First Quantum Minerals Ltd.

Consolidated Financial Statements
Second Quarter – June 30, 2007
(unaudited)
(expressed in millions of U.S. dollars, except where indicated)

First Quantum Minerals Ltd.

Consolidated Balance Sheets

As at June 30, 2007 and December 31, 2006

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

	June 30, 2007 $	December 31, 2006 $ *restated – note 2*
Assets		
Current assets		
Cash and cash equivalents	160.0	249.5
Restricted cash	22.5	15.0
Accounts receivable (note 10)	243.5	142.8
Inventory (note 3)	214.4	167.3
Current portion of other assets (note 6)	7.0	10.1
	647.4	584.7
Investments (note 4)	189.7	45.2
Property, plant and equipment (note 5)	1,186.0	1,068.1
Other assets (note 6)	12.3	21.7
	2,035.4	1,719.7
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	78.8	84.8
Current taxes payable	106.7	110.0
Current portion of long-term debt (note 7)	55.6	57.7
Current portion of other liabilities (note 8)	15.5	19.4
	256.6	271.9
Long-term debt (note 7)	281.7	237.2
Other liabilities (note 8)	43.0	38.3
Future income tax liabilities	181.3	167.3
	762.6	714.7
Minority interests	137.3	85.2
	899.9	799.9
Shareholders' equity		
Capital stock	386.6	396.0
Retained earnings	683.8	523.8
Accumulated other comprehensive income	65.1	-
	1,135.5	919.8
	2,035.4	1,719.7

Commitments (note 14)

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 Comprehensive Income

For the three and six months ended June 30, 2007 and 2006

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

	Three months ended		Six months ended	
	June 30, 2007 $	**June 30, 2006 $** *restated - note 2*	**June 30, 2007 $**	**June 30, 2006 $** *restated - note 2*
Sales revenues				
Copper (note 10)	325.1	356.3	573.2	538.8
Gold	12.3	6.0	20.2	10.5
Acid	0.2	0.2	0.3	0.4
	337.6	362.5	593.7	549.7
Cost of sales	(108.1)	(65.2)	(204.8)	(118.4)
Depletion and amortization	(18.7)	(14.3)	(32.3)	(26.3)
Operating profit	210.8	283.0	356.6	405.0
Other expenses/income				
Exploration	(2.4)	(4.9)	(5.0)	(7.0)
General and administrative	(6.5)	(3.7)	(12.2)	(7.5)
Interest	(7.5)	(5.7)	(15.1)	(11.9)
Other expenses/income (note 11)	5.6	(34.7)	7.1	(53.5)
	(10.8)	(49.0)	(25.2)	(79.9)
Earnings before income taxes and minority interests	200.0	234.0	331.4	325.1
Income taxes	(45.0)	(64.1)	(76.7)	(89.1)
Minority interests	(31.9)	(20.4)	(53.3)	(30.7)
Net earnings for the period	123.1	149.5	201.4	205.3
Comprehensive income				
Net earnings for the period	123.1		201.4	
Other comprehensive income, net of tax				
Unrealized gain on available-for-sale securities	53.3		67.6	
Realized gain on available-for-sale securities	(0.5)		-	
	52.8		67.6	
Comprehensive income	175.9		269.0	
Earnings per common share				
Basic	$1.83	$2.32	$2.99	$3.25
Diluted	$1.79	$2.27	$2.93	$3.18
Weighted average shares outstanding (millions)				
Basic	67.5	64.6	67.4	63.2
Diluted	68.9	66.0	68.7	64.5
Total shares issued and outstanding (millions)	67.7	66.0	67.7	66.0

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Shareholders' Equity

For the six months and year ended June 30, 2007 and December 31, 2006

(unaudited)

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

	Six months ended June 30, 2007 $	Year ended December 31, 2006 $ *restated - note 2*
Capital Stock		
Common Shares		
Balance – beginning of period	399.6	160.7
Stock options exercised	5.0	4.0
Acquisition of Adastra	-	234.9
Balance – end of period	404.6	399.6
Treasury Shares		
Balance – beginning of period	(15.6)	-
Shares purchased	(17.6)	(15.6)
Balance – end of period	(33.2)	(15.6)
Contributed Surplus		
Balance – beginning of period	12.0	5.8
Compensation expense for the period	4.5	6.7
Transfers upon exercise of stock options	(1.3)	(0.5)
Balance – end of period	15.2	12.0
Total capital stock	386.6	396.0
Retained earnings		
Balance – beginning of period as previously reported	539.1	144.8
Change in accounting policies		
Deferred stripping (note 2a)	(15.3)	(0.3)
Financial instruments (note 2b)	(5.0)	-
Net earnings for the period	201.4	399.4
Dividends	(36.4)	(20.1)
Balance – end of period	683.8	523.8
Accumulated other comprehensive income		
Balance – beginning of period	-	
Change in accounting policy, net of tax	(2.5)	
Available-for-sale securities, net of tax	67.6	
Balance – end of period	65.1	

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2007 and 2006

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

	Three months ended		Six months ended	
	June 30, 2007 $	**June 30, 2006 $** *restated - note 2*	**June 30, 2007 $**	**June 30, 2006 $** *restated - note 2*
Cash flows from operating activities				
Net earnings for the year	123.1	149.5	201.4	205.3
Items not affecting cash				
Depletion and amortization	18.7	14.3	32.3	26.3
Minority interests	31.9	20.4	53.3	30.7
Unrealized foreign exchange (gain) loss	(0.1)	1.8	0.8	2.5
Future income tax expense	1.9	22.0	3.6	29.1
Stock-based compensation expense	2.2	1.0	4.5	2.0
Unrealized derivative instruments (gain) loss	(3.7)	2.8	(5.0)	18.8
Other	1.2	1.7	3.2	2.6
	175.2	213.5	294.1	317.3
Change in non-cash operating working capital				
Increase in accounts receivable	(91.4)	(103.7)	(98.6)	(124.6)
Increase in inventory	(23.6)	(25.9)	(46.3)	(40.8)
(Decrease) increase in accounts payable and accrued liabilities	(6.2)	58.9	(16.4)	74.7
Long term incentive plan contribution	(13.6)	-	(17.6)	-
	40.4	142.8	115.2	226.6
Cash flows from financing activities				
Proceeds from long-term debt	75.0	82.0	75.0	82.0
Repayments of long-term debt	-	(33.1)	(25.6)	(45.4)
Proceeds on issuance of common shares	1.6	1.5	3.8	3.0
Dividends paid	(36.4)	(14.4)	(36.4)	(14.4)
Deferred premium obligation	(2.2)	(3.9)	(4.6)	(6.3)
	38.0	32.1	12.2	18.9
Cash flows from investing activities				
Restricted cash	(22.5)	(5.0)	(7.5)	(9.5)
Property, plant and equipment	(88.6)	(86.6)	(144.0)	(126.6)
Net investments	(3.7)	(0.2)	(65.3)	(1.8)
	(114.8)	(91.8)	(216.8)	(137.9)
Effect of exchange rate changes on cash	0.1	(0.3)	(0.1)	(0.2)
(Decrease) increase in cash and cash equivalents	(36.3)	82.8	(89.5)	107.4
Cash and cash equivalents - beginning of period	196.3	107.5	249.5	82.9
Cash and cash equivalents - end of period	160.0	190.3	160.0	190.3

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

1 Basis of presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("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 2006 audited financial statements.

2 Changes in accounting policies

a) Deferred stripping

Effective January 1, 2007, the Company adopted CICA Emerging Issues Committee Abstract 160 (EIC–160) "Stripping Costs Incurred in the Production Phase of a Mining Operation." The Company elected to apply the standard on a retroactive basis with restatement of prior period balances. EIC–160 requires stripping costs incurred in the production phase 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 stripping costs will be capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional sources of reserves. Effective January 1, 2007, as a result of the adoption of EIC-160, the Company recorded a cumulative adjustment to decrease retained earnings of $15.3 million, increase inventory by $19.9 million, decrease future income tax liabilities by $9.4 million, and decrease other assets by $44.6 million.

b) Financial instruments

Effective January 1, 2007, the Company adopted the new CICA accounting standards on financial instruments along with other amendments to the CICA handbook. As prescribed, prior periods have not been restated.

Section 3855, Financial Instruments – Recognition and Measurement, specifies whether fair values or cost based measures are used to determine the recorded amounts for financial assets, financial liabilities and non-financial derivatives, and when such amounts should be recognized. The standard also specifies the presentation of gains and losses on the financial instruments.

Effective January 1, 2007, the Company's marketable securities have been designated as available-for-sale and recorded at fair value on the balance sheet. Changes in fair value of these instruments are reflected in other comprehensive income. The recognition of these instruments at fair value resulted in a decrease in investments of $3.0 million and accumulated other comprehensive income of $2.5 million (net of tax of $0.5 million) at January 1, 2007.

All derivatives, including embedded derivatives, are now recorded on the balance sheet at fair value. Changes in fair value of derivatives are recorded in net income or comprehensive income. As the Company did not apply hedge accounting and recorded all changes in the fair value of derivatives in operating income, the impact of adoption was limited to the recognition of certain embedded derivatives. The recognition of these embedded derivatives resulted in an increase in other liabilities of $8.2 million, a decrease in retained earnings of $5.0 million, a decrease of future income tax liabilities of $2.0 million and a decrease in minority interest liability of $1.2 million at January 1, 2007. For the purposes of identifying embedded derivatives, the Company elected a transition date of January 1, 2003.

All other financial instruments are recorded at cost or amortized cost. The Company has elected to include costs incurred to acquire financial instruments in the underlying balance. This resulted in the reclassification of debt issue costs of $10.0 million from other assets to long-term debt effective January 1, 2007.

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

Section 3865, Hedges, applies when a company chooses to designate a hedging relationship for accounting purposes. The Company has chosen not to apply hedge accounting to its current portfolio of derivatives and therefore there is no current impact of adoption of this standard.

Section 1530, Comprehensive income, requires the presentation of comprehensive earnings and its components. Comprehensive earnings comprise net income and other comprehensive income (“OCI”). OCI includes unrealized gains and losses on financial assets classified as available-for-sale. The cumulative amount of OCI, (“accumulated other comprehensive income” or “AOCI”) is presented as a new category of shareholder’s equity in the consolidated balance sheets.

c) Accounting changes

Effective January 1, 2007, the Company adopted the revised CICA Section 1506, accounting changes. This section requires that voluntary accounting policy changes can only be made if they are preferable to the Company’s pre-existing policy; such changes where material must be accompanied by disclosures of prior period amounts and justification for the change.

3 Inventory

	June 30, 2007 $	**December 31, 2006 $** *restated – note 2*
Ore in stockpiles	64.9	50.7
Work-in-progress	6.7	4.9
Finished product	52.4	41.0
Total product inventory	124.0	96.6
Consumable stores and spares	90.4	70.7
Total inventory	214.4	167.3

4 Investments

	June 30, 2007 $	**December 31, 2006 $**
Carlisa Investment Corp. (a) – at cost	9.5	9.5
Available-for-sale securities (b) – at fair value (2006: at cost)	180.2	35.7
	189.7	45.2

a) The Company has an 18.8% interest in Carlisa, a privately owned company, which holds a 90% interest in Mopani Copper Mines Ltd (“Mopani”). Mopani operates the Nkana mine and the Mufulira mine and smelter. As Carlisa is a privately held entity, the fair value of this investment is not readily determinable.

b) The available-for-sale marketable securities had a quoted market value of $32.7 million at December 31, 2006.

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

5 Property, plant and equipment

	June 30, 2007			December 31, 2006		
	Cost	Accumulated amortization	Net $	Cost	Accumulated amortization	Net $
Plant and Equipment	541.5	(166.5)	375.0	520.9	(133.4)	387.5
Capital work-in-progress	393.2	-	393.2	264.2	-	264.2
Mineral properties and mine development costs	443.8	(26.0)	417.8	441.0	(24.6)	416.4
Total	1,378.5	(192.5)	1,186.0	1,226.1	(158.0)	1,068.1

6 Other assets

	June 30, 2007 $	December 31, 2006 $ *restated – note 2*
Prepaid power	9.1	9.9
Deferred finance fees - net of amortization	-	10.0
Fair value of derivative instruments (note 13)	3.2	2.6
Future income tax asset	1.6	2.5
Other	5.4	6.8
Total other assets	19.3	31.8
Less: Current portion	(7.0)	(10.1)
	12.3	21.7

7 Long-term debt

	June 30, 2007 $	December 31, 2006 $
Drawn debt facilities		
Corporate revolving credit and term loan facility (a)	270.1	225.0
Kansanshi subordinated debt facility (b)	44.8	44.7
Kansanshi project completion facility (c)	22.2	25.0
Other	0.2	0.2
Total long-term debt	337.3	294.9
Less: Current portion	(55.6)	(57.7)
	281.7	237.2

a) Corporate revolving credit and term loan facility

The Company entered into the $400.0 million corporate revolving credit and term loan facility in October 2006 to restructure the Company’s existing project debt, provide financing for development of the Frontier project and to provide a revolving facility to be used for general corporate purposes.

The facility is comprised of three tranches, up to $225.0 million, $125.0 million, and $100.0 million. The total aggregate outstandings under the facility are not to exceed $400.0 million. Tranche A is repayable in ten equal semi-annual instalments commencing on March 31, 2007; tranche B is repayable in seven semi-annual instalments commencing on September 30, 2008; and tranche C is to be repaid on September 30, 2011. Interest on tranches A and B is calculated at LIBOR plus 2.50%. Interest on tranche C is calculated at LIBOR plus 2.75%. At June 30, 2007, $122.5 million of this facility remains available to be drawn (tranche A - $nil, tranche B - $50.0 million, tranche C - $72.5 million).

The corporate revolving credit and term loan facility has a principal amount outstanding of $277.5 million. The carrying amount is net of issue and transaction costs of $7.4 million. The security includes an assignment of proceeds under various sales contracts from the sale of copper, copper concentrate and gold at Kansanshi, Bwana, Guelb Moghrein, and Frontier. A sinking fund was established in 2006 to meet required instalments and is recorded as restricted cash.

b) Kansanshi subordinated debt facility

The Company entered into the 34.0 million Euro subordinated debt facility in December 2003 to finance the Kansanshi project. This facility is repayable in nine equal annual payments commencing October 31, 2007. Interest is calculated annually, within 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 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 (note 13).

The Kansanshi subordinated debt facility has a principal amount outstanding of 34.0 million euros. The carrying amount is net of issue and transaction costs of 0.8 million euros. The interest rate on the facility is indexed to the price of copper resulting in the existence of an embedded derivative. This embedded derivative is recorded at fair value at each period (note 13), with changes in fair value recorded as a component of other expenses.

c) Kansanshi project completion facility

Kansanshi entered into the $25.0 million project completion facility in March 2004, which was amended and restated in 2006. This facility was drawn down in 2005 and is repayable in 9 semi-annual instalments commencing December 31, 2006. Interest is calculated at LIBOR plus 3.5%.

The Kansanshi project completion facility has a principal amount outstanding of $22.2 million, which is equal to its carrying amount.

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

8 Other liabilities

	June 30, 2007 $	December 31, 2006 $
Unrealized fair value of derivative liability (note 13)	30.5	26.6
Deferred premium obligation (note 13)	4.2	8.5
Kolwezi deferred payment	8.0	8.0
Zesco Limited	2.7	2.9
ZCCM deferred payment	3.3	3.3
Asset retirement obligations	5.4	5.0
Other	4.4	3.4
Total other liabilities	58.5	57.7
Less: Current portion	(15.5)	(19.4)
	43.0	38.3

9 Stock based compensation

Included in general and administrative expense was stock based compensation expense as follows:

	Three months ended		Six months ended	
	June 30, 2007 $	June 30, 2006 $	June 30, 2007 $	June 30, 2006 $
Share stock option expense	0.9	1.0	1.9	2.1
Long term incentive plan expense	1.3	-	2.6	-
	2.2	1.0	4.5	2.1

10 Revenue contracts

Copper products are sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Revenues are recognized when title and risk pass to the customer using forward prices for the expected date of final settlement. Changes between the price recorded upon recognition of revenue and the final price due to fluctuations in copper market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue. At June 30, 2007, the Company had 29,448 tonnes (December 31, 2006 – 43,440 tonnes) of contained copper that have been provisionally priced at an average LME copper price of $3.43 per pound (December 31, 2006 - $2.87 per pound).

(unaudited)
(tabular amounts expressed in millions of U.S. dollars, except where indicated)

11 Other expenses/income

	Three months ended June 30, 2007 $	Three months ended June 30, 2006 $	Six months ended June 30, 2007 $	Six months ended June 30, 2006 $
Derivative instrument gain/loss	1.1	(34.0)	-	(52.6)
Foreign exchange gain/loss	1.3	(2.8)	0.8	(4.1)
Interest and sundry income	2.5	2.1	5.6	3.2
Gain on sale of investments	0.7	-	0.7	-
	5.6	(34.7)	7.1	(53.5)

12 Segmented information

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

For the six months ended June 30, 2007, segmented information is presented as follows:

June 30, 2007	Kansanshi $	Bwana/ Lonshi $	Guelb Moghrein $	Frontier $	Corporate $	Total $
Segmented revenues	465.4	82.6	64.7	-	7.8	620.5
Less inter-segment revenues	-	(19.0)	-	-	(7.8)	(26.8)
Revenues	465.4	63.6	64.7	-	-	593.7
Cost of sales	(121.8)	(64.6)	(18.4)	-	-	(204.8)
Depletion and amortization	(19.9)	(7.3)	(5.1)	-	-	(32.3)
Operating profit (loss)	323.7	(8.3)	41.2	-	-	356.6
Interest on long-term debt	(8.9)	-	(2.9)	-	(3.3)	(15.1)
Other	(1.3)	(1.0)	(0.1)	-	(7.7)	(10.1)
Segmented profit (loss) before undernoted items	313.5	(9.3)	38.2	-	(11.0)	331.4
Income taxes	(82.1)	2.5	-	-	2.9	(76.7)
Minority interests	(45.8)	-	(7.5)	-	-	(53.3)
Segmented profit (loss)	185.6	(6.8)	30.7	-	(8.1)	201.4
Property, plant and equipment	455.0	44.5	102.1	193.9	390.5	1,186.0
Total assets	745.9	156.3	194.0	197.7	741.5	2,035.4
Capital expenditures	62.9	2.8	2.9	77.6	6.2	152.4

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

For the six months ended June 30, 2006, segmented information is presented as follows:

						June 30, 2006 *restated – note 2*
	Kansanshi $	**Bwana/ Lonshi** $	**Guelb Moghrein** $	**Frontier** $	**Corporate** $	**Total** $
Segmented revenues	383.9	179.4	-	-	6.0	569.3
Less inter-segment revenues	(1.1)	(12.5)	-	-	(6.0)	(19.6)
Revenues	382.8	166.9	-	-	-	549.7
Cost of sales	(76.7)	(41.7)	-	-	-	(118.4)
Depletion and amortization	(13.8)	(12.5)	-	-	-	(26.3)
Operating profit (loss)	292.3	112.7	-	-	-	405.0
Interest on long-term debt	(11.2)	(0.2)	-	-	(0.5)	(11.9)
Other	(12.3)	(5.6)	-	-	(50.1)	(68.0)
Segmented profit before undernoted items	268.8	106.9	-	-	(50.6)	325.1
Income taxes	(64.8)	(30.1)	-	-	5.8	(89.1)
Minority interests	(30.9)	-	-	-	0.2	(30.7)
Segmented profit (loss)	173.1	76.8	-	-	(44.6)	205.3
Property, plant and equipment	369.1	61.8	93.5	33.1	284.3	841.8
Total assets	706.0	145.1	101.0	33.4	412.7	1,398.2
Capital expenditures	61.2	3.1	27.5	23.3	283.5	398.6

For the three months ended June 30, 2007, segmented information is presented as follows:

						June 30, 2007
	Kansanshi $	**Bwana/ Lonshi** $	**Guelb Moghrein** $	**Frontier** $	**Corporate** $	**Total** $
Segmented revenues	247.4	52.2	48.8	-	4.4	352.8
Less inter-segment revenues	-	(10.8)	-	-	(4.4)	(15.2)
Revenues	247.4	41.4	48.8	-	-	337.6
Cost of sales	(58.1)	(35.8)	(14.2)	-	-	(108.1)
Depletion and amortization	(10.6)	(4.4)	(3.7)	-	-	(18.7)
Operating profit (loss)	178.7	1.2	30.9	-	-	210.8
Interest on long-term debt	(4.5)	-	(1.5)	-	(1.5)	(7.5)
Other	0.7	(0.6)	-	-	(3.4)	(3.3)
Segmented profit (loss) before undernoted items	174.9	0.6	29.4	-	(4.9)	200.0
Income taxes	(46.2)	(0.2)	-	-	1.4	(45.0)
Minority interests	(26.2)	-	(5.7)	-	-	(31.9)
Segmented profit (loss)	102.5	0.4	23.7	-	(3.5)	123.1
Property, plant and equipment	455.0	44.5	102.1	193.9	390.5	1,186.0
Total assets	745.9	156.3	194.0	197.7	741.5	2,035.4
Capital expenditures	41.2	2.1	1.3	43.3	-	87.9

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

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

						June 30, 2006 *restated – note 2*
	Kansanshi **$**	**Bwana/ Lonshi** **$**	**Guelb Moghrein** **$**	**Frontier** **$**	**Corporate** **$**	**Total** **$**
Segmented revenues	259.0	111.3	-	-	3.7	374.0
Less inter-segment revenues	(1.1)	(6.7)	-	-	(3.7)	(11.5)
Revenues	257.9	104.6	-	-	-	362.5
Cost of sales	(44.6)	(20.6)	-	-	-	(65.2)
Depletion and amortization	(7.6)	(6.7)	-	-	-	(14.3)
Operating profit (loss)	205.7	77.3	-	-	-	283.0
Interest on long-term debt	(5.5)	0.1	-	-	(0.3)	(5.7)
Other	(4.2)	(3.7)	-	-	(35.4)	(43.3)
Segmented profit before undernoted items	196.0	73.7	-	-	(35.7)	234.0
Income taxes	(52.5)	(21.4)	-	-	9.8	(64.1)
Minority interests	(20.6)	-	-	-	0.2	(20.4)
Segmented profit (loss)	122.9	52.3	-	-	(25.7)	149.5
Property, plant and equipment	369.1	61.8	93.5	33.1	284.3	841.8
Total assets	706.0	145.1	101.0	33.4	412.7	1,398.2
Capital expenditures	37.6	2.1	15.8	17.2	283.5	356.2

(tabular amounts expressed in millions of U.S. dollars, except where indicated)

13 Derivative instruments

The Company periodically enters into derivative instruments to mitigate the exposures to copper and gold commodity prices, foreign exchange rates, and interest rates. The Company does not currently apply hedge accounting and all derivatives are recorded at fair value with changes in fair value recorded as a component of other expenses.

As at June 30, 2007, the following derivative positions were outstanding:

	2007	2008	2009	Total	Recognized June 30, 2007	Recognized December 31, 2006
Copper (a)						
Put options (tonnes)	43,008	-	-	43,008	$0	$0
Price ($/tonne)	$1,800	-	-	$1,800		
Gold						
Put options (oz)	18,690	24,060	38,028	80,778	$0	$0
Price ($/oz)	$350	$350	$350	$350		
Forward contracts (oz)	18,690	24,060	38,028	80,778	$(22.9)	$(26.6)
Price ($/oz)	$400	$400	$400	$400		
Other						
Interest rate swaps – floating to fixed					$0.1	$0.2
Cross currency swaps – EUR to USD					$3.1	$2.4
Embedded derivative (b)					$(7.6)	-

a) Copper

As at June 30, 2007, there were put option contracts for 43,008 tonnes of copper outstanding with a deferred premium obligation of $4.2 million payable by December 2007.

b) Embedded derivative

The embedded derivative had a fair value of $(8.2) million at December 31, 2006.

14 Commitments

In conjunction with the development of Frontier, upgrades at Kansanshi and other projects, the Company has committed to approximately $99.3 million in capital expenditures as at June 30, 2007.

FIRST QUANTUM
MINERALS LTD.

Management Discussion and Analysis

Second Quarter Ended June 30, 2007

(expressed in US Dollars)

August 9, 2007

Key features for the quarter

- Copper production increases 2% compared to the second quarter 2006
- Record production quarter at Kansanshi and Guelb Moghrein but significantly down at Bwana/Lonshi
- Guelb Moghrein net earnings increase 229% over the first quarter of 2007
- Net sales revenue decrease 7% and net earnings 18% due to Bwana/Lonshi, lower favourable provisional pricing adjustments and cost pressures
- Operating cashflow before working capital decreases 18% on lower net earnings
- Contained copper in concentrate inventory increases to 21,000 tonnes principally due to Mufulira smelter constraints
- The Company's shares began trading on the London Stock Exchange main market

Key features for the half year to date

- Copper production increases 6% to over 96,000 tonnes
- Net sales increase 8% on higher volumes and prices
- Net earnings decrease 2% due to decline in Bwana/Lonshi earnings, partly offset by Guelb Moghrein contribution
- Operating cashflow before working capital decreases 7% on lower net earnings

Outlook

- Frontier commissioning underway but 2007 production estimate cut from 30,000 to 10,000 tonnes on slower start-up
- Bwana/Lonshi production estimate cut from 35,000 to 30,000 tonnes on revised end-of-life plan
- Estimated total copper production for 2007 revised down to 215,000 tonnes
- Stockpiled copper in concentrate expected to be reduced to normal levels by year end after reduction of 15,000 tonnes of contained copper, which is expected to impact positively on earnings
- Kolwezi Project preparatory siteworks commenced; capital expenditure estimating on track to enable major commitments in 2007 and project start-up in 2009

For further information on the Company, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in the Company's most recently filed AIF. This interim information is prepared in accordance with Canadian GAAP and denominated in United States dollars, unless otherwise noted.

Key Group results

Second quarter (Q2)		Q2 2007		Q2 2006 (Restated)		Q2 2005 (Restated)	
			% of sales		% of sales		% of sales
Production	t Cu	49,979	110	49,180	105	28,673	108
Sales	t Cu	45,366	100	48,171	100	26,535	100
Net sales	USDM	337.6	100	362.5	100	86.5	100
Operating profit	USDM	210.8	62	283.0	78	45.1	52
Net profit	USDM	123.1	36	149.5	41	29.4	34
Basic EPS	USD	$1.83		$2.32		$0.48	

Year to date (YTD)		YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
			% of sales		% of sales		% of sales
Production	t Cu	96,382	107	91,266	109	40,701	106
Sales	t Cu	89,681	100	84,806	100	38,535	100
Net sales	USDM	593.7	100	549.7	100	124.7	100
Operating profit	USDM	356.6	60	405.0	74	62.8	50
Net profit	USDM	201.4	34	205.3	37	56.3	45
Basic EPS	USD	$2.99		$3.25		$0.92	

Q2 2007 net sales

			Q2 2007	Q2 2006	Q2 2005
(After TC/RC charges)			**USD M**	**USD M**	**USD M**
Kansanshi	-	copper	242.7	251.9	44.5
	-	gold	4.7	6.0	0.6
Bwana/Lonshi	-	copper	41.2	104.4	38.9
	-	acid	0.2	0.2	2.5
Guelb Moghrein	-	copper	41.2	-	-
	-	gold	7.6	-	-
Net sales			337.6	362.5	86.5
Provisional pricing adjustment included above			22.6	60.4	(1.1)
Copper selling price			**USD/lb**	**USD/lb**	**USD/lb**
Current period sales			3.28	3.14	1.55
Prior period provisional pricing adjustment			0.23	0.57	(0.02)
TC/RC and freight parity charges			(0.26)	(0.35)	(0.11)
Realized copper price			3.25	3.36	1.42

Group net sales decrease 7% to $337.6 million despite increases in LME copper price and production

Net sales decreased as a result of a decrease in the tonnes of copper sold (down 6% to 45,366 tonnes of copper) and a decrease in the realized copper price recognized during the quarter. Group production exceeded the comparative period of 2006; however, the copper in concentrate stockpile increased by approximately 4,200 tonnes during the quarter. The increase in this stockpile was due to delays in shipment to purchasers due to logistical constraints. The Kansanshi stockpiles contributed to the increase by approximately 3,400 tonnes due to concentrate production exceeding the tolled cathode output at the Mufulira smelter due to operational constraints.

Net sales were also impacted by the lower realized copper price despite higher LME copper prices and the decrease in the tolling and refining charge (TC RC) rates. This was the result of a significant positive provisional pricing adjustment during the comparative period of 2006.

Kansanshi net sales decrease 4% to $247.4 million despite record production for the quarter

Net sales, compared to the same period in 2006, decreased as a result of lower tonnes of copper sold. Kansanshi reached record production levels this quarter with a combined copper output of 36,253 tonnes. Copper cathode production increased 16% to 20,322 tonnes due to a 20% increase in the amount of ore processed compared to the same period in 2006. This was offset by a 12% decrease to 15,931 tonnes of copper in concentrate production despite a 20% increase in the amount of sulphide ore processed as the ore processed was of a lower grade. Of this production, approximately 3,400 tonnes of copper in concentrate was stockpiled due to the operational problems at the Mufulira smelter, which led to a decrease in sales volumes of 3% to 32,661 tonnes. In addition, Kansanshi recognized more significant prior period provisional pricing adjustments in the comparative period for the reasons mentioned above.

Bwana/Lonshi net sales decrease 60% to $41.4 million due to low ore availability from Lonshi

Similar to the first quarter of 2007, net sales fell as a result of the low availability of high grade ore from the Lonshi pit and the exhaustion of run-of-mine grade ore in stockpiles at the Bwana treatment plant. The effects of the heavy rains during the wet season continued into this quarter as mining was delayed at the Lonshi pit to reconstruct pit walls, rebuild roads and dewater the pit. Together with the consequences of the temporary border closure in early April, this resulted in a decrease in ore production of 43% compared to the same period in 2006 and a decrease in copper production (down 51% to 6,676 tonnes) at the Bwana SX/EW facility. In addition, the Bwana processing facility continued to purchase low grade ore from external vendors to maintain throughput. Sales volume decreased 53% to 6,369 tonnes, with the balance of the decrease resulting from a lower realized copper price.

Guelb Moghrein net sales of $48.8 million increase 205% over the prior quarter

Sales volumes increased 172% to 6,336 tonnes over the first quarter of 2007 as Guelb's shipments to buyers began to ramp up. Production increased 9% to 7,050 tonnes of copper in concentrate over the first quarter resulting in an increase of approximately 700 tonnes to the copper in concentrate stockpile at the end of the period. Production increased as a result of having both mills operational for the entire quarter as the second mill came online midway through the first quarter. This resulted in a 13% increase in the tonnes of ore processed. The balance of the net sales increase was due to a 190% increase in gold ounces sold and positive provisional pricing adjustments.

Provisional pricing adjustment positive following increase in copper price during final settlement periods

Included in the above net sales numbers was a total of $22.6 million or $0.23/lb for positive provisional pricing adjustments related to prior period sales as final copper settlements in the second quarter were subject to average LME prices of $3.46/lb for the quarter compared to the March 31, 2007 forward average LME price of $3.13/lb.

As at June 30, 2007, there were 29,448 tonnes of contained copper that were provisionally priced at an average LME copper price of $3.43/lb. This revenue will be subject to future adjustments as a result of movements in the copper price. Of this amount, 11,986 tonnes had the final price determined in July 2007 at $3.62/lb, 12,806 tonnes will be determined in August 2007, 4,421 tonnes in September 2007, and 235 tonnes thereafter.

Q2 2007 operating profit

	Q2 2007		Q2 2006 (Restated)		Q2 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Kansanshi	178.7	53	205.7	57	24.3	28
Bwana/Lonshi	1.2	0	77.3	21	20.8	24
Guelb Moghrein	30.9	9	-	-	-	-
Total operating profit	210.8	62	283.0	78	45.1	52
Unit costs	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**
Cash costs (C1)	$1.12	34	$0.87	26	$0.60	42
Total costs (C3)	$1.38	42	$1.07	32	$0.80	56

[1] Calculated as the % of current period selling price

Group operating profit decreases 26% to $210.8 million due to processing of lower grade ore

Operating profit was negatively affected by both an increase in average cash unit cost of production by 29% to $1.12/lb and a decrease in net sales as compared to the same period in 2006. Profit margins per pound of copper sold averaged $2.11, which decreased from the prior period (2006: $2.67/lb). Cash unit costs were negatively affected by the processing of lower grade ores at Kansanshi and the poor results at Bwana/Lonshi.

Kansanshi operating profit decreases 13% to $178.7 million due to higher unit costs

Kansanshi's average cash unit cost of production increased by 1% to $0.95/lb and the average total unit cost of production increased by 5% to $1.17/lb compared to the same period in 2006. This increase was due to an increase in ore costs of 100% and an increase in processing unit costs of 27%, which were offset by a decrease in TC RC and freight parity charges of 63%. The original DFS was based on a $0.80/lb copper price, and revisions in the reserve model for higher current prices resulted in a reduction of the grade of ore treated in the two process routes. The decision to process lower grade ore and higher acid consuming mixed ores through the leach circuit, resulting in the consequent need for the outsourcing of a significant quantity of acid at a much higher marginal cost, increased ore costs. In addition, ore costs were negatively impacted by increased waste stripping and the adoption by the Company of a new deferred stripping policy from 1 January 2007. Increases in oil-based consumables, electricity and wage costs were also contributing factors to the increased ore and processing costs. The TC RC and freight parity charges decreased as the TC RC terms for the majority of Kansanshi's concentrate off-take agreements are based on annual benchmark terms which for 2007 included the removal of price participation. Kansanshi was also able to increase its shipments directly to the Mufulira smelter so that no concentrate had to be exported during the quarter.

Bwana/Lonshi operating profit of $1.2 million as operation begins recovery from extreme wet season

Bwana copper production continued to be significantly affected by the lack of available high grade ore for processing due to the heavy rainy season. This resulted in an increase of the average cash unit cost of production by 246% to $2.39/lb and the average total unit cost of production by 182% to $2.77/lb as compared to the same period in 2006. Mining unit costs were significantly impacted by the previous quarter problems resulting in a 391% increase. However, the average cash unit cost decreased from the prior quarter by 4% as the Lonshi pit recovers from the heavy wet season and ore availability and production significantly improved during the month of June.

Guelb Moghrein operating profit of $30.9 million due to increased shipments

As well as Guelb Moghrein increasing its shipments to buyers, costs continued to decrease as the average cash unit cost of production decreased by 45% to $0.71/lb and the average total unit cost of production decreased by 34% to $1.09/lb compared to the previous quarter. The largest contributors to the decrease in the unit costs were the increase in the gold credit of 129% and the decrease in TC RC and freight parity charges of 35%. The gold credit was impacted by the increase in shipments during the quarter and the TC RC and freight parity charges decreased due to the first shipments to smelters in China on better terms. In addition, ore and processing costs decreased by 11% due to the increase in copper output.

Q2 2007 net profit

	Q2 2007		Q2 2006 (Restated)		Q2 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	210.8	62	283.0	78	45.1	52
Corporate costs	(5.2)	(1)	(6.4)	(2)	(0.1)	(1)
Derivative gains/(losses)	1.1	-	(34.0)	(9)	(0.7)	-
Gain on sale of investment	0.7	-	-	-	-	-
Exploration	(2.4)	(1)	(4.9)	(1)	(1.1)	(1)
Interest (net)	(5.0)	(1)	(3.7)	(1)	(3.0)	(3)
Tax expense	(45.0)	(13)	(64.1)	(18)	(7.4)	(9)
Minority interests	(31.9)	(10)	(20.4)	(6)	(3.4)	(4)
Net profit	123.1	36	149.5	41	29.4	34
Earnings per share						
- basic	$1.83		$2.32		$0.48	
- diluted	$1.79		$2.27		$0.47	
Weighted average shares outstanding						
- basic	67.5		64.6		61.4	
- diluted	68.9		66.0		62.7	

Group net profit decreases 18% to $123.1 million due to the decreased operating profit

The decrease in net profit as compared to the same period in 2006 was the result of the decreased profit margins referred to above and the increase in minority interests related to the increasing profitability of Guelb Moghrein. These negative variances were offset by the decrease in derivative losses and tax expense compared to the same period in 2006.

Corporate costs reduced significantly due to lower derivative losses

Following the settlement of the majority of derivatives in 2006, the Company was less exposed to derivative losses resulting from the increasing copper price. In the prior comparative period a loss of $34.0 million was recognized for derivative losses compared to a gain of $1.1 million in the current quarter. After allowing for derivative losses, corporate costs remained stable period on period.

Exploration costs decrease 51% to $2.4 million due to lower exploration activity at Lonshi

A significant portion of the comparative quarter's exploration costs were related to the Lonshi ore body. Exploration costs associated with the Lonshi ore body decreased in this current quarter.

Interest expense, net of interest income, increased 35% to $5.0 million due to increased debt position

With the increase in the Company's long-term debt outstanding, interest expense increased compared to the same period in 2006.

Q2 2007 cash flow

	Q2 2007	Q2 2006 (Restated)	Q2 2005 (Restated)
	USD M	USD M	USD M
Cash flow from operating activities			
- before working capital	175.2	213.5	43.2
- after working capital	40.5	142.5	1.6
Cash flow from financing activities	38.0	32.1	(20.3)
Cash flow from investing activities	(114.8)	(91.8)	(3.8)
Net cash flow	(36.3)	82.8	(22.5)
Cash flow per share			
- before working capital	$2.59	$3.31	$0.70
- after working capital	$0.60	$2.21	$0.02

Cash inflow from operating activities decreases 72% to $40.5 million due to working capital movements

Operating cash flow before working capital movements continued to be driven by the Company's operating results with the decrease of 18% from the same period in 2006 being equal to the 18% decrease in net profit.

Operating cash flow after working capital movements for the quarter was impacted by increases in accounts receivable of approximately $91.0 million, a build up in inventory of approximately $24.0 million and contributions to the long term incentive plan of approximately $14.0 million. The increase in accounts receivable was due to the timing factors associated with shipments and sales late in the second quarter of 2007.

The decrease in operating cash flow after working capital movements compared to the comparative period in 2006 was due to a combination of the reduction in net earnings and income tax payments in the current period at a much higher level than in the comparative period.

Cash inflow from financing activities increases 18% to $38.0 million due to long-term debt drawdown

Financing activities included a long-term debt draw down of $75.0 million on the corporate revolving credit and term loan facility associated with development of the Frontier project. This draw down was higher than the net draw down incurred in the same period in 2006 resulting in the increase in cash inflow. This was offset by an increase in dividend payments during the current quarter as compared to the same period in 2006.

Cash outflow from investing activities increases 25% to $114.8 million due to sinking fund deposit

Investing activities included $22.5 million of cash being designated as restricted under the terms of the corporate revolving credit and term loan facility during the quarter, which was an increase of $17.5 million compared to the same period in 2006.

YTD 2007 net sales

(After TC/RC charges)		YTD 2007 USD M	YTD 2006 USD M	YTD 2005 USD M
Kansanshi	- copper	455.9	372.3	44.5
	- gold	9.5	10.5	0.6
Bwana/Lonshi	- copper	63.3	166.5	77.1
	- acid	0.3	0.4	2.5
Guelb Moghrein	- copper	54.0	-	-
	- gold	10.7	-	-
Net sales		593.7	549.7	124.7
Provisional pricing adjustment included above		(9.7)	30.7	-
Copper selling price		**USD/lb**	**USD/lb**	**USD/lb**
Current period sales		3.20	3.04	1.51
Prior period provisional pricing adjustment		(0.05)	0.16	-
TC/RC and freight parity charges		(0.25)	(0.32)	(0.08)
Realized copper price		2.90	2.88	1.43

Group net sales rise 8% to $593.7 million on higher copper production and copper price

Sales volume increased (up 6% to 89,681 tonnes of copper) as a result of higher copper production (up 6% to 96,382 tonnes of copper). However, the Company continued to stockpile copper in concentrate by an additional 6,400 tonnes due to operational problems at the Mufulira smelter and restricted concentrate shipments at Guelb Moghrein. This continued stockpiling did not affect sales volume comparisons due to similar stockpiling in the same period in 2006. Net sales were also influenced by the higher average copper price for the quarter of $3.20/lb compared to $3.04/lb in the same period in 2006 and the lower TC RC and freight parity charges under annual contract terms. However, provisional pricing adjustments to prior period sales had a negative impact in the current period due to the final settlement of copper sold in 2006 at prices lower than the December 31, 2006 forward price.

The increase in copper production was the result of Kansanshi's increased copper cathode output and increased copper in concentrate shipments to the Mufulira smelter as well as the achievement of commercial production at Guelb Moghrein in October 2006. These increases were offset by a decrease in production at Bwana/Lonshi due to problems associated with the availability of high grade ore for processing.

Kansanshi net sales increase 22% to $465.4 million despite record wet season rainfalls

Net sales, compared to the same period in 2006, rose as a result of increased copper cathode production and higher copper prices. Increased production (up 9% to 71,653 tonnes) was the result of a 30% increase in copper cathode production offset by a 13% decrease in copper in concentrate production. The increase in copper cathode production was the result of a 21% increase in ore throughput and the commissioning of the new SX/EW facility during the third quarter of 2006, while the decrease in copper in concentrate production was due to the processing of lower grade ore. Sales volume increased 20% to 69,980 tonnes, with the balance of increased sales revenue coming from the higher average price received.

Bwana/Lonshi net sales decrease 62% to $63.6 million due to low ore availability from Lonshi

Net sales fell as a result of the low availability of high grade ore from the Lonshi pit and the exhaustion of run-of-mine grade ore in stockpiles at the Bwana treatment plant. The heavy rains during the wet season resulted in mining delays at the Lonshi pit as the Lonshi fleet was used to reconstruct pit walls and rebuild roads that were damaged from the excessive water. Together with the consequences of the temporary border closure in March/April, this resulted in a decrease in ore production of 67% compared to the same period of 2006 and a decrease in copper production (down 56% to 11,233 tonnes) at the Bwana SX/EW facility. These problems required the Bwana processing facility to fully utilize its low grade ore stockpiles and purchase low grade ore from external vendors to maintain throughput, resulting in the low copper cathode output during the quarter. Sales volume decreased 57% to 11,033 tonnes, with the balance of the reduced revenue coming from the final pricing of copper sold in 2006 at prices lower than the December 31, 2006 provisional forward price.

Guelb Moghrein net sales of $64.7 million as shipments begin to ramp up

Production continued to increase as commissioning continued following commencement in October 2006. Both mills were operating as compared to one operational mill in 2006 resulting in an increase in ore processed and total production for the period of 13,496 tonnes. Sales volumes were 35% lower than production, however, shipments improved significantly near the end of the period due to sales agreements with new customers being finalised.

Provisional pricing adjustment negative following decrease in copper price during final settlement periods

Included in the above net sales numbers was a total of $9.7 million or $0.05/lb for negative provisional pricing adjustments related to prior period sales as the majority of provisionally priced copper at December 31, 2006 settled in January and February and were subject to average LME prices of $2.57/lb for each month compared to the December 31, 2006 provisional price used of $2.87/lb.

YTD 2007 operating profit

	YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
	USD M	**% of sales**	**USD M**	**% of sales**	**USD M**	**% of sales**
Kansanshi	323.7	55	292.3	53	24.4	20
Bwana/Lonshi	(8.3)	(1)	112.7	21	38.4	31
Guelb Moghrein	41.2	6	-	-	-	-
Total operating profit	356.6	60	405.0	74	62.8	50
Unit costs	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**
Cash costs (C1)	$1.09	38	$0.85	30	$0.60	42
Total costs (C3)	$1.35	47	$1.05	36	$0.78	55

[1] Calculated as the % of current period selling price

Group operating profit decreases 12% to $356.6 million due to ore availability at Bwana/Lonshi operation

Operating profit was negatively affected by the poor results at Bwana/Lonshi. The lack of high grade ore available for processing contributed to an increase in average cash unit cost of production by 28% to $1.09/lb compared to the same period in 2006. This resulted in average profit margins per pound of copper sold of $1.80, which decreased from the prior period (2006: $2.20/lb).

Kansanshi operating profit increases 11% to $323.7 million despite the processing of lower grade ore

Kansanshi's average cash unit cost of production increased by 2% to $0.90/lb and the average total unit cost of production increased by 6% to $1.10/lb compared to the same period in 2006. This increase was due to an increase in ore costs of 100% and an increase in processing unit costs of 28%, which were offset by a decrease in TC RC and freight parity charges of 58%. The original DFS was based on a $0.80/lb copper price, and revisions in the reserve model for higher current prices resulted in a reduction of the grade of ore treated in the two process routes. The decision to process lower grade ore and higher acid consuming mixed ores through the leach circuit, resulting in the consequent need for the outsourcing of a significant quantity of acid at a much higher marginal cost, increased ore costs. In addition, ore costs were negatively impacted by the increase in waste stripping and the adoption by the Company of a new deferred stripping policy from 1 January 2007. Increases in oil-based consumables, electricity and wage costs were also contributing factors to the increased ore and processing costs. The TC RC and freight parity charges decreased as the TC RC terms for the majority of Kansanshi's concentrate off-take agreements are based on annual benchmark terms which for 2007 included the removal of price participation. Kansanshi was also able to increase its shipments directly to the Mufulira smelter so that the amount of concentrate that had to be exported was reduced.

Bwana/Lonshi operating loss of $8.3 million due to extreme wet season

Bwana copper production was significantly affected by the lack of available high grade ore for processing due to the heavy rainy season. This resulted in an increase of the average cash unit cost of production by 221% to $2.44/lb and the average total unit cost of production by 189% to $2.83/lb as compared to the same period in 2006. Mining unit costs were significantly impacted by the current year problems, which resulted in a 316% increase.

Guelb Moghrein operating profit of $41.2 million despite delay in shipments

Some Guelb Moghrein concentrate shipments were delayed until late in the period as new sales agreements were negotiated. Production costs continued to improve over the fourth quarter of 2006 as both the average cash unit cost of production decreased by 28% to $0.98/lb and the average total unit cost decreased by 38% to $1.36/lb. This improvement continued to be driven by an increase in copper output, an increase in the gold credit and improved production processes as the operation continues towards steady state since achieving commercial production in October 2006.

YTD 2007 net profit

	YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	356.6	60	405.0	74	62.8	50
Corporate costs	(11.4)	(2)	(11.4)	(2)	0.2	-
Derivative gaines/(losses)	-	-	(52.6)	(10)	(2.7)	(2)
Gain on sale of investment	0.7	-	-	-	16.1	13
Exploration	(5.0)	(1)	(7.0)	(1)	(2.2)	(2)
Interest (net)	(9.5)	(2)	(8.9)	(2)	(3.6)	(4)
Tax expense	(76.7)	(13)	(89.1)	(16)	(10.9)	(9)
Minority interests	(53.3)	(8)	(30.7)	(6)	(3.4)	(3)
Net profit	201.4	34	205.3	37	56.3	45
Earnings per share						
- basic	$2.99		$3.25		$0.92	
- diluted	$2.93		$3.18		$0.90	
Weighted average shares outstanding						
- basic	67.4		63.2		61.4	
- diluted	68.7		64.5		62.7	

Group net profit decreases 2% to $201.4 million due to lower profit margins

The decrease in net profit as compared to the same period in 2006 was the result of the decreased profit margins referred to above and the increase in minority interests related to the increasing profitability of Guelb Moghrein. These negative variances were offset by the decrease in derivative losses and tax expense compared to the same period in 2006.

Corporate costs decrease significantly due to lower derivative losses

Following the settlement of the majority of derivatives in 2006, the Company was less exposed to derivative losses resulting from the increasing copper price. In the prior comparative period, a loss of $52.6 million was recognized for derivative losses compared to nil in the current period. After allowing for derivative losses, corporate costs remained consistent between the comparative periods.

Exploration costs decrease 29% to $5.0 million due to lower exploration activities

A significant portion of the comparative period's exploration costs were related to the Lonshi ore body. Exploration costs associated with the Lonshi ore body decreased in this current period.

Interest expense, net of interest income, increased 7% to $9.5 million due to increased debt position

With the increase in the Company's long-term debt outstanding, interest expense increased compared to the same period in 2006.

YTD 2007 cash flow

	YTD 2007	YTD 2006 (Restated)	YTD 2005 (Restated)
	USD M	USD M	USD M
Cash flow from operating activities			
- before working capital	294.1	317.3	58.5
- after working capital	115.1	226.4	21.5
Cash flow from financing activities	12.2	18.9	4.4
Cash flow from investing activities	(216.8)	(137.9)	(19.8)
Net cash flow	(89.5)	107.4	6.1
Cash flow per share			
- before working capital	$4.36	$5.02	$0.35
- after working capital	$1.71	$3.58	$0.95

Cash inflow from operating activities decreases 49% to $115.1 million due to working capital movements

Operating cash flow before working capital movements continued to be driven by the Company's operating results with the decrease, compared to the same period in 2006, resulting primarily from the decreased net profit in the current period.

Operating cash flow after working capital movements was impacted by increases in accounts receivables of $99.0 million, a build up in inventory of $46.0 million and contributions to the long term incentive plan of $18.0 million, which all contributed to the decrease in the current period. The increase in accounts receivable was due to the timing factors associated with shipments and sales late in the current period.

The decrease in operating cash flow after working capital movements compared to the same period in 2006 was due to income tax payments in the current period at a much higher level than in the comparative period and contributions to the long term incentive plan.

Cash inflow from financing activities decreases 35% to $12.2 million due to increased dividend payments

The decrease in financing cash inflow was due, primarily, to an increase in the dividends paid compared to the same period in 2006. In addition, financing activities included the proceeds on net long-term debt draw downs of $52.2 million on the corporate revolving credit and term loan facility and repayments of $2.8 million on the Kansanshi project completion facility.

Cash outflow from investing activities increases 57% to $216.8 million following investment in listed companies

Investing activities included the purchase of $65.3 million in shares of publicly listed companies held for investment purposes and $144.0 million in continued capital expansion related to the Frontier project and the Kansanshi high pressure leach project and sulphide circuit upgrade.

Q2 2007 balance sheet

	Q2 2007	Q4 2006 (Restated)	Q4 2005 (Restated)
	USD M	USD M	USD M
Cash	160.0	249.5	82.9
Property, plant and equipment	1,186.0	1,068.1	471.3
Total assets	2,035.4	1,719.7	745.8
Long term debt	337.3	294.9	235.0
Total liabilities	899.9	799.9	434.7
Shareholders' equity	1,135.5	919.8	311.1
Net working capital	390.8	312.8	81.2
Net debt to net debt plus equity	14%	5%	33%

Group assets rise 18% to $2,035.4 million

The Company's positive operating cash flow enabled continued expenditure and investment in Company assets. Payments were made to increase inventory by $47.1 million, increase investments by $65.3 million, and increase property, plant and equipment by $150.2 million. In addition, accounts receivable increased by $100.7 million due to the timing factors associated with shipments and sales late in the second quarter of 2007.

Inventory balances increased due, mainly, to an additional $19.7 million in consumable stores, an increase of $14.2 million in ore stockpiles and an increase in finished product inventory of $11.4 million. As at June 30, 2007, the Company had stockpiled approximately 21,500 tonnes of copper in concentrate. The increase in this stockpile was due, primarily to delays in the shipment to purchasers due to logistical constraints at Guelb Moghrein. The Kansanshi stockpiles also contributed to the increase by approximately 1,500 tonnes due to concentrate production exceeding the tolled cathode output at the Mufulira smelter due to operational constraints.

The Company continued expenditure on capital investment and investments in publicly traded companies by acquiring $65.3 million of marketable securities at cost during 2007. The Company recognized an additional $79.2 million of comprehensive income due to the appreciation in the fair value of the investments at June 30, to a carrying value of $189.7 million. Property, plant and equipment balances increased by $117.9 million, net of depreciation, as the Company continued developing the Frontier project in the DRC and the high pressure leach project and sulphide circuit upgrade at Kansanshi.

Group liabilities increase 13% to $899.9 million

Long-term debt increased by $42.4 million due to net draw downs during the year to assist in the funding of the Frontier project and minority interest payable increased by $52.1 million due to the positive operating results at Kansanshi and Guelb Moghrein.

Shareholders' equity increases 23% to $1,135.5 million

Positive earnings of $201.4 million were offset by the payment of dividends in the amount of $36.4 million. In addition, with the adoption of the new accounting policy on financial instruments, the Company recognized $65.1 million of accumulated other comprehensive income, which was directly related to the appreciation of the investments in publicly traded securities.

Growth activities

Frontier Begins Commissioning

At Frontier, the metallurgical plant and infrastructure is substantially complete with electrical commissioning underway. Mechanical commissioning will follow shortly in a structured manner starting at the crushing section. Temporary electrical power will allow operation of individual sections during commissioning but not the entire plant. Full plant commissioning will commence upon completion of the 220Kv power line which is expected in August. It is anticipated that first material will be fed to the plant before the end of the third quarter.

Mining of the Frontier ore body has made significant progress following the end of the record wet season. A shovel has been moved onto the pit floor following removal of the overlying saprolites and the hard rock footprint is being expanded. The blasting program has been initiated and the first sulphide ore has been stockpiled.

Kolwezi development in DRC

The early phases of the Kolwezi Project continued to move forward. Good progress has been made on development of the flow sheet and detailed designs which will form the basis of the project capital cost estimate. An updated engineering study is expected to be completed during the third quarter of 2007. In parallel with the development of design and capital cost estimate preparation, the Company will be proceeding with some specific infrastructure works during the course of this year. The following activities are underway - final negotiations for the Zambia/DRC border post; construction of an access road to the site; establishment of site communications and construction camp; and negotiations for power requirements with SNEL. Process plant construction is targeted to begin from the commencement of the dry season in March 2008.

Kansanshi high pressure leach ("HPL") facility autoclave #1 commissioned

The HPL facility has been commissioned. One autoclave is running well above design. Its metallurgical performance was in accordance with design and expectation. This was achieved through considerable refurbishment, research and redesign of many of the valves. The second autoclave will be put into service when similar modified valves become available.

The HPL throughput will then operate above design but will be constrained by the oxygen plant capacity. At this stage both autoclaves will be operating well below their limits. Investigations have, therefore, commenced to determine ways to best exploit the under utilized capacity.

Kansanshi sulphide project construction underway

As reported previously, the Company is undertaking an expansion to its sulphide circuit operations at Kansanshi to target a nominal annual throughput of 12 million tonnes. The project detailed engineering and design is 90% complete and site construction works are underway with earthworks largely complete, concrete works in progress and structural erection having commenced. Many of the equipment items ordered for the project are either received on site or en route to site. The main long lead project items are the gyratory crusher, the SAG mill and the ball mill and the delivery to site of these items coupled with completion of concrete works will directly influence the project completion. Based on progress to date, construction completion and commissioning is expected in the first half of 2008.

Other

LSE main market listing completed

The Company's shares began trading on the London Stock Exchange's main market on May 18, 2007.

Dividend of CDN 24 cents declared

Consistent with the Company's dividend policy, the Company declared an interim dividend for the 2007 year of CDN $0.24 per share.

Outlook

Group copper production estimate for 2007 revised to approximately 215,000 tonnes

Based on six month production figures the Company expects to produce approximately 215,000 tonnes of copper in 2007. This expected production includes approximately 145,000 tonnes from Kansanshi, approximately 30,000 tonnes (revised down from 35,000 tonnes) from Bwana/Lonshi, approximately 30,000 tonnes from Guelb Moghrein, and approximately 10,000 tonnes (revised down from 30,000 tonnes) from Frontier.

During the remainder of the year, the Company anticipates group C1 cash costs to be in the range of $1.05 to $1.10 per pound of copper. The copper in concentrate inventories held at Kansanshi (10,578 tonnes) and Guelb Moghrein (10,897 tonnes) are expected to be reduced to normal operating levels (Kansanshi about 4,000 tonnes and Guelb Moghrein about 2,500 tonnes) by year end.

During July, Kansanshi produced approximately 11,900 tonnes of copper, consisting of 7,200 tonnes of copper cathode and 4,700 tonnes of copper in concentrate. Bwana/Lonshi produced approximately 2,600 tonnes of copper cathode and Guelb Moghrein produced approximately 2,800 tonnes of copper in concentrate. In total, the Company produced approximately 17,300 tonnes of copper and recognized sales of approximately 18,600 tonnes of copper in July.

Kansanshi focused on HPL and sulphide expansion

Kansanshi continues to operate at a steady rate of production of approximately 12,000 tonnes of copper metal per month. During the third quarter, attention will continue to focus on both the HPL facility, targeting steady state production from autoclave #1 and start up of autoclave #2, and on construction activities for the sulphide circuit expansion. In addition, construction of a CIL (carbon-in-leach) gold facility is underway. The CIL facility will be used in combination with the HPL facility on a campaign basis to treat gravity concentrates. Currently, the Company has stockpiled gravity concentrates containing approximately 27,000 ounces of gold. Realizing the value of this will result in a significant earnings credit and positively impact C1 costs. Continuing build-up of the mining fleet is expected to result in increased production in the third and fourth quarters.

Bwana/Lonshi 2007 copper production estimate revised to approximately 30,000 tonnes

The supply of ore from the Lonshi operation returned to normal during the month of June. Mining at Lonshi continues to be challenging due to high stripping, water inflow management and the narrow mining area in the south end of the pit. Conditions should improve as mining moves to the wider north end of the pit.

Looking forward, the Lonshi oxide reserve should be exhausted during the second quarter of 2008. It is anticipated that about 30,000 tonnes of cathode will be produced at Bwana during 2007 with the operation producing at an average rate of approximately 3,000 tonnes of cathode copper per month for the remainder of 2007 and then declining in the first part of 2008. The Company continues to assess the alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore is exhausted.

Guelb Moghrein producing copper concentrates at design levels

During the second quarter, the process plant at Guelb Moghrein operated at design throughput capacity attaining steady operations while improving and optimizing the flotation circuit. The main focus in the third quarter will be on achieving higher mill availability through better engineering, maintenance and execution.

The average production for the remainder of the year is expected to be approximately 2,700 tonnes of contained copper per month with planned sales in excess of 4,000 tonnes contained copper per month. It is expected that the concentrate stockpile at site will reduce to an operating level of about 2,500 tonnes of contained copper (approximately one month's production) by year end. Given the current levels of inventory of concentrate held on site at Guelb Moghrein, the Company believes that it is still premature to forecast unit cost guidance for the mine, which will be favourably affected by the credit from the gold by-product in the concentrate inventory.

The CIL circuit was taken off line at the beginning of January due to CIL tailings storage facility (TSF) constraints. The design of a new CIL TSF is in progress and construction is expected to be completed in the fourth quarter. The CIL feed is being stored in a temporary impoundment for future treatment. Gold production at Guelb Moghrein is expected to be about 65,000 ounces in 2007.

A NI 43-101compliant resource is expected before year end and initial investigations into expanding the processing facility are underway. An exploration program to test coincident magnetic and induced polarization anomalies will begin shortly with three drill rigs.

Frontier project 2007 production estimate revised to approximately 10,000 tonnes

Commissioning of the plant has progressed, but installation of the new power line on the Zambian side of the border is delayed. Combined with the delay in the start of mine stripping until after the last wet season, copper production is expected to commence only in the fourth quarter of 2007. Estimated copper production for 2007 has therefore been reduced from about 30,000 to about 10,000 tonnes of contained copper.

Kolwezi Tailings Project

Updated capital estimates for the revised process plant will be available in time to make major plant commitments in 2007. Preparatory siteworks have commenced to meet a schedule for start-up in 2009. The plant is expected to start at 35,000 tonnes copper per annum and about 5,500 tonnes per annum of cobalt. It will be designed for immediate tripling of capacity.

Appendix A

Summary of quarterly and current year to date results

The following table sets out a summary of the quarterly results for the Company for the last seven quarters and the current year to date:

Summary of Quarterly and Current Year to Date Results (unaudited)								
Statement of Operations and Retained Earnings	**2005 Q4**	**2006 Q1**	**2006 Q2**	**2006 Q3**	**2006 Q4**	**2007 Q1**	**2007 Q2**	**2007 YTD**
(millions, except where indicated)								
Revenues								
Current period copper sales [1]	$168.2	$165.6	$295.9	$311.5	$243.7	$265.6	$302.5	$582.9
Prior period provisional copper adjustments [2]	6.0	16.9	60.4	11.7	(31.7)	(17.5)	22.6	(9.7)
Other revenues	2.7	4.7	6.2	5.2	4.4	8.0	12.5	20.5
Total revenues	176.9	187.2	362.5	328.4	216.4	256.1	337.6	593.7
Cost of sales (restated)	47.8	53.2	65.2	81.7	88.5	96.7	108.1	204.8
Net earnings (restated)	56.7	55.7	149.5	133.2	60.9	78.3	123.1	201.4
Basic earnings per share (restated)	$0.92	$0.90	$2.32	$2.00	$0.93	$1.16	$1.83	$2.99
Diluted earnings per share (restated)	$0.89	$0.88	$2.27	$1.96	$0.91	$1.14	$1.79	$2.93
Copper selling price								
Current period copper sales (per lb)	$2.02	$2.32	$3.14	$3.37	$2.89	$2.96	$3.28	$3.20
Prior period provisional adjustments (per lb)	0.07	0.21	0.57	0.11	(0.35)	(0.18)	0.23	(0.05)
Gross copper selling price (per lb)	2.09	2.53	3.71	3.48	2.54	2.78	3.52	3.15
Tolling and refining charges (per lb)	(0.08)	(0.12)	(0.19)	(0.19)	(0.08)	(0.12)	(0.16)	(0.14)
Freight parity charges (per lb)	(0.04)	(0.15)	(0.16)	(0.12)	(0.14)	(0.12)	(0.10)	(0.11)
Realized copper price (per lb)	1.97	2.26	3.36	3.17	2.32	2.54	3.25	2.90
Average LME cash copper price (per lb)	1.95	2.24	3.29	3.48	3.21	2.69	3.46	3.07
Realized gold price (per oz)	$467	$563	$631	$581	$628	$661	$629	$641
Average gold price (per oz)	$485	$554	$627	$622	$614	$650	$667	$658
Total copper sold (tonnes)[3]	40,203	36,635	46,930	46,227	41,454	44,315	45,366	89,681
Total copper produced (tonnes) [3]	42,220	42,086	49,180	45,480	46,531	46,403	49,979	96,382
Total gold sold (ounces) [3]	5,766	8,079	9,611	8,864	6,944	12,004	19,422	31,426
Cash Costs (C1) (per lb) [4]	$0.71	$0.81	$0.87	$0.90	$1.00	$1.06	$1.12	$1.09
Total Costs (C3) (per lb) [4]	$0.89	$1.01	$1.07	$1.13	$1.24	$1.30	$1.38	$1.35
Financial Position								
Working capital (restated)	$81.2	$106.9	$245.6	$308.0	$312.8	$246.7	$390.8	$390.8
Copper in concentrate inventory (tonnes)								
Kansanshi	3,803	7,157	8,389	7,242	9,046	7,102	10,578	10,578
Guelb Moghrein	-	-	-	2,345	6,068	10,182	10,897	10,897
Total copper in concentrate inventory (tonnes)	3,803	7,157	8,389	9,587	15,114	17,284	21,475	21,475
Total assets (restated)	$745.8	$839.5	$1,398.1	$1,574.0	$1,719.7	$1,797.1	$2,035.4	$2,035.4
Weighted average # shares (000's)	61,639	61,808	64,564	66,615	67,287	67,318	67,531	67,425
Cash Flows from								
Operating activities								
Before working capital movements (restated)	$100.1	$103.8	$213.5	$176.3	$70.6	$118.9	$175.2	$294.1
After working capital movements (restated)	109.2	83.8	142.8	118.2	129.4	74.6	40.5	115.1
Financing activities (restated)	15.1	(13.2)	32.1	(58.6)	53.1	(25.8)	38.0	12.2
Investing activities (restated)	(104.7)	(46.1)	(91.8)	(60.1)	(122.7)	(102.0)	(114.8)	(216.8)
Cash Flows from Operating activities per share								
Before working capital movements (restated)	$1.62	$1.68	$3.31	$2.65	$1.05	$1.77	$2.59	$4.36
After working capital movements (restated)	$1.77	$1.36	$2.21	$1.77	$1.92	$1.11	$0.60	$1.71

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)

	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 YTD
Kansanshi Production Statistics								
Mining								
Waste mined (000's tonnes)	5,240	2,588	5,516	6,683	7,123	5,316	6,681	11,997
Ore mined (000's tonnes)	1,499	1,382	2,552	3,220	2,380	2,600	3,371	5,971
Ore grade (%)	1.9	1.7	1.4	1.4	1.4	1.5	1.6	1.6
Processing (3)								
Sulphide Ore processed (000's tonnes)	580	782	1,140	1,277	1,212	1,171	1,372	2,543
Oxide Ore processed (000's tonnes)	1,039	1,044	1,246	1,401	1,080	1,263	1,499	2,762
Contained copper (tonnes)	30,934	32,213	36,981	32,882	31,545	38,231	36,766	74,997
Sulphide ore grade processed (%)	2.0	1.9	1.6	1.2	0.9	0.8	1.1	1.0
Oxide ore grade processed (%)	1.9	1.7	1.5	1.2	1.6	1.8	1.4	1.6
Recovery (%)	96	92	94	95	92	93	99	96
Copper cathode produced (tonnes)	18,324	15,796	17,501	17,158	17,201	22,823	20,322	43,145
Copper cathode tolled produced (tonnes)	-	-	1,186	3,036	1,805	5,521	12,204	17,725
Copper in concentrate produced (tonnes)	11,234	14,572	16,924	11,984	10,015	7,056	3,727	10,783
Concentrate grade (%)	28.7	29.3	25.8	26.4	26.9	25.2	26.6	26.0
Combined Costs (per lb) (4)								
Mining	$0.06	$0.10	$0.12	$0.17	$0.14	$0.20	$0.24	$0.22
Processing	0.38	0.41	0.44	0.50	0.62	0.54	0.59	0.56
Site Administration	0.04	0.03	0.04	0.04	0.04	0.03	0.02	0.03
TC RCs and freight parity charges	0.21	0.31	0.42	0.31	0.27	0.14	0.16	0.15
Gold / Acid credit	(0.04)	(0.07)	(0.08)	(0.07)	(0.05)	(0.06)	(0.06)	(0.06)
Combined Total Cash Costs (C1)	$0.65	$0.78	$0.94	$0.95	$1.02	$0.85	$0.95	$0.90
Combined Total Costs (C3)	$0.76	$0.93	$1.11	$1.17	$1.21	$1.05	$1.17	$1.10
Oxide Circuit Costs (per lb) (4)								
Mining	$0.06	$0.10	$0.12	$0.15	$0.11	$0.16	$0.22	$0.19
Processing	0.42	0.51	0.52	0.54	0.70	0.56	0.68	0.61
Site Administration	0.04	0.03	0.01	0.02	0.04	0.03	0.02	0.03
Oxide Circuit Total Cash Costs (C1)	$0.52	$0.64	$0.65	$0.71	$0.85	$0.75	$0.92	$0.83
Oxide Circuit Total Costs (C3)	$0.63	$0.80	$0.83	$0.92	$1.01	$0.92	$1.12	$1.01
Sulphide Circuit Costs (per lb) (4)								
Mining	$0.06	$0.09	$0.12	$0.18	$0.18	$0.28	$0.26	$0.27
Processing	0.30	0.28	0.35	0.45	0.52	0.45	0.48	0.47
Site Administration	0.05	0.04	0.02	0.02	0.04	0.03	0.02	0.03
TC RCs and freight parity charges	0.57	0.68	0.89	0.73	0.62	0.42	0.39	0.40
Gold / Acid credit	(0.11)	(0.16)	(0.17)	(0.16)	(0.13)	(0.18)	(0.14)	(0.16)
Sulphide Circuit Total Cash Costs (C1)	$0.87	$0.93	$1.21	$1.22	$1.23	$1.00	$1.01	$1.01
Sulphide Circuit Total Costs (C3)	$0.98	$1.08	$1.38	$1.45	$1.47	$1.25	$1.24	$1.24
Revenues (3)								
Copper cathodes	$87.6	$84.8	$142.3	$157.9	$111.6	$170.6	$235.8	$406.4
Copper in concentrates	31.9	35.6	109.6	65.3	20.1	42.6	6.9	49.5
Gold	2.7	4.5	5.6	5.6	2.8	4.8	4.7	9.5
Total revenues	$122.2	$124.9	$257.5	$228.8	$134.5	$218.0	$247.4	$465.4
Copper cathode sold (tonnes)	18,505	15,556	17,568	17,181	17,360	22,798	20,207	43,005
Copper tolled cathode sold (tonnes)	-	-	1,186	3,036	1,805	5,521	12,204	17,725
Copper in concentrate sold (tonnes)	9,260	9,282	14,528	13,131	8,215	9,000	250	9,250
Gold sold (ounces)	5,766	8,079	9,611	8,864	4,427	7,764	7,118	14,882

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)	2005 Q4	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 YTD
Bwana/Lonshi Production Statistics								
Mining								
Waste mined (000's tonnes)	5,918	3,241	5,607	5,915	4,081	2,105	3,425	5,530
Ore mined (000's tonnes)	209	147	183	110	80	16	94	110
Ore grade (%)	6.1	8.4	10.7	11.9	10.4	7.5	6.1	6.3
Processing								
Oxide Ore processed (000's tonnes)	397	335	314	322	294	242	327	569
Contained copper (tonnes)	14,262	13,401	15,625	15,011	13,037	5,007	7,653	12,660
Oxide ore grade processed (%)	3.6	4.0	5.0	4.7	4.3	2.1	2.3	2.2
Recovery (%)	89	87	87	89	96	91	87	89
Copper cathode produced (tonnes)	12,662	11,718	13,569	13,302	12,479	4,557	6,676	11,233
Acid produced (tonnes)	72,040	68,195	71,421	63,830	73,901	67,227	69,108	136,335
Surplus acid (tonnes)	219	937	910	508	8	586	1,483	2,069
Oxide Circuit Costs (per lb) (4)								
Mining	$0.49	$0.51	$0.32	$0.32	$0.34	$1.49	$1.57	$1.54
Processing	0.34	0.38	0.35	0.38	0.43	1.05	0.81	0.90
Site Administration	0.09	0.10	0.10	0.10	0.07	0.20	0.15	0.17
Gold / Acid credit	(0.08)	(0.09)	(0.08)	(0.06)	(0.09)	(0.24)	(0.14)	(0.18)
Oxide Circuit Total Cash Costs (C1)	$0.84	$0.90	$0.69	$0.74	$0.75	$2.50	$2.39	$2.44
Oxide Circuit Total Costs (C3)	$1.16	$1.20	$0.98	$1.00	$1.00	$2.92	$2.77	$2.83
Revenues								
Copper cathodes	$54.7	$62.1	$104.5	$99.3	$75.4	$22.1	$41.2	$63.3
Copper cathodes sold (tonnes)	12,438	11,797	13,648	12,954	12,766	4,664	6,369	11,033
Guelb Moghrein Production Statistics								
Mining								
Waste mined (000's tonnes)	-	1,156	1,721	1,660	1,719	1,610	1,400	3,010
Ore mined (000's tonnes)	-	41	144	179	400	462	539	1,001
Ore grade (%)	-	1.9	1.9	1.8	1.5	1.4	1.4	1.4
Processing (3)								
Sulphide Ore processed (000's tonnes)	-	-	-	-	334	410	464	874
Contained copper (tonnes)	-	-	-	-	6,552	7,791	8,894	16,685
Sulphide ore grade processed (%)	-	-	-	-	2.0	1.9	1.9	1.9
Recovery (%)	-	-	-	-	78	83	79	81
Copper concentrate produced (tonnes)	-	-	-	-	5,031	6,446	7,050	13,496
Sulphide Circuit Costs (per lb) (4)								
Mining	-	-	-	-	$0.13	$0.21	$0.17	$0.19
Processing	-	-	-	-	0.77	0.56	0.52	0.54
Site Administration	-	-	-	-	0.08	0.07	0.06	0.07
TC RCs and freight parity charges	-	-	-	-	0.86	0.66	0.43	0.54
Gold / Acid credit	-	-	-	-	(0.15)	(0.21)	(0.48)	(0.36)
Sulphide Circuit Total Cash Costs (C1)	-	-	-	-	$1.69	$1.29	$0.71	$0.98
Sulphide Circuit Total Costs (C3)	-	-	-	-	$2.18	$1.66	$1.09	$1.36
Revenues (3)								
Copper in concentrates	-	-	-	-	$5.6	$12.8	$41.2	$54.0
Gold	-	-	-	-	1.6	3.1	7.6	10.7
Total revenues	-	-	-	-	$7.2	$15.9	$48.8	$64.7
Copper concentrates sold (tonnes)	-	-	-	-	1,308	2,332	6,336	8,668
Gold sold (ounces)	-	-	-	-	2,516	4,240	12,304	16,544

(1) Recognized at the settlement price or the LME copper price at the end of the respective period

(2) The provisional adjustment reflects the settlement or provisional price adjustment of prior period copper sales, therefore the sum of the periods will not equal the year to date

(3) Copper sold or produced does not include tonnes sold or produced prior to achieving commercial production

(4) For the definition of cash and total costs, reference should be made to section 10

Appendix B

Regulatory disclosures

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.

Contractual obligations

	Total	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Thereafter
	USD M	USD M	USD M	USD M	USD M	USD M	USD M
Term debt	337.3	55.6	75.0	75.4	73.4	38.1	19.8
Deferred payments	15.1	12.8	0.4	0.4	0.4	0.4	0.7
Commitments	99.3	99.3	-	-	-	-	-
Asset retirement obligations	5.4	0.9	-	-	-	1.3	3.2

Derivatives

The Company periodically enters into derivative instruments to mitigate the exposures to copper and gold commodity prices, foreign exchange rates, and interest rates. The Company does not currently apply hedge accounting and all derivatives are recorded at fair value with changes in fair value recorded as a component of other expenses.

As at June 30, 2007, the following derivative positions were outstanding:

	2007	2008	2009	Total	Fair Value June 30, 2007
					USD M
Copper					
Put options (tonnes)	43,008	-	-	43,008	-
Price ($/tonne)	$1,800	-	-	$1,800	
Gold					
Put options (oz)	18,690	24,060	38,028	80,778	-
Price ($/oz)	$350	$350	$350	$350	
Forward contracts (oz)	18,690	24,060	38,028	80,778	$(22.9)
Price ($/oz)	$400	$400	$400	$400	
Other					
Interest rate swaps – floating to fixed					$0.1
Cross currency swaps – EUR to USD					$3.1
Embedded Derivative					$(7.6)

Non-GAAP Measures

Calculation of Cash and Total Costs

The consolidated cash (C1) and total (C3) costs presented for the Company are non-GAAP measures that are prepared on a basis consistent with the industry standard Brook 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 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 except for capitalized costs, which are depreciated and included in total cost per pound.

Calculation of Operating Cash Flow per Share

The calculations of operating cash flow per share, before and after working capital movements, are non-GAAP measures that are prepared for analysts' use to measure the Company's cash flows from operations on a per share basis.

In calculating the operating cash flow per share, before and after working capital movements, the operating cash flow calculated for GAAP purposes is divided by the weighted average common shares outstanding for the respective period.

Changes in Accounting Policies

Deferred Stripping

Effective January 1, 2007, the Company adopted CICA Emerging Issues Committee Abstract 160 (EIC–160) "Stripping Costs Incurred in the Production Phase of a Mining Operation." The Company elected to apply the standard on a retroactive basis with restatement of prior period balances. EIC–160 requires stripping costs incurred in the production phase 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 stripping costs will be capitalized. Betterment occurs when stripping activity increases future output of the mine by providing access to additional sources of reserves. Effective January 1, 2007, as a result of the adoption of EIC-160, the Company recorded a cumulative adjustment to retained earnings of $15.3 million, an increase in inventory of $19.9 million, and a reduction of other assets of $44.6 million.

Financial Instruments

Effective January 1, 2007, the Company adopted the new CICA accounting standards on financial instruments along with other amendments to the CICA handbook. As prescribed, prior periods have not been restated.

Section 3855, Financial Instruments – Recognition and Measurement, specifies whether fair values or cost based measures are used to determine the recorded amounts for financial assets, financial liabilities and non-financial derivatives, and when such amounts should be recognized. The standard also specifies the presentation of gains and losses on financial instruments.

Effective January 1, 2007, the Company's marketable securities have been designated as available-for-sale and recorded at fair value on the balance sheet. Changes in fair value of these instruments are reflected in other comprehensive income. The recognition of these instruments at fair value resulted in a decrease in investments of $3.0 million and accumulated other comprehensive income of $2.5 million (net of tax of $0.5 million) at January 1, 2007.

All derivatives, including embedded derivatives, are now recorded on the balance sheet at fair value. Changes in fair value of derivatives are recorded in net income or comprehensive income. As the Company did not apply hedge accounting and recorded all changes in the fair value of derivatives in operating income, the impact of adoption was limited to the recognition of certain embedded derivatives. The recognition of these embedded derivatives resulted in an increase in other liabilities of $8.2 million, a decrease in retained earnings of $5.0 million, a decrease of future income tax liabilities of $2.0 million and a decrease in minority interest liability of $1.2 million at January 1, 2007. For the purposes of identifying embedded derivatives, the Company elected a transition date of January 1, 2003.

All other financial instruments are recorded at cost or amortized cost. The Company has elected to include costs incurred to acquire financial instruments in the underlying balance. This resulted in the reclassification of debt issue costs of $10.0 million from other assets to long-term debt effective January 1, 2007.

Section 3865, Hedges, applies when a company chooses to designate a hedging relationship for accounting purposes. The Company has chosen not to apply hedge accounting to its current portfolio of derivatives and therefore there is no current impact of adoption of this standard.

Section 1530, Comprehensive income, requires the presentation of comprehensive earnings and its components. Comprehensive earnings comprise net income and other comprehensive income (“OCI”). OCI includes unrealized gains and losses on financial assets classified as available-for-sale. The cumulative amount of OCI, (“accumulated other comprehensive income” or “AOCI”) is presented as a new category of shareholder’s equity in the consolidated balance sheets.

Accounting Changes

Effective January 1, 2007, the Company adopted the revised CICA Section 1506, accounting changes. This section requires that voluntary accounting policy changes can only be made if they are preferable to the Company’s pre-existing policy, such changes must be accompanied by disclosures of prior period amounts and justification for the change.

Critical Accounting Policies

Mineral properties and deferred exploration costs

The Company expenses exploration and associated costs relating to non-specific projects/properties in the period they are in incurred. For specific properties or projects any acquisition, exploration, or development costs are deferred until the project to which they relate is sold, abandoned, impaired or placed into production. Property acquisition and mine development costs, including costs incurred during production to expand ore reserves within existing mine operations, are deferred and depleted on a units-of-production basis over their reserves.

Management’s estimates of mineral prices, recoverable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management’s estimate of the net cash flow to be generated from its projects.

The Company performs impairment tests on property, plant and equipment and mineral properties when events or circumstances occur which indicate the assets may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows for each project are calculated using estimated future prices, mineral resources, and operating, capital and reclamation costs on an undiscounted basis. When these estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of each project would be recorded to the extent the net book value of the investment exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

Pre-production costs

Determination of the start of commercial production is an important consideration as during the development phase costs will continue to be capitalized / deferred while during the production phase these costs would be treated as operating expenses. As noted in the Company’s financial statements, the Company defers all production costs and revenues until such a time that the project achieves commercial production.

The exercise of assessing when commercial production levels are achieved is not straight-forward and requires consideration of many factors including, but not limited to, when: a nominated percentage of design capacity for the mine and mill has been achieved; mineral recoveries reaching or exceeding expected levels; and the achievement of continuous production. The Company, when evaluating whether or not commercial production has been achieved, will generally consider that commercial production has been achieved when between 65% and 70% of design capacity has been achieved continuously for a period of at least a week and recoveries are approaching expected levels. Notwithstanding, each project is also viewed in isolation and specific circumstances may exist that alter the above general framework on any individual project.

Income taxes

The Company uses the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. The amount of future tax assets recognized is limited to the amount that is more likely than not to be realized.

The determination of the Company's tax expense for the year and its future tax liabilities and assets involves significant management estimation and judgement involving a number of assumptions. In determining these amounts management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of future tax assets and liabilities. Management also makes estimates of the future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessment by various taxation authorities which may interpret tax legislation in a manner different from the Company. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise the Company makes provision for such items based on management's best estimate of the final outcome of these matters.

Stock Based Compensation

The Company grants stock options under its stock option plan and PSUs and RSUs under its new long-term incentive plan to its directors and employees. The Company expenses the fair value of stock options, PSUs and RSUs granted over the vesting period.

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

The fair value of PSUs is determined using a valuation model that takes into account, as of the grant date, the expected life of the PSU, expected volatility, expected dividend yield, and the risk free interest rate over the life of the PSU, to generate potential outcomes for stock prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

The fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

Asset retirement obligations

The Company records asset retirement obligations at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted over time to its full value. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

Critical Accounting Estimates

In preparing the financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Specifically, estimates and assumptions are made in regards to reserve and resource estimation; future copper, cobalt, sulphuric acid and gold prices; foreign currency exchange rates; stock prices; estimated costs of future production; changes in government legislation and regulations; estimated future income tax amounts; and the availability of financing and various operational factors.

Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management. The following section outlines those critical accounting policies that have changed since the filing of the Company's 2005 Audited Financial Statements or that are particularly relevant to the current year.

As is common in the mining industry, a number of the Company's sales agreements require final prices to be determined in a future period. For this purpose, it is necessary for management to estimate the final price received based on current prices for both copper and gold. As a result of the significant volatility in current metal prices, actual results may materially differ from those initially recorded when final prices are determined. Management follows the industry practice of re-pricing any provisional priced sales at the end of each reporting period and any differences / adjustments are recorded in the current period's earnings.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2006 under the supervision of the Company's Disclosure Committee and with the participation of management. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. Since the December 31, 2006 evaluation, there have been no changes to the Company's controls and procedures and they continue to remain effective.

Internal Controls over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with Canadian generally accepted accounting principles.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of December 31, 2006 by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that the design of the Company's internal controls over financial reporting was effective.

There were no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2007 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

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.