a syndicate of international banks in October 2006
- High pressure leach project at Kansanshi nearing completion with commencement of commissioning

For further information on the Company, reference should be made to Section 2 or its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available at the Company's website at www.first-quantum.com. In addition, reference should be made to the risk factors section contained in the Company's most recently filed AIF. The following interim information is prepared in accordance with Canadian GAAP and denominated in United States dollars, unless otherwise noted.

2. Company Overview

First Quantum Minerals Ltd. (the "Company") is a Canadian listed mining company whose principal activities include mineral exploration, development, mining, and the production of London Metal Exchange ("LME") grade "A" copper cathode, copper in concentrate, gold and sulphuric acid. The discussion and analysis contained in this MD&A follows the reporting segments as described in the Company's most recently filed annual financial statements.

The 80% owned Kansanshi operation is located near Solwezi, in Zambia and produces grade "A" copper cathode and copper in concentrate. The copper concentrate produced includes a gold credit. The Kansanshi operation consumes sulphuric acid from the Solwezi acid plant located on the same site, but owned by Bwana Mkubwa, a wholly-owned subsidiary of the Company. The high pressure copper concentrate leach project is being developed at Kansanshi.

The wholly owned Bwana/Lonshi operation includes an open pit mine at Lonshi, located in the Democratic Republic of Congo ("DRC"), and the Bwana processing plants located in Zambia. The Bwana/Lonshi operation produces grade "A" copper cathode and sulphuric acid from three acid plants. Two of these plants are located at Bwana Mkubwa while the other plant is located at the Kansanshi site.

The 80% owned Guelb Moghrein operation is located in Mauritania and produces copper and gold in concentrate and gold dore.

The Company is currently developing its Frontier copper project, located near the town of Sakania in the DRC, within 2 kilometers of the Zambian border. This project is expected to achieve commercial production in the third quarter of 2007 and will produce copper in concentrate.

The Company owns an effective 16.9% interest in Mopani Copper Mines Plc ("Mopani"), located in Zambia. The new Mufulira smelter owned by Mopani commenced commissioning in September 2006 and is expected to be operating at full design by the end of 2006. This smelter will provide capacity for the treatment of all of Kansanshi's surplus copper concentrate and 100% of Frontier's concentrate production.

The Company, through its wholly owned subsidiary, Comisa, has the exclusive exploration rights over 37 exploration permits with a total surface area of 11,000 square kilometers in the DRC.

The Company acquired Adastra Minerals Inc. ("Adastra") in a two step transaction. Adastra is an international mining company currently developing several mineral assets in Central Africa, including the Kolwezi Copper-Cobalt Tailings Project in the DRC. The Company acquired 75% of Adastra in May 2006 and the remaining 25% in August 2006. Since acquiring control of Adastra, the Company has been conducting a metallurgical testwork and piloting program in order to determine whether a revised process design for the Kolwezi tailings project is required.

3. Statement of Earnings Discussion

Consolidated Revenues

Table 1: Revenue Statistics

	Third Quarter			Nine Months		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**
Revenues (millions)						
Copper	$28.6	$138.4	$323.2	$74.1	$259.9	$861.9
Gold	-	3.4	5.1	-	4.0	15.8
Acid	2.6	1.2	0.1	8.7	3.8	0.4
Total Revenue	$31.2	$143.0	$328.4	$82.8	$267.7	$878.1
Gross copper selling price (per lb)	$1.17	$1.72	$3.49	$1.13	$1.62	$3.30
Realized copper price (per lb)	$1.14	$1.58	$3.17	$1.10	$1.50	$3.01
Average LME cash copper price (per lb)	$1.24	$1.71	$3.48	$1.27	$1.58	$3.00
Realized gold price (per oz)	-	$482	$581	-	$471	$594
Average gold price (per oz)	$401	$440	$622	$401	$432	$601
Sales Statistics [(1)]						
Copper (tonnes)	11,374	39,864	46,227	30,673	78,399	129,793
Gold (ounces)	-	7,130	8,864	-	8,500	26,554
Acid (tonnes)	16,884	7,120	508	56,796	22,108	2,355

(1) Copper sales and production volumes refer to contained copper in either concentrate or cathode.

Third Quarter 2006

Third quarter revenues totalled $328.4 million, which included copper revenues of $323.2 million ($223.9 million at Kansanshi and $99.3 million at Bwana/Lonshi) and gold revenues of $5.1 million. This was an increase of 130% over the same period in 2005, resulting from an increase in both copper production and the realized copper price.

The Company sold 46,227 tonnes of copper (33,171 tonnes of copper cathode and 13,056 tonnes of copper contained in concentrate) compared to 39,864 tonnes of copper in the same period in 2005, an increase of 16%.

The realized copper price was $3.17 per pound compared to $1.58 per pound during the same period in 2005. The average LME cash copper price for the third quarter was $3.48 per pound as compared to $1.71 per pound during the same period in 2005. The gross copper selling price achieved for the quarter was $3.49 per pound, excluding tolling and refining costs ("TC RCs") and freight parity charges of $0.32

Certain copper sales are subject to provisional pricing with settlement dates that range between October 2006 and May 2007. As at September 30, 2006 there were 42,346 tonnes of contained copper that have been provisionally priced at an average LME copper price of $3.43 per pound, which was equal to $320.3 million worth of gross revenue (before realization charges). This revenue was subject to future adjustments as a result of changes in the copper price. Of this amount, 13,001 tonnes has had the final price determined in October 2006, and 13,631 tonnes will have the final price determined in November 2006, 6,625 tonnes in December 2006, and 9,089 tonnes thereafter. The average LME copper price for October 2006 was $3.40 per pound.

Gold revenues for the quarter totalled $5.1 million. The average realized gold price for the quarter was $581 per ounce compared to the average market gold price of $622 per ounce.

Nine Months 2006

The nine month's revenues totalled $878.1 million, which included copper revenues of $861.9 million ($596.1 million at Kansanshi and $265.8 million at Bwana/Lonshi) and gold revenues of $15.8 million. This was an increase of 232% over the same period in 2005, resulting from an increase in both copper production and the realized copper price.

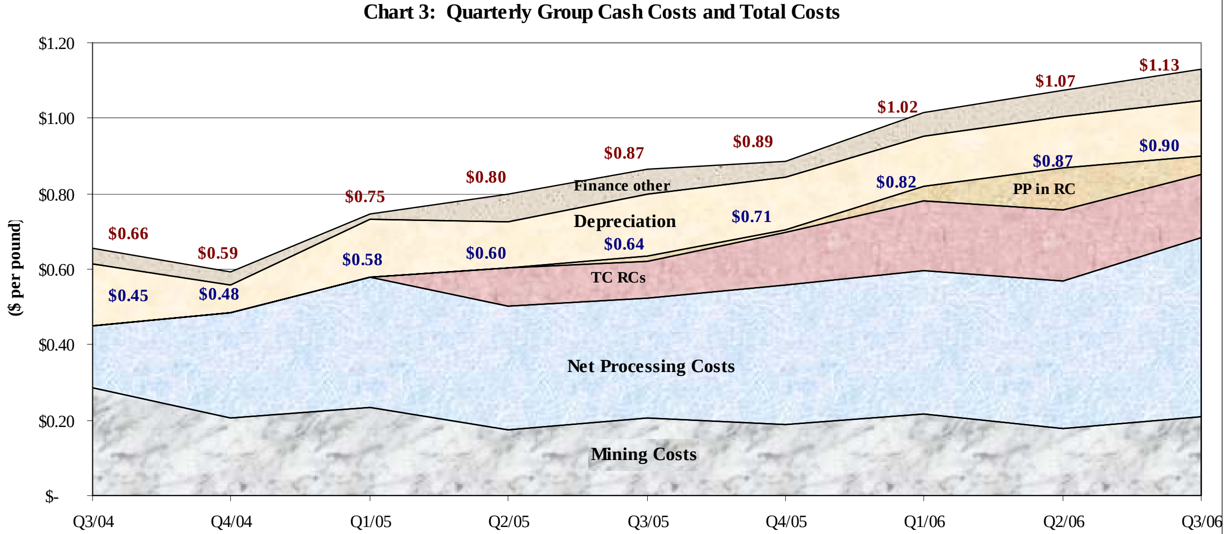
The Company sold 129,793 tonnes of copper (92,926 tonnes of copper cathode and 36,867 tonnes of contained copper in concentrate) as compared to 78,399 tonnes of copper in the same period in 2005, resulting from an increase in copper production of 74%.

The realized copper price was $3.01 per pound as compared to $1.50 per pound during the same period in 2005. The average LME cash copper price for the nine months was $3.00 per pound as compared to $1.58 per pound during the same period in 2005. Excluding TC RCs and freight parity charges of $0.29, the gross copper selling price achieved for the period was $3.30 per pound.

Gold revenues for the nine months totalled $15.8 million. The average realized gold price for the period was $594 per ounce compared to the average market gold price of $601 per ounce.

Consolidated Cash and Total Costs

Chart 3: Quarterly Group Cash Costs and Total Costs



TC RCs - Treatment, refining and freight charges
PP in RC - Price participation in refining charges

$$$ - Total Costs (top line)
$$$ - Cash Costs

Third quarter 2006 group cash costs and total costs were $0.90 per pound and $1.13 per pound, respectively, compared with $0.64 per pound and $0.87 per pound for the same period in 2005. The increase in cash costs were attributable to increases in TC RCs and freight parity charges of $0.11 per pound and processing costs of $0.15 per pound. Copper in concentrate and cathode production from toll treatment increased over the same period in 2005 resulting in increased TC RCs and freight parity costs. In addition, price participation related to copper in concentrate sales increased due to the increase in the copper price.

Nine month group cash costs and total costs were $0.86 per pound and $1.08 per pound, respectively, compared with $0.62 per pound and $0.83 per pound for the same period in 2005.

Mining costs remained relatively constant over the past eight quarters.

Processing costs increased over the past two quarters due to higher maintenance costs associated with the hardness of the ore at Kansanshi. In addition, increases in costs principally associated with oil based consumables, electricity, sulphur, wages and unfavourable local exchange rate movements all contributed to the increased processing costs over the past five quarters.

TC RCs and freight parity charges increased over the eight quarters as they were directly related to the increased copper concentrate sold and cathode production from tolled concentrates. The percentage of copper in concentrate and tolled cathode production, as a percentage of total production, increased by 13%. In addition, the price participation component of the TC RCs increased with the rising LME copper price, which increased 126% since the Company began producing copper in concentrates at Kansanshi.

Refer to 'Section 6 – Segmented Information' for detailed information on the segmented total costs and cash costs.

<u>Other Expenses and Consolidated Earnings</u>

Table 2: Other Expenses and Earnings

	Third Quarter			**Nine Months**		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**
Other Expenses ($ millions)						
Depletion and amortization	$2.6	$12.5	$13.7	$8.0	$23.4	$40.1
Exploration	1.1	1.5	5.2	2.1	3.6	12.2
General and administrative	1.2	1.8	4.4	3.3	4.8	9.7
Stock based compensation	0.2	0.7	2.6	0.7	2.0	4.7
Interest and finance fees	0.8	5.8	7.1	2.4	10.1	19.1
Other expenses (income)	(0.3)	5.9	2.9	0.2	(12.6)	56.4
Earnings						
Net earnings (millions)	$7.9	$39.5	$139.2	$18.7	$95.7	$344.4
Basic earnings per share	$0.13	$0.64	$2.09	$0.31	$1.56	$5.35
Diluted earnings per share	$0.13	$0.63	$2.05	$0.31	$1.52	$5.25

Third Quarter 2006

Depletion and amortization expense of $13.7 million increased over the same period in 2005 principally due to the increased production at Kansanshi.

General and administrative expense of $4.4 million increased over the same period in 2005 due to increased wages, as well as, increased administrative costs as a result of the continued growth of the Company.

Stock based compensation expense of $2.6 million increased over the same period of 2005 due to the implementation of the new long-term incentive plan in July 2006. The Company recognized $1.6 million of compensation expense related to this new plan during the third quarter.

Interest and finance fees expense of $7.1 million increased over the same period in 2005 due to increased repayments and a reallocation of interest costs from the first quarter.

Other expenses of $2.9 million included foreign exchange losses of $0.8 million and derivative instrument losses of $6.5 million. Reference should be made to section 8 of this MD&A for a full description of the Company's derivative instruments. These losses were offset by a gain on the disposal of investments held for resale of $1.6 million and interest income of $2.8 million. The decrease from the same period in 2005 was due to the gain on the disposal of investments and the interest income recognized during the third quarter.

Net earnings for the third quarter were $139.2 million or $2.09 per share (weighted average common shares – 66,615,227) as compared to $39.5 million or $0.64 per share (weighted average common shares – 61,583,432) during the same period in 2005. This increase was a direct result of the higher copper production of the Company and the increased average LME cash copper price.

Nine Months 2006

Depletion and amortization expense of $40.1 million increased over the same period in 2005 principally due to the start of commercial production during the second quarter of 2005, and the continued ramp up of production at Kansanshi.

General and administrative expense of $9.7 million increased over the same period in 2005 due to increased wages, as well as, increased administrative costs as a result of the continued growth of the Company.

Stock based compensation expense of $4.7 million increased over the same period of 2005 due to the implementation of the new long-term incentive plan.

Interest and finance fees expense of $19.1 million increased over the same period in 2005 principally due to increased financing in relation to the completion of Kansanshi and additional project financing at Guelb Moghrein.

Other expenses of $56.4 million included foreign exchange losses of $4.8 million and derivative instrument losses of $59.2 million. The derivative instrument losses were a direct result of the increase in the LME cash copper price during the period. These losses were offset by a gain on the disposal of investments held for resale of $1.6 million and interest income of $6.0 million. The increase over the same period in 2005 was principally due to the increase in the derivative instrument losses, which were directly related to the increase in the copper price.

Net earnings for the nine month period were $344.4 million or $5.35 per share (weighted average common shares – 64,346,542) as compared to $95.7 million or $1.56 per share (weighted average common shares – 61,451,054) during the same period in 2005. This increase was principally due to the increased copper production of the Company and the increase in the average LME cash copper price.

4. Consolidated Cash Flow Discussion

Table 3: Cash Flow Information

	Third Quarter			Nine Months		
	2004	**2005**	**2006**	**2004**	**2005**	**2006**
Cash Flows from ($ millions)						
Operating activities						
Before working capital movements	$12.9	$81.1	$185.5	$36.5	$136.2	$503.2
After working capital movements	10.4	69.8	133.5	27.9	87.4	365.6
Financing activities	76.6	(5.1)	(41.7)	150.4	(3.1)	(32.3)
Investing activities	(69.7)	(57.8)	(92.4)	(153.7)	(71.5)	(226.2)
Operating Cash Flow (per share)						
Before working capital movements	$0.21	$1.32	$2.78	$0.61	$2.22	$7.82
After working capital movements	$0.17	$1.13	$2.00	$0.47	$1.42	$5.68

Third Quarter 2006

The operating cash inflow for the third quarter, before working capital movements, was $185.5 million or $2.78 per share and after working capital movements was $133.5 million or $2.00 per share. The difference between the before and after non-cash working capital movements was principally attributable to the increase in accounts receivable, inventory and the implementation of the new employee long-term incentive plan. Accounts receivable increased primarily due to provisional pricing adjustments (where the final price will be determined at a future date and provisional payments are made at 90% of invoice value) and inventory increased primarily due to the increase at Guelb Moghrein of $9.2 million in copper in concentrate, consumable stores, and ore stockpiles since the second quarter. In addition, each division increased its consumable stores during the quarter. A payment of $15.6 million was made to acquire shares of the Company on the public market to satisfy the requirements of the new employee long-term incentive plan.

The cash outflow from financing activities for the third quarter was $41.7 million, which included repayments on the Standard Bank Group and WestLB AG facility of $29.1 million, repayments of the outstanding balances of the Standard Chartered Bank facility of $11.5 million and the Bwana Standard Chartered Bank facility of $9.8 million. $27.2 million of the total debt repayments during the third quarter were voluntary. Dividend payments of $5.8 million were made during the quarter. These financing cash outflows were offset by a $16.9 million release of restricted cash from the previous quarter.

The cash outflow from investing activities was $92.4 million, which included $70.8 million in continued capital investment at Kansanshi, Guelb Moghrein, and Frontier and $8.1 million in cash as part of the second step acquisition of Adastra. Deferred stripping costs at Kansanshi, Comisa, and Guelb Moghrein amounted to $15.4 million during the quarter.

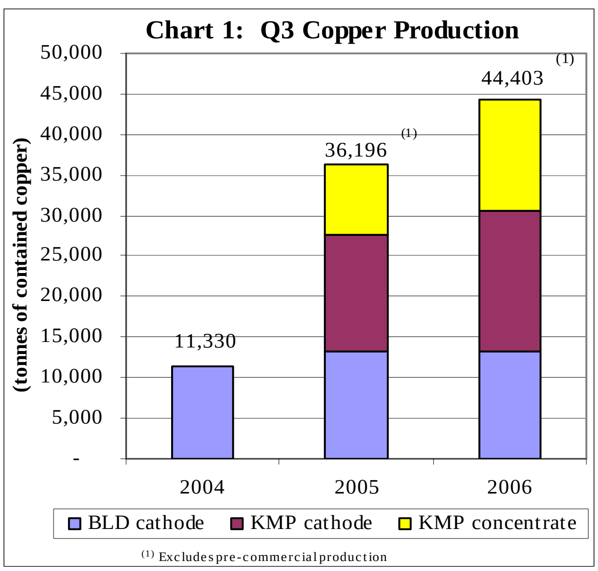
Nine Months 2006

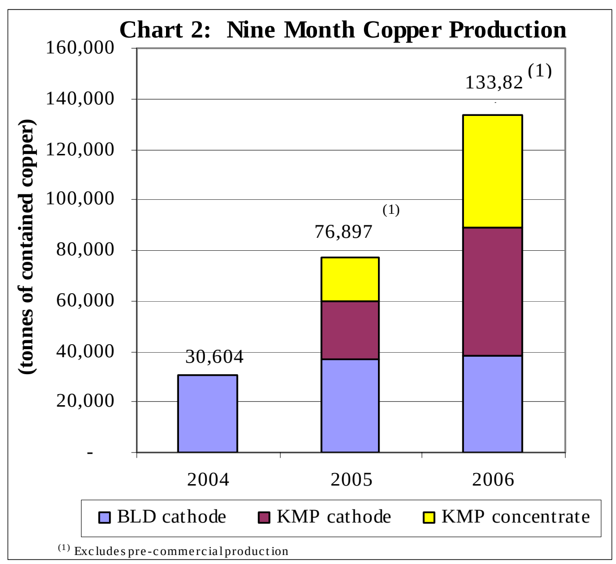
The operating cash inflow for the nine month period, before working capital movements, was $503.2 million or $7.82 per share and after working capital movements was $365.6 million or $5.68 per share. The difference between the before and after non-cash working capital movements were principally attributable to the increase in accounts receivable, primarily resulting from provisional pricing adjustments, and the increase in inventory at all operations. The decrease in operating cash flow, noted above, was offset by an increase in accounts payable of $90.2 million, which was primarily related to an increase in current taxes payable. The Company's implementation of the new employee long-term incentive plan resulted in a payment of $15.6 million to acquire shares of the Company on the public market to satisfy this plan.

The cash outflow from financing activities for the nine month period was $32.3 million. The Company drew down a $22 million Fortis Bank bridging credit facility, which was used to repay Banque Belgolaise and Export Development Canada credit facilities, and a $60 million Fortis Bank credit facility that was used for project financing of Guelb Moghrein. The Company also repaid $43.1 million on the Standard Bank Group and WestLB AG credit facility, $11.5 million on the Standard Chartered Bank bridging credit facility, and $13.0 million on the Bwana Standard Chartered Bank credit facility. $27.2 million of the total debt repayments during the nine months were voluntary. Dividend payments of $20.2 million were also made during the period.

The cash outflow from investing activities was $226.2 million, which included $171.9 million in continued capital investment at Kansanshi, Guelb Moghrein, and Frontier and included $35.0 million in cash as part of the acquisition of Adastra.

5. Copper Production





Third Quarter

Copper production was 44,403 tonnes in the third quarter. This production comprised 31,101 tonnes from Kansanshi (20,241 tonnes of cathode and 10,860 tonnes of concentrate) and 13,302 tonnes from Bwana/Lonshi. The combined production increased 23% over the same period in 2005, primarily resulting from an increase in the tonnes of ore processed at Kansanshi in the third quarter.

Nine Months 2006

The nine month's copper production was 133,821 tonnes. This production comprised of 95,232 tonnes from Kansanshi (54,724 tonnes of cathode and 40,508 tonnes of concentrate) and 38,589 tonnes from Bwana/Lonshi. The combined production increased 74% over the same period in 2005, which was primarily due to Kansanshi achieving commercial production in April 2005 and an increase in the tonnes of ore processed at Kansanshi in 2006.

6. Segmented Information

Third Quarter Segmented Information

Table 4: Q3 Selected Segmented Operating and Financial Information [3]

	Kansanshi		Bwana/Lonshi			Guelb
	2005	2006	2004	2005	2006	2006
C Costs						
Combined Costs (per lb) [1]						
Mining	$0.08	$0.17	$0.29	$0.43	$0.32	-
Processing	$0.36	$0.50	$0.17	$0.30	$0.38	-
Site Administration	$0.04	$0.04	$0.05	$0.06	$0.10	-
TC RCs	$0.18	$0.31	-	-	-	-
Gold / Acid credit	$(0.07)	$(0.07)	$(0.06)	$(0.05)	$(0.06)	-
Combined Cash Costs	$0.59	$0.95	$0.45	$0.74	$0.74	-
Combined Total Costs	$0.80	$1.17	$0.68	$1.01	$1.00	-
Cathode Costs (per lb) [1]						
Mining	$0.08	$0.16	$0.29	$0.43	$0.32	-
Processing	$0.40	$0.51	$0.17	$0.30	$0.38	-
Site Administration	$0.04	$0.04	$0.05	$0.06	$0.10	-
TC RCs	-	$0.10	-	-	-	-
Gold / Acid credit	-	$(0.02)	$(0.06)	$(0.05)	$(0.06)	-
Cathode Cash Costs	$0.52	$0.79	$0.45	$0.74	$0.74	-
Cathode Total Costs	$0.73	$1.00	$0.68	$1.01	$1.00	
Concentrate Costs (per lb) [1]						
Mining	$0.08	$0.18	-	-	-	-
Processing	$0.29	$0.46	-	-	-	-
Site Administration	$0.05	$0.04	-	-	-	-
TC RCs	$0.48	$0.73	-	-	-	-
Gold / Acid credit	$(0.19)	$(0.16)	-	-	-	-
Concentrate Cash Costs	$0.71	$1.25	-	-	-	-
Concentrate Total Costs	$0.90	$1.49	-	-	-	-
Production Statistics						
Waste mined (000's tonnes)	6,064	6,683	4,213	4,707	5,915	1,649
Ore mined (000's tonnes)	1,621	3,220	257	300	110	179
Ore grade (%)	2.0	1.4	4.7	3.9	11.9	1.8
Sulphide ore processed (000's tonnes)	507	1,277	-	-	-	-
Oxide ore processed (000's tonnes)	955	1,401	278	363	322	-
Sulphide ore grade processed (%)	2.0	1.2	-	-	-	-
Oxide ore grade processed (%)	1.8	1.2	4.6	4.1	4.7	-
Copper cathode produced (tonnes)	14,395	20,241	11,330	13,131	13,302	-
Copper in concentrate produced (tonnes)	8,670	10,860	-	-	-	-
Concentrate grade [2] (%)	29.5	26.4	-	-	-	-

[1] For the definition of cash and total costs, reference should be made to section 10. [2] Refers to contained copper in concentrate. [3] Excludes pre-commercial production

Kansanshi

During the third quarter, approximately 3,220,000 tonnes of ore and approximately 6,683,000 tonnes of waste were mined. The total material mined increased 29% over the same period in 2005. This increase was attributable to the improvement in the availability of haul trucks and excavators, the arrival of additional trucks, and additional artisan workers. Training facilities at the mine have been upgraded and there was also a ramp-up of on-the-job operator training on site. Major haul roads have been upgraded and re-surfaced with suitable material to make them close to all-weather. The affect of rain on production is therefore expected to be less significant this year.

During the third quarter, Kansanshi produced 31,101 tonnes of copper, which consisted of 20,241 tonnes of copper cathode and 10,860 tonnes of copper in concentrate. The combined cash cost for both copper concentrate and cathode was $0.95 per pound with a total cost of $1.17 per pound.

Copper cathode production of 20,241 tonnes had a cash cost of $0.79 per pound and a total cost of $1.00 per pound. Included within the cathode production were 17,205 tonnes from the SX/EW process and 3,036 tonnes produced from the tolling of copper concentrates at the Mufulira smelter. Production increased 41% over the same period in 2005. 21% of this increase was due to tolled concentrate production and the balance was related to an increase in the tonnes of ore processed, as Kansanshi continued to ramp up production through better efficiencies since achieving commercial production in the second quarter of 2005.

Cathode total costs are higher than the same period in 2005 by $0.27 per pound. Ore costs increased by $0.08 per pound due to the processing of lower grade ore and higher fuel and wage costs, which also resulted in higher leach costs of $0.03 per pound. Also, as a result of toll treated copper in concentrates at the Mufulira smelter returned as cathode, toll treatment charges accounted for $0.08 per pound, net of the gold credit associated with copper in concentrates. The balance of the increase is explained by increased processing costs due to higher maintenance costs associated with the processing of higher volumes of harder ore.

Copper in concentrate production of 10,860 tonnes had a cash cost of $1.25 per pound and a total cost of $1.49 per pound. Production was up 60% over the same period in 2005 due to an increase in the tonnes of ore processed, as Kansanshi has continued to ramp up production through better efficiencies since achieving commercial production in the second quarter of 2005.

Concentrate total costs were higher than the same period in 2005 by $0.59 per pound. TC RCs and freight parity charges contributed $0.25 per pound of this increase, which was primarily due to price participation as a result of the increased copper price compared to the same period in 2005. Ore costs increased by $0.10 per pound due to the processing of lower grade ore and higher fuel and wage costs. The balance of the increase is explained by increased processing costs due to higher maintenance costs associated with the processing of higher volumes of harder ore.

Bwana/Lonshi

During the third quarter, approximately 110,000 tonnes of ore and approximately 5,915,000 tonnes of waste were mined from Lonshi. The strip ratio for the quarter was 53:1. Total material mined increased 20% over the same period of 2005, principally due to the larger mining fleet operating at Lonshi. Although the total material mined has increased, the portion of ore decreased 63%, due to the mining of waste in the North pushback and increased drill and blast in the pit. Notwithstanding this, copper production has been maintained as a result of the significant increase in the high grade ore mined from an average of 4.3% to 11.9%. This high grade ore was blended with low grade ore, previously stockpiled at Lonshi, to bring the processed ore grade down to approximately 4.7%.

During the third quarter, Bwana produced 13,302 tonnes of copper cathode at a cash cost of $0.74 per pound and total cost of $1.00 per pound of copper. Production remained comparable with the same period in 2005. In addition, total costs and cash costs remained comparable. However, ore costs decreased in the third quarter of 2006 by $0.11 per pound compared to the same period in 2005 as Bwana processed higher grade ore during the third quarter of 2006. This has been offset by an increase in processing costs principally due to increased oil based consumables, sulphur, and electricity costs.

Guelb Moghrein

Concentrate production commenced during the third quarter and commercial production was achieved on October 5, 2006. The Company remains unable to release detailed information on Guelb Moghrein as the historical resource statement is not compliant with National Instrument 43-101.

During the third quarter, approximately 179,000 tonnes of sulphide ore and 1,649,000 tonnes of waste were mined. Guelb Moghrein produced 2,514 tonnes of copper in concentrate during the third quarter, which has been inventoried as at September 30, 2006.

Nine Months Segmented Information

Table 5: Nine Month Selected Segmented Operating and Financial Information[3]

	Kansanshi		Bwana/Lonshi			Guelb
	2005	**2006**	**2004**	**2005**	**2006**	**2006**
C Costs						
Combined Costs (per lb) [1]						
Mining	$0.09	$0.13	$0.21	$0.32	$0.38	-
Processing	$0.35	$0.44	$0.25	$0.31	$0.36	-
Site Administration	$0.04	$0.04	$0.05	$0.06	$0.10	-
TC RCs	$0.18	$0.35	-	-	-	-
Gold / Acid credit	$(0.05)	$(0.07)	$(0.06)	$(0.06)	$(0.07)	-
Combined Cash Costs	$0.61	$0.89	$0.45	$0.63	$0.77	-
Combined Total Costs	$0.80	$1.07	$0.64	$0.86	$1.05	-
Cathode Costs (per lb) [1]						
Mining	$0.09	$0.13	$0.21	$0.32	$0.38	-
Processing	$0.43	$0.51	$0.25	$0.31	$0.36	-
Site Administration	$0.04	$0.04	$0.05	$0.06	$0.10	-
TC RCs	-	$0.05	-	-	-	-
Gold / Acid credit	-	$(0.01)	$(0.06)	$(0.06)	$(0.07)	-
Cathode Cash Costs	$0.56	$0.72	$0.45	$0.63	$0.77	-
Cathode Total Costs	$0.76	$0.90	$0.64	$0.86	$1.05	
Concentrate Costs (per lb) [1]						
Mining	$0.08	$0.13	-	-	-	-
Processing	$0.24	$0.35	-	-	-	-
Site Administration	$0.05	$0.04	-	-	-	-
TC RCs	$0.42	$0.78	-	-	-	-
Gold / Acid credit	$(0.11)	$(0.16)	-	-	-	-
Concentrate Cash Costs	$0.68	$1.14	-	-	-	-
Concentrate Total Costs	$0.86	$1.32	-	-	-	-
Production Statistics						
Waste mined (000's tonnes)	10,901	14,787	8,103	11,328	14,762	4,526
Ore mined (000's tonnes)	5,791	7,154	408	771	440	364
Ore grade (%)	2.1	1.4	4.9	4.9	10.3	1.9
Sulphide ore processed (000's tonnes)	941	3,198	-	-	-	-
Oxide ore processed (000's tonnes)	1,651	3,691	724	955	971	-
Sulphide ore grade processed (%)	2.0	1.5	-	-	-	-
Oxide ore grade processed (%)	1.8	1.5	4.8	4.4	4.5	-
Copper cathode produced (tonnes)	23,197	54,724	30,604	36,876	38,589	-
Copper in concentrate produced (tonnes)	16,824	40,508	-	-	-	-
Concentrate grade [2] (%)	29.1	27.1	-	-	-	-

[1] For the definition of cash and total costs, reference should be made to section 10 [2] Refers to contained copper in concentrate. [3] Excludes pre-commercial production

Kansanshi

For the nine month period, approximately 7,154,000 tonnes of ore and 14,787,000 tonnes of waste were mined. During the nine month period of 2005, the world shortage of mining truck tires had impaired the availability of the Company's haul trucks at Solwezi. The 31% increase this year compared with the same period in 2005 was reflective of the easing of the tire shortages, accompanied by the improved equipment availability and the larger haul truck fleet.

For the nine month period, Kansanshi produced 95,232 tonnes of copper, which consisted of 54,724 tonnes of copper cathode and 40,508 tonnes of copper in concentrate. The combined cash cost for both copper in concentrate and cathode was $0.89 per pound with a total cost of $1.07 per pound.

Copper cathode production of 54,724 tonnes had a cash cost of $0.72 per pound and a total cost of $0.90 per pound. Included within the cathode production were 50,502 tonnes from the SX/EW process and 4,222 tonnes produced from the tolling of copper in concentrate at the Mufulira smelter. Production increased by 136% over the same period in 2005 as Kansanshi continued to ramp up after achieving commercial production during April 2005, as well as, cathode production from the toll treatment of concentrate production commenced in 2006.

Cathode total costs were higher than the same period in 2005 by $0.14 per pound. Ore costs increased by $0.04 per pound due to the processing of lower grade ore and higher fuel and wage costs, which also resulted in higher leach costs of $0.03 per pound. Also, as a result of toll treating copper in concentrates at the Mufulira smelter, toll treatment charges accounted for $0.04 per pound, net of the gold credit associated with copper in concentrates. The balance of the increase is explained by increased processing costs due to higher maintenance costs associated with the processing of higher volumes of harder ore.

Copper in concentrate production of 40,508 tonnes had a cash cost of $1.14 per pound and a total cost of $1.32 per pound. Concentrate production was up 166% over the same period in 2005 due to Kansanshi achieving commercial production in April 2005.

Concentrate total costs are higher than the same period in 2005 by $0.46 per pound. TC RCs and freight parity charges contributed $0.36 per pound of this increase, which was primarily due to price participation as a result of the increased copper price compared to the same period in 2005. Ore costs increased by $0.05 per pound due to the processing of lower grade ore and higher fuel and wage costs. The balance of the increase is explained by increased processing costs due to higher maintenance costs associated with the processing of higher volumes of harder ore.

Bwana/Lonshi

For the nine month period, approximately 440,000 tonnes of ore and approximately 14,762,000 tonnes of waste were mined from Lonshi. The strip ratio for the nine months was 33:1. The mined ore grade was 10.3% copper. The decrease in ore mined from the same period in 2005 was due to the increased stripping. The increase in total material mined from 2005 is principally attributable to the larger mining fleet that was established during the course of 2005.

For the nine month period, Bwana produced 38,589 tonnes of copper cathode at a cash cost of $0.77 per pound and total cost of $1.05 per pound. Production increased 5% over the same period in 2005 as Bwana processed more ore at a higher grade in 2006.

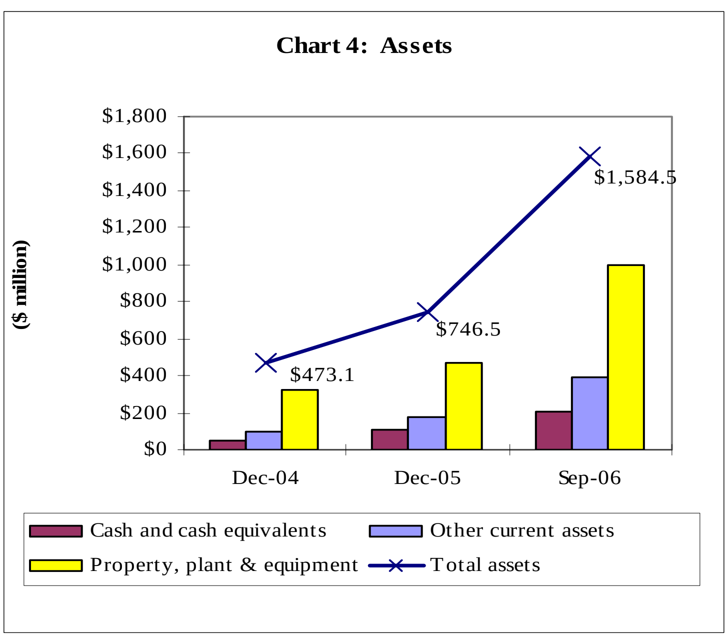
Cash costs were higher than the comparable period of 2005 by $0.14 per pound. Ore costs contributed $0.06 per pound of this increase as they have been impacted by increased fuel costs, and the higher strip ratio at Lonshi. Processing costs increased $0.05 per pound, also, as a result of increased oil based consumables and sulphur costs. Other administrative costs account for the balance of the increase, including increased royalty charges related to the increased copper price.

Guelb Moghrein

For the nine month period, approximately 364,000 tonnes of sulphide ore and 4,526,000 tonnes of waste were mined. Since the commencement of copper production, Guelb Moghrein produced 2,514 tonnes of copper in concentrate during the nine month period, which has been inventoried as at September 30, 2006.

7. Balance Sheet Discussion

Assets



At September 30, 2006, the Company had $1,584.5 million in assets, of which, $540.9 million were classified as current. The increase in current assets of $306.6 million from December 31, 2005 was principally due to the increase in cash and cash equivalents, accounts receivable, and inventory.

The Company had cash and cash equivalents of $189.9 million. The increase in cash and cash equivalents was due to the positive operating results of the Company and the related net cash inflow. In addition, the Company had $12.8 million in restricted cash that was being held for sinking fund requirements related to debt facilities.

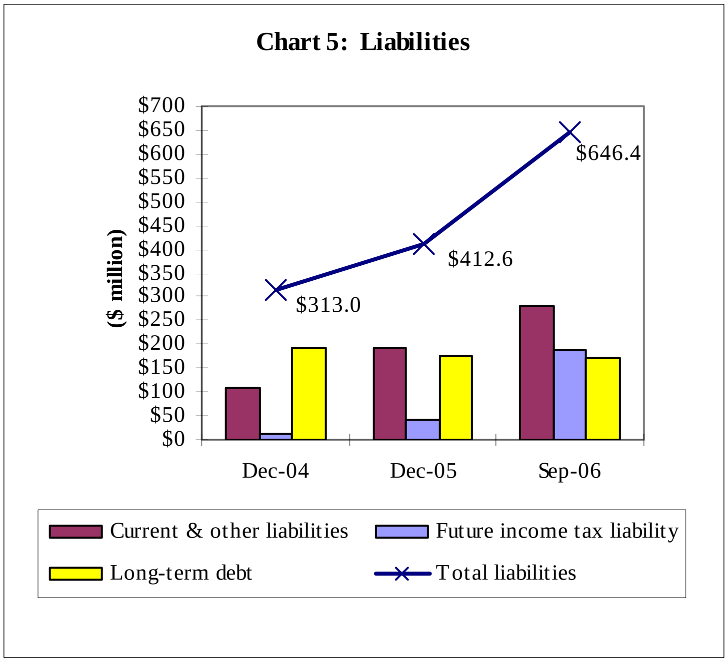
Accounts receivable increased $143.4 million from December 31, 2005 due, principally, to the provisional pricing of copper sales and increased sales volumes. The tonnes of provisionally priced copper at September 30, 2006 increased by 49% compared to December 31, 2005. The provisional LME copper price increased from $2.08 to $3.45 per pound.

Inventory increased 89% from December 31, 2005 as a result of higher levels of consumable stores, ore in stockpiles and finished inventory. As at September 30, 2006 the Company had approximately 9,900 tonnes of contained copper in concentrate inventoried at Kansanshi and Guelb Moghrein, an increase of 6,100 tonnes from the 2005 year end. Based on the spot copper price at September 30, 2006 the inventoried concentrate had an approximate gross sales value of $75.9 million.

The net increase in property, plant and equipment of $522.0 million was due to the Company's acquisition of Adastra (refer to section 8 of the MD&A under Adastra Acquisition) and the Company's continuing investment in projects such as Guelb Moghrein, Frontier and the upgrades at Kansanshi including the high pressure leach project.

Total other assets and deferred charges were $57.4 million, which was principally composed of deferred financing fees of $11.3 million, long-term prepayment to Zesco of $10.3 million, deferred stripping asset of $27.6 million, prepaid charges of $4.7million, and a future income tax asset of $3.3 million.

Liabilities



As at September 30, 2006, the Company had $646.4 million in liabilities, of which, $250.0 million were classified as current. The increase in current liabilities from December 31, 2005 can be attributed to an increase in current taxes payable of $73.0 million (Kansanshi and Bwana/Lonshi are now subject to cash taxes payable), an increase of $17.2 million in accounts payable, and an increase of $9.3 million in the current portion of other liabilities.

The total long-term debt (including current portion) decreased by $10.7 million as a result of the Company's net repayments during the nine month period. Refer to 'Section 4 – Consolidated Cash Flow Discussion' for a detailed analysis of debt draw downs and repayments.

Other liabilities, including the current portion, increased by $7.7 million, which was primarily due to the increase in the unrealized fair value of derivative liability of $12.4 million offset by the decrease in the deferred premium obligation of $5.4 million.

The future income tax liability increased by $146.7 million, of which, $105.9 million was related to the purchase price allocation on the acquisition of Adastra. The balance of the increase was primarily related to timing differences between the recognition of depletion and amortization for accounting purposes and capital allowances for taxation purposes.

Shareholders' Equity

As at September 30, 2006, the Company had $393.6 million in common shares and contributed surplus. During the nine month period, the Company issued approximately 4.7 million common shares as part of the Adastra acquisition (refer section 8 of the MD&A for further details).

During the third quarter, the Company implemented a new employee long-term incentive plan, which provides for the award of performance stock units ("PSU") and restricted stock units ("RSU") in such amounts as are approved by the Company's Compensation Committee. Each PSU entitles participants, which includes directors, officers, and employees, to receive one common share of the Company at the end of a three year period if certain performance and vesting criteria have been met. Each RSU entitles the participant to receive one common share of the Company subject to vesting criteria.

Table 6: Financial Position – Equity

	2004 Dec 31	**2005 Dec 31**	**2006 Sep 30**
Equity accounts ($ millions)	$161.8	$166.6	$393.6
Retained earnings ($ millions)	$(4.0)	$144.8	$469.1
Shareholders' equity ($ millions)	**$157.8**	**$311.4**	**$862.7**
Weighted average # shares (000's)	60,123	61,498	64,347
Diluted weighted average # shares (000's)	61,235	63,011	65,651
Outstanding # shares (000's)	61,239	61,674	67,283
Dividend for fiscal year ended (CA$ per share)	0.06	0.285	0.095
Working capital ($ millions)	33.9	76.2	290.9

The Company established an independent trust to purchase on the open market the common shares necessary to satisfy the PSUs and RSUs issued. The trust purchased 268,863 common shares of the Company with a value of $15.6 million. The Company consolidated the trust as it constituted a variable interest entity. Consequently, the shares purchased by the trust to satisfy obligations under the plan were recorded as treasury shares in shareholders' equity.

As at September 30, 2006, the Company had 67,283,365 common shares outstanding (not including the shares held for the long-term incentive plan) and 2,064,000 options outstanding. The weighted average exercise price of the options was CA$17.85.

Dividends

In December 2005, the Company declared that the annual dividend would be no less than 10% of after tax profits. Consistent with this policy, the Company declared a final dividend for 2005 of CA$0.265 per share (26.5 Canadian cents) payable to shareholders of record as of April 19, 2006. This payment was made on May 10, 2006. An interim dividend for 2006 financial year of CA$0.095 (9.5 Canadian cents) was declared in August 2006 and paid in September 2006 to shareholders of record on August 22, 2006.

Working capital

As at September 30, 2006, the working capital of the Company was $290.9 million. The increase in the working capital of the Company was the direct result of profit from operations.

Contractual Obligations

Table 7: Payments Due by Period

($ millions)	**Total**	**Less than 1 year**	**1 – 2 years**	**2 – 3 years**	**3 – 4 years**	**4 – 5 years**	**Thereafter**
Term debt	224.4	50.7	44.4	40.4	33.3	26.6	29.0
Deferred payments	11.2	8.8	0.4	0.4	0.4	0.4	0.8
Commitments	94.9	94.9	-	-	-	-	-
Asset retirement obligations	4.7	0.2	0.3	0.5	-	-	3.7

Included in commitments is $79.0 million related to the Frontier project and $7.2 million related to the high pressure leach project at Kansanshi.

In October 2006, the Company executed final documentation for a $400.0 million corporate revolving term credit facility that will be used to restructure the Company's existing project based debt, provide financing for the Frontier project and provide a revolving facility to be used for general purposes. Subsequent to September 30, 2006, the Company drew down the first $225.0 million of the new corporate facility and repaid all of the Company's credit facilities, except for the subordinated Kansanshi EIB and Glencore International AG facilities.

8. Other Matters

Adastra Acquisition

The Company acquired 100% of Adastra in a two step transaction. Adastra is an international mining company with its principal asset being the Kolwezi Copper-Cobalt Tailings Project in the DRC. On May 1, 2006, the Company acquired 75% of the outstanding shares of Adastra and has therefore consolidated Adastra's operating results since May 1, 2006. On August 11, 2006, the Company was deemed to have acquired the remaining 25% of the outstanding shares of Adastra.

The acquisition of Adastra has been accounted for as an asset purchase with the total consideration paid being comprised of:

	$000's
Issuance of common shares	234,443
Cash	34,972
Transaction costs	3,647
	273,062

The preliminary allocation of the purchase price to assets and liabilities acquired is as follows:

Assets	**$000's**
Cash	10,584
Restricted cash	2,972
Accounts receivable and prepaid expenses	709
Property, plant and equipment	375,543
Liabilities	
Accounts payable and accrued liabilities	9,797
Other liabilities	1,059
Future income tax liability	105,872
Minority interest	18
	273,062

The purchase price allocation is preliminary and subject to adjustment over the course of 2006, on completion of the valuation process and analysis of resulting tax effects.

Frontier Copper Deposit, DRC

In May 2004, the Company announced the results of an independent copper-cobalt resource estimate completed at the Frontier project located in Haut Katanga Province, DRC. In January 2006, the Frontier Environmental Impact Assessment and Environmental Management Plan were formally approved by the Congolese Ministry of Mines and the Exploitation Permit was granted in February 2006.

In November 2006, the Company announced details of the construction of a $226 million facility producing an average of 73,000 tonnes of copper in concentrate per year over a mine life of 19 years and an updated resource estimate. Total costs including TC RCs and freight parity charges are expected to be $1.04 per pound of finished copper. Construction activities began in April of 2006 and commercial production is forecast to begin in the third quarter of 2007.

As at September 30, 2006, the Company had capitalized $62.2 million (2005: $9.9m) in development costs, civil construction and plant construction and design for Frontier.

Kashime Copper Prospect, Zambia

A preliminary inferred oxide resource has been completed by independent consultants and in February 2006, a program of combined reverse circulation and diamond drilling was initiated to improve definition. Oxide resource drilling comprising totals of 9,100 metres of core drilling and 6,500 metres of reverse circulation was completed in July and assay results for acid soluble copper are still being received. A re-run of the oxide resource estimation will commence as soon as all assay data has been received and validated to determine the economics of this project.

During the nine months ended September 30, 2006, the Company expensed $2.0 million related to the Kashime Copper Prospect. As at September 30, 2006, no costs associated with this exploration property have been deferred.

Kibamba Copper Prospect, DRC

On March 27, 2006, the Company announced a new discovery at its Kibamba copper prospect in the DRC. Drilling is ongoing and the results will be released in due course.

Investments – Carlisa

The Company holds an 18.8% interest in Carlisa Investment Corp. ("Carlisa"), which holds a 90% interest in Mopani. The carrying value of this investment as at September 30, 2006 was $9.5 million, unchanged since 2002. For the first nine months of 2006, Mopani produced approximately 110,700 tonnes of finished copper and 1,100 tonnes of cobalt. Mopani is currently carrying out important capital upgrades at the mine including the construction of a new smelter at Mufulira, which will increase its handling capacity from 420,000 tonnes to initially 720,000 tonnes of copper concentrate per year and eventually 850,000 tonnes of copper concentrate per year. The smelter began commissioning in September and is expected be fully operational in December 2006. The Mufulira smelter will provide smelting offtake for all Kansanshi and Frontier concentrates. As at December 31, 2005, Mopani had total assets of over $700.0 million. As the majority owner of Mopani is a private company not registered in Zambia, only limited public information is available.

Financial Instruments

From time to time, to satisfy the requirements of its lending institutions and to manage copper price risk exposure, the Company enters into derivative instruments to reduce 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 put option contracts, fair values were calculated using spot and forward prices and volatilities. For interest rate protection contracts, fair values were determined using market interest rates. For foreign currency protection contracts, fair values were determined using the exchange rate at quarter-end. All changes in fair value of derivatives related to Kansanshi were capitalized as preproduction costs up to April 19, 2005. Any changes in fair value subsequent to April 19, 2005 have been recorded as other expenses.

Put options offer downside protection while allowing the Company to participate in 100% of the copper and gold price appreciation above the put option strike prices up to the level of any call options that have been sold.

As at September 30, 2006, the following derivative positions were outstanding:

Table 8: Derivative Positions

	2006	2007	2008	2009	Total	Fair Value ($000's)
Copper (i)						
Put options (tonnes)	17,148	86,016	-	-	103,164	-
Price ($/tonne)	$1,800	$1,800	-	-		
Copper (Collar) (tonnes)	4,500	-	-	-	4,500	(8,186)
Average upper limit ($/tonne)	$5,750	-	-	-		
Average lower limit ($/tonne)	$4,250	-	-	-		
Gold						
Put options (oz)	6,246	37,380	24,060	38,028	105,714	60
Price ($/oz)	$350	$350	$350	$350		
Forward Contracts (oz)	6,246	37,380	24,060	38,028	105,714	(24,723)
Price ($/oz)	$400	$400	$400	$400		
Other						
Interest rate swaps						248
Cross currency swaps						(121)

The first nine months of 2006 saw significant movements in both the LME copper price and gold, with copper up $1.37 per pound from December to close at $3.45 per pound and gold up $86.25 per ounce from December to close at $599.25 per ounce. This significant price appreciation has resulted in derivative losses being recorded on the Company's open copper and gold positions of $59.2 million for the nine months. Included within these losses are actual cash payments related to settlements and premiums of $50.9 million.

Seasonality

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the wet season in DRC and Zambia. The wet season in the DRC and Zambia generally starts in November and continues through until April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the wet season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is also higher. In addition, the Company's exploration program is generally curtailed during the wet season due to site access issues.

9. Outlook

Production Forecast

On a group basis, based on production volumes achieved during the first nine month period of 2006, as well as, the current challenging ore characteristics at Kansanshi and the status of production ramp up at Guelb Moghrein, the Company expects to produce approximately 180,000 tonnes of copper in 2006, which is an increase of 51% over 2005 financial year's copper production. This expected production includes 125,000 tonnes from Kansanshi, 50,000 tonnes from Bwana/Lonshi, and 5,000 tonnes from Guelb Moghrein. Group cash costs are expected to be in the range of $0.85 to $.90 per pound of copper for 2006.

Kansanshi

During October, Kansanshi produced approximately 11,000 tonnes of copper, which included 6,000 tonnes of copper cathode and 5,000 tonnes of copper in concentrate. Name plate treatment capacity at Kansanshi currently stands at eight million tonnes of sulphide ore per year, with oxide treatment capacity at four million tonnes per year. A combination of ore hardness and lower grade ore will likely restrict copper output at Kansanshi for the remainder of 2006. Additional mining equipment has arrived at Kansanshi over recent months to accelerate stripping and open additional working faces in the open pit and will result in greater capacity and flexibility to deliver ore to the plant. Until the plant begins to receive more amenable, higher grade ore, copper output is expected to be an average of approximately 9,000 tonnes of copper per month, which includes 5,000 tonnes of copper cathode and 4,000 tonnes of copper in concentrate. In September, the Board of Directors also committed to bring forward the 2011 four million tonne sulphide circuit expansion. This will increase sulphide throughput to 12 million tonnes per year beginning in 2008 and assist in treating the harder ore expected over the next few years. The expansion will result in increases in copper production from 2008 onwards. The total capital cost for the throughput expansion is expected to be approximately $60 million.

During the third quarter, cash costs at Kansanshi were higher than forecast. Cash costs for copper in concentrate have been impacted by smelter price participation for both copper sold in the third quarter, as well as, copper provisionally priced in previous periods. Cash costs are expected to improve when the Mufulira smelter begins processing all Kansanshi's concentrate as TC RC terms are based on annual benchmarks and the freight charges will be substantially reduced. The expanded Mufulira smelter is expected to be producing at design capacity by the end of 2006.

Price participation on refining costs only impacts the cash costs for concentrate. For 2006, every dollar increase in the copper price above $0.90 per pound, $0.10 per pound will be added to the cash cost, or approximately $0.05 per pound to the combined cash costs at Kansanshi (assuming a 50/50 split between cathode and concentrate production).

Kansanshi cash costs for 2006 are forecast in the range of $0.90 to $0.95 per pound of copper.

As of September 30, 2006, due to the continued lack of smelter capacity on the Zambian Copperbelt, the Company had stockpiled approximately 7,000 tonnes of contained copper in concentrates. The stockpile will be reduced once Mopani's Mufulira smelter expansion reaches full capacity.

At Kansanshi, the Company is investing in a high pressure leach ("HPL") facility to treat a portion of the increased copper concentrate production. The main components of the HPL facility are two autoclaves, an oxygen plant and an additional 35,000 tonne per annum solvent extraction and electrowinning ("SX/EW") facility. The HPL facility is in various stages of commissioning. The new SX/EW facility has been commissioned and is currently in use. The cooling towers have been water commissioned and are ready to be put into operation. The oxygen plant is at an advanced stage of commissioning, with pressure testing completed. The upgrade works associated with the autoclaves has been completed, and the final piping connections to the autoclaves are currently in progress. The autoclaves are currently undergoing water testing, and commissioning of the many instrumentation processes is in progress. Commissioning of the autoclaves is expected to commence by early December. The total HPL capital cost is budgeted at $100 million including an upgrade to the Zesco power supply to Kansanshi and working capital requirements.

Bwana/Lonshi

During October 2006, Bwana/Lonshi produced approximately 4,500 tonnes of copper cathode. Cash costs for 2006 are forecast in the range of $0.75 to $0.80 per pound of copper. The Company continues to assess the alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore has been exhausted in late 2008. The Company has and will continue to process external ore purchased from third parties, to exploit the full production capacity at Bwana.

Guelb Moghrein

At Guelb Moghrein, the first copper in concentrate was produced in July. Management has determined that commercial production (i.e. 65% of design capacity) was achieved on October 5, 2006. The process plant is currently producing at a rate of approximately 1,650 tonnes of copper in concentrate per month versus a design output of 2,500 tonnes of copper in concentrate per month. Copper production has not yet reached design output due to the delay in the commissioning of the No. 1 SAG mill. Current gold production is approximately 2,800 ounces per month which is 52% of design output. Gold production will increase in step with increased copper concentrate volumes and gold recovery will increase with the final commissioning of the carbon-in-leach (CIL) gold plant. The Company remains unable to release detailed information on Guelb Moghrein as the historical resource statement is not compliant with National Instrument 43-101.

Frontier

At Frontier, construction is underway in both Zambia and the DRC after Board approval. Progress at the Frontier site continues with the plant and infrastructural earthworks substantially complete on both sides of the border. Civil construction is at an advanced stage prior to the wet season, which will allow construction to continue unimpeded during the rains. Significant progress has been made on buildings and workshops as well as the construction camp which is complete and operational as is the border infrastructure which has been handed over to government authorities. The contract for the installation of the 220kV power line and substation in Zambia has been awarded. The contractors are mobilizing to move on site. The mining pre-strip fleet is partially delivered and commissioned which has allowed the pre-strip to start on schedule in September. Currently, the majority of the overburden is good quality laterite, which is being used in the plant construction obviating the need for additional laterite mining for construction and road building. The pre-strip is on target to expose enough ore by July 2007 to allow full capacity at the mill. The oxide material, although it is to be mined as waste, will be stockpiled separately for potential future treatment or sale.

Kolwezi and Other

At the Kolwezi copper-cobalt project in the DRC, the Company conducted a metallurgical test work and piloting program for revised process engineering. The Company is considering when to commence construction of a copper-cobalt facility at Kolwezi in 2007.

A large exploration program was carried out between May and October this year with several drilling programs targeting prospects identified in 2005 including Kashime and Kibamba. Results of this program will be published when they are received.

10. Non-GAAP Measures, Future Changes in Accounting Policies and Other

Non-GAAP Measures

<u>Calculation of Cash and Total Costs</u>

The consolidated cash (C1) and total (C3) costs presented for the Company are a non-GAAP measure that is prepared on a basis consistent with the industry standard Brooke Hunt definitions. In calculating the cash and total costs for each segment, the costs are prepared on the same basis as the segmented financial information that is contained in the financial statements.

For the purposes of calculating the cash costs at Kansanshi, TC RCs that are normally deducted from concentrate revenues are added to the cash costs in an attempt to show the cash costs of producing finished copper. The revenues presented in the income statement for concentrates are shown net of these deductions and therefore the cost of sales in the financial statements does not include treatment and refining charges.

Cash costs, therefore, include all mining and processing costs less any profits from by-products such as gold or acid, that is allocated to that segment. In addition, treatment and refining revenue deductions on concentrates are added to cash costs to arrive at an approximate cost of finished copper. Total costs are cash costs plus depreciation, interest and realized foreign exchange costs.

The cash and total costs per pound presented in this MD&A have only been calculated post commercial production, therefore, any costs and production prior to commercial production have not been considered in determining the cash and total costs of the consolidated group or segments.

Future Changes in Accounting Policies

Deferred Stripping

The CICA Emerging Issues Committee ("EIC") has issued EIC – 160 Stripping Costs Incurred in the Production Phase of a Mining Operation. EIC – 160 requires stripping costs to be accounted for as variable production costs to be included in the costs of inventory produced, unless the stripping activity can be shown to be a betterment of the mineral property, in which case the stripping costs would be capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional sources of reserves.

The Company will adopt the provisions of this EIC on a retroactive basis, subject to Management evaluation, effective January 1, 2007.

Financial Instruments

The Accounting Standards Board ("AcSB") has issued CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, along with two companion standards, Section 1530, Comprehensive Income, and Section 3865, Hedges along with consequential amendments to other Handbook sections, including a new section on equity. The purpose of these new standards is to bring Canadian GAAP for the recognition and measurement of financial instruments, including hedging, broadly in line with US and international accounting standards.

The Company will adopt these new standards effective January 1, 2007.

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 and forward-looking information under applicable Canadian securities legislation. Such forward-looking statements or information, 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 or information. 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, and Ontario Securities Commissions, the Autorité des marchés financiers in Quebec, the United States Securities and Exchange Commission and the Alternative Investment Market operated by the London Stock Exchange.

11. Summary of Quarterly Results

The following table sets out a summary of the quarterly results for the Company for the last eight quarters:

Table 9: Summary of Quarterly Results (unaudited)

Statement of Operations and Retained Earnings	**2004 Q4**	**2005 Q1**	**2005 Q2**	**2005 Q3**	**2005 Q4**	**2006 Q1**	**2006 Q2**	**2006 Q3**
(millions, except where indicated)								
Total revenues	$30.7	$38.2	$86.5	$143.0	$176.9	$187.2	$362.5	$328.4
Cost of sales	14.5	16.2	35.0	53.8	46.9	54.5	63.5	72.5
Net earnings	9.3	27.2	29.0	39.5	57.1	54.8	150.5	139.2
Basic earnings per share	$0.16	$0.44	$0.47	$0.64	$0.93	$0.89	$2.33	$2.09
Diluted earnings per share	$0.15	$0.43	$0.46	$0.63	$0.90	$0.86	$2.28	$2.05
Gross copper selling price (per lb)	$1.23	$1.47	$1.53	$1.77	$2.09	$2.50	$3.77	$3.49
Realized copper price (per lb)	$1.20	$1.44	$1.42	$1.58	$1.97	$2.26	$3.44	$3.17
Average LME cash copper price (per lb)	$1.40	$1.44	$1.54	$1.71	$1.95	$2.24	$3.29	$3.48
Realized gold price (per oz)	-	-	$427	$482	$467	$563	$631	$581
Average gold price (per oz)	$434	$427	$427	$440	$485	$554	$627	$622
Total copper sold (tonnes)(2)	10,872	12,000	26,535	39,864	40,203	36,635	46,930	46,227
Total copper produced (tonnes) (3)	10,942	12,028	28,673	36,196	42,220	41,265	48,153	44,403
Total gold sold (ounces)	-	-	1,370	7,130	5,766	8,079	9,611	8,864
Cash Costs (C1) (per lb) (1)	$0.48	$0.58	$0.60	$0.64	$0.71	$0.81	$0.87	$0.90
Total Costs (C3) (per lb) (1)	$0.59	$0.75	$0.80	$0.87	$0.89	$1.01	$1.07	$1.13
Financial Position (millions)								
Working capital	$33.9	$61.4	$47.1	$32.2	$76.2	$102.0	$234.6	$290.9
Total assets	$473.1	$523.1	$561.9	$641.5	$746.5	$842.4	$1,401.2	$1,584.5
Weighted average # shares (000's)	60,942	61,267	61,499	61,583	61,639	61,808	64,564	66,615
Cash Flows from (millions)								
Operating activities								
Before working capital movements	$9.8	$19.7	$43.0	$81.1	$101.0	$105.7	$215.2	$185.5
After working capital movements	2.9	22.9	2.3	69.8	115.5	84.6	150.6	133.5
Financing activities	49.0	24.8	(22.8)	(5.1)	(1.6)	(17.7)	27.1	(41.7)
Investing activities	(52.5)	(19.0)	(2.3)	(57.8)	(94.4)	(42.4)	(94.6)	(92.4)
Cash Flows from Operating activities per share(3)								
Before working capital movements	0.16	0.32	0.70	1.32	1.64	1.71	3.33	2.78
After working capital movements	0.05	0.37	0.04	1.13	1.87	1.37	2.33	2.00
Kansanshi Production Statistics								
Mining:								
Waste mined (000's tonnes)	2,857	1,651	3,185	6,064	5,240	2,588	5,516	6,683
Ore mined (000's tonnes)	1,346	2,119	2,050	1,621	1,499	1,382	2,552	3,220
Ore grade (%)	2.4	1.7	2.0	2.0	1.9	1.7	1.4	1.4
Processing:								
Sulphide Ore processed (000's tonnes) (3)	-	-	434	507	580	782	1,140	1,277
Oxide Ore processed (000's tonnes) (3)	-	-	696	955	1,039	1,044	1,246	1,401
Contained copper (tonnes) (3)	-	-	19,917	27,510	30,934	32,213	36,981	32,882
Sulphide ore grade processed (%)	-	-	2.0	2.0	2.0	1.9	1.6	1.2
Oxide ore grade processed (%)	-	-	1.8	1.8	1.9	1.7	1.5	1.2
Recovery (3) (%)	-	-	86	84	96	92	94	95
Copper cathode produced (tonnes) (3)	-	-	8,802	14,395	18,324	15,796	18,687	20,241
Copper in concentrate produced (tonnes) (3)	-	-	8,154	8,670	11,234	13,751	15,897	10,860
Concentrate grade (%)	-	-	28.9	29.5	28.7	29.3	25.8	26.4
Combined Costs (per lb) (1)								
Mining	-	-	$0.09	$0.08	$0.06	$0.10	$0.12	$0.17
Processing	-	-	$0.33	$0.36	$0.37	$0.40	$0.44	$0.50
Site Administration	-	-	$0.04	$0.04	$0.04	$0.03	$0.04	$0.04
TC RCs	-	-	$0.18	$0.18	$0.22	$0.32	$0.42	$0.31
Gold / Acid credit	-	-	$(0.01)	$(0.07)	$(0.04)	$(0.07)	$(0.08)	$(0.07)
Combined Total Cash Costs	-	-	$0.63	$0.59	$0.65	$0.78	$0.94	$0.95
Combined Total Costs	-	-	$0.80	$0.80	$0.76	$0.93	$1.11	$1.17
Cathode Costs (per lb) (1)								
Mining	-	-	$0.11	$0.08	$0.06	$0.10	$0.13	$0.16
Processing	-	-	$0.46	$0.40	$0.42	$0.51	$0.51	$0.51

Table 9: Summary of Quarterly Results (unaudited) (continued)

	2004 Q4	2005 Q1	2005 Q2	2005 Q3	2005 Q4	2006 Q1	2006 Q2	2006 Q3
Kansanshi Production Statistics (continued)								
Site Administration	-	-	$0.04	$0.04	$0.04	$0.03	$0.04	$0.04
TC RCs	-	-	-	-	-	-	$0.03	$0.10
Gold / Acid credit	-	-	-	-		-	$(0.01)	$(0.02)
Cathode Total Cash Costs	-	-	$0.61	$0.52	$0.52	$0.64	$0.70	$0.79
Cathode Total Costs	-	-	$0.80	$0.73	$0.63	$0.80	$0.87	$1.00
Concentrate Costs (per lb) (1)								
Mining	-	-	$0.07	$0.08	$0.06	$0.09	$0.12	$0.18
Processing	-	-	$0.19	$0.29	$0.30	$0.28	$0.35	$0.46
Site Administration	-	-	$0.04	$0.05	$0.05	$0.04	$0.04	$0.04
TC RCs	-	-	$0.38	$0.48	$0.57	$0.68	$0.89	$0.73
Gold / Acid credit	-	-	$(0.03)	$(0.19)	$(0.11)	$(0.16)	$(0.17)	$(0.16)
Concentrate Total Cash Costs	-	-	$0.65	$0.71	$0.87	$0.93	$1.23	$1.25
Concentrate Total Costs	-	-	$0.81	$0.90	$0.98	$1.08	$1.40	$1.49
Revenue ($000's)								
Copper cathodes	-	-	29,165	54,116	87,624	84,745	142,301	158,563
Copper in concentrates	-	-	15,309	34,668	31,850	35,611	109,517	65,331
Gold	-	-	585	3,438	2,692	4,545	6,068	5,152
Total revenues	-	-	45,059	92,222	122,166	124,901	257,887	229,046
Copper cathode sold (tonnes)	-	-	8,919	14,227	18,505	15,556	18,754	20,217
Copper in concentrate sold (tonnes)	-	-	6,024	12,243	9,260	9,282	14,528	13,056
Gold sold (ounces)	-	-	1,370	7,130	5,766	8,079	9,611	8,864
Bwana/Lonshi Production Statistics								
Mining:								
Waste mined (000's tonnes)	2,926	2,596	4,025	4,707	5,918	3,241	5,607	5,915
Ore mined (000's tonnes)	261	152	319	300	209	147	183	110
Ore grade (%)	6.4	5.3	5.5	3.9	6.1	8.4	10.7	11.9
Processing:								
Ore processed (000's tonnes)	256	264	328	363	397	335	314	322
Contained copper (tonnes)	12,824	13,804	13,354	15,003	14,262	13,401	15,625	15,011
Grade (%)	5.0	5.2	4.1	4.1	3.6	4.0	5.0	4.7
Recovery (%)	85	87	88	88	89	87	87	89
Copper cathode produced (tonnes)	10,942	12,028	11,717	13,131	12,662	11,718	13,569	13,302
Acid produced (tonnes)	35,671	55,275	69,218	64,263	72,040	68,195	71,421	63,830
Surplus acid (tonnes)	9,664	49	14,939	7,120	219	937	910	508
Cathode Costs (per lb) (1)								
Mining	$0.21	$0.23	$0.29	$0.43	$0.49	$0.51	$0.32	$0.32
Processing	$0.26	$0.31	$0.31	$0.30	$0.34	$0.38	$0.35	$0.38
Site Administration	$0.04	$0.06	$0.06	$0.06	$0.09	$0.10	$0.10	$0.10
TC RCs	-	-	-	-	-	-	-	-
Gold / Acid credit	$(0.03)	$(0.02)	$(0.09)	$(0.05)	$(0.08)	$(0.09)	$(0.08)	$(0.06)
Cathode Total Cash Costs	$0.48	$0.58	$0.57	$0.74	$0.84	$0.90	$0.69	$0.74
Cathode Total Costs	$0.59	$0.75	$0.79	$1.01	$1.16	$1.20	$0.98	$1.00
Revenues ($000's)								
Copper cathodes	29,249	38,172	38,899	49,602	54,694	62,085	104,455	99,283
Copper cathodes sold (tonnes)	11,060	12,000	11,592	13,394	12,438	11,797	13,648	12,954
Guelb Production Statistics								
Mining:								
Waste mined (000's tonnes)	-	-	-	-	-	1,156	1,721	1,649
Ore mined (000's tonnes)	-	-	-	-	-	41	144	179
Ore grade (%)	-	-	-	-	-	1.9	1.9	1.8

(1) For the definition of cash and total costs, reference should be made to section10. (2) Copper sold does not include tonnes sold prior to pre-commercial production.
(3) Copper produced does not include tonnes produced prior to pre-commercial production.