First Quantum Minerals Ltd.

Consolidated Financial Statements
First Quarter – March 31, 2011
(unaudited)
(In U.S. dollars, tabular amounts in millions, except where indicated)

First Quantum Minerals Ltd.

Consolidated Statements of Earnings

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended	
		March 31, 2011	March 31, 2010
Sales revenues	13	705.2	551.2
Cost of sales	14	(265.7)	(244.5)
Gross profit		439.5	306.7
Exploration		(19.4)	(7.8)
General and administrative		(18.6)	(7.3)
Acquisition transaction costs	17a	-	(18.5)
Other income	15	3.5	3.5
Operating profit		405.0	276.6
Finance income		1.8	3.1
Finance costs	16	(5.3)	(9.0)
Earnings before income taxes		401.5	270.7
Income taxes		(148.3)	(85.6)
Net earnings for the period		253.2	185.1
Net earnings for the period attributable to:			
Non-controlling interests		46.5	34.8
Shareholders of the Company		206.7	150.3
Earnings per common share			
Basic	12b	2.41	1.86
Diluted	12b	2.18	1.69
Weighted average shares outstanding (000's)			
Basic	12b	85,754	80,669
Diluted	12b	94,621	90,438
Total shares issued and outstanding (000's)	12a	86,179	80,568

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

First Quantum Minerals Ltd.

Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended	
		March 31, 2011	March 31, 2010
Net earnings for the period		253.2	185.1
Other comprehensive income (loss)			
Unrealized gain (loss) on available-for-sale investments (net of taxes of ($0.1 million) in 2011 and $3.4 million in 2010)		0.3	(12.1)
Comprehensive income		253.5	173.0
Total comprehensive income for the period attributable to:			
Non-controlling interests		46.5	34.8
Shareholders of the Company		207.0	138.2
		253.5	173.0

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended	
		March 31, 2011	March 31, 2010
Cash flows from operating activities			
Net earnings for the period		253.2	185.1
Items not affecting cash			
Depletion and amortization		20.6	27.8
Unrealized foreign exchange loss (gain)		2.2	(1.8)
Deferred income tax		(25.0)	(3.5)
Share-based payment expense		2.0	1.5
Derivative instruments		(48.6)	2.1
Interest expense		5.4	9.0
Other		6.9	0.1
		216.7	220.3
Change in non-cash operating working capital			
Decrease (increase) in trade receivables and other		122.5	(61.3)
Increase in inventories		(53.8)	(21.5)
Decrease in trade and other payables		(4.7)	(27.0)
Increase in current taxes payable		98.6	54.2
		379.3	164.7
Cash flows from financing activities			
Proceeds from debt		-	10.0
Repayments of debt		(87.4)	(40.4)
Proceeds on issuance of common shares		0.2	2.9
Restricted cash		40.3	36.0
Finance lease payments		(0.9)	-
Interest paid		(5.0)	(3.0)
		(52.8)	5.5
Cash flows from investing activities			
Purchase of property, plant and equipment		(189.3)	(44.8)
Acquisitions, net of cash acquired	17	-	(496.2)
Proceeds from disposal of property, plant and equipment		4.3	-
		(185.0)	(541.0)
Increase (decrease) in cash and cash equivalents		141.5	(370.8)
Cash and cash equivalents - beginning of period		1,344.9	919.2
Cash and cash equivalents - end of period		1,486.4	548.4

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

	Note	March 31, 2011	December 31, 2010	January 1, 2010
Assets				
Current assets				
Cash and cash equivalents		1,486.4	1,344.9	919.2
Restricted cash		-	40.3	40.3
Trade and other receivables		258.1	377.0	342.6
Inventories	5	450.4	390.9	346.7
Current portion of other assets	8	30.8	26.7	195.2
		2,225.7	2,179.8	1,844.0
Investments	6	18.3	18.0	460.4
Property, plant and equipment	7	2,903.5	2,730.9	1,580.4
Other assets	8	29.8	29.2	89.9
Total assets		5,177.3	4,957.9	3,974.7
Liabilities				
Current liabilities				
Trade and other payables		424.5	362.2	323.0
Current taxes payable		512.6	414.0	320.8
Current portion of debt	9	54.0	140.8	84.5
Current portion of provisions and other liabilities	10	8.0	48.4	3.9
		999.1	965.4	732.2
Debt	9	21.4	20.2	107.1
Convertible bonds		455.5	452.1	438.4
Provisions and other liabilities	10	179.0	168.3	40.9
Deferred income tax liabilities		170.3	194.5	198.0
Total liabilities		1,825.3	1,800.5	1,516.6
Equity				
Share capital	12	1,488.6	1,486.5	745.0
Retained earnings		1,445.3	1,292.1	1,024.5
Accumulated other comprehensive income		1.3	1.0	297.2
Total equity attributable to shareholders of the Company		2,935.2	2,779.6	2,066.7
Non-controlling interests		416.8	377.8	391.4
Total equity		3,352.0	3,157.4	2,458.1
Total liabilities and equity		5,177.3	4,957.9	3,974.7

Commitments	20			

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended	
		March 31, 2011	March 31, 2010
Share capital			
Common shares			
Balance – beginning of period		1,479.3	727.4
Acquisition of Kiwara PLC	17c	-	137.2
Share options exercised		0.2	4.1
Balance – end of period		1,479.5	868.7
Equity portion of convertible bonds			
Balance – beginning and end of period		48.3	48.3
Treasury shares			
Balance – beginning of period		(57.0)	(47.2)
Restricted and performance stock units vested		0.1	0.2
Balance – end of period		(56.9)	(47.0)
Contributed surplus			
Balance – beginning of period		15.9	16.5
Share-based compensation expense for the period		2.0	1.5
Transfers upon exercise of share options		(0.1)	(1.2)
Restricted and performance stock units vested		(0.1)	(0.2)
Balance – end of period		17.7	16.6
Total share capital		1,488.6	886.6
Retained earnings			
Balance – beginning of period		1,292.1	1,024.5
Earnings for the period attributable to shareholders of the Company		206.7	150.3
Acquisition of Mauritanian Copper Mines SARL	17d	-	(0.4)
Dividends		(53.5)	(40.5)
Balance – end of period		1,445.3	1,133.9
Accumulated other comprehensive income			
Balance – beginning of period		1.0	297.2
Other comprehensive income (loss) for the period		0.3	(12.1)
Balance – end of period		1.3	285.1
Non-controlling interests			
Balance – beginning of period		377.8	391.4
Earnings attributable to non-controlling interests		46.5	34.8
Acquisition of Mauritanian Copper Mines SARL	17d	-	(62.6)
Dividends		(7.5)	-
Balance – end of period		416.8	363.6

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

1 Nature of operations

First Quantum Minerals Ltd. ("FQM" or the "Company") is engaged in the production of copper, gold and acid and related activities including exploration, development and processing. Currently operating mines are located in Zambia and Mauritania. The Company is also developing the Ravensthorpe nickel project in Australia and the Kevitsa nickel-copper-platinum project in Finland, and exploring the Haquira copper deposit in Peru. Operations in the République démocratique du Congo ("RDC") are currently suspended and subject to international arbitration.

The Company has its primary listing on the Toronto Stock Exchange and a secondary listing on the London Stock Exchange. The Company's registered office is the 8th Floor – 543 Granville Street, Vancouver, BC, Canada, V6C 1X8.

2 Basis of presentation and adoption of International Financial Reporting Standards ("IFRS")

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate IFRS, and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in note 4, the Company has consistently applied the same accounting policies in its opening IFRS statements of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010. Comparative figures for 2010 in these financial statements have been restated to give effect to these changes.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and current as of May 7, 2011, the date the Audit Committee approved the statements on behalf of the Board of Directors. Any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010.

3 Significant accounting policies

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are described below.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company ("its subsidiaries"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal operating subsidiaries are First Quantum Mining and Operations Limited ("FQMO") which includes Bwana Mkubwa ("Bwana"), Kansanshi Mining Plc ("Kansanshi"), Mauritanian Copper Mines SARL ("Guelb Moghrein"), FQM Kevitsa Mining OY ("Kevitsa") and Ravensthorpe Nickel Operations Pty Ltd. ("Ravensthorpe"). The exploration subsidiaries include Antares Minerals Inc. ("Antares") and Kalumbila Minerals Limited ("Kalumbila").

The Company established an independent trust to purchase the common shares necessary to satisfy the Company's long-term incentive plan. The Company consolidates the trust as it has the power to govern the financial and operating policies and to obtain the benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

Estimates, risks and uncertainties

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

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including ones related to ownership rights, reserve and resource estimation; future copper, nickel, gold, platinum group elements ("PGE") and sulphuric acid prices; estimated costs of future production; future costs of restoration provisions; changes in government legislation and regulations; estimated deferred income tax amounts; the availability of financing and various operational factors.

Foreign currency translation

The presentation currency and the functional currency of the Company and all of the Company's operations is the United States dollar ("USD"). The Company's foreign currency transactions are translated into USD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of operating results. Non-monetary assets and liabilities are translated using historical rates.

Inventories

Product inventories comprise ore in stockpiles; acid and metal work-in-progress; finished acid; and finished cathode and metal in concentrate and gold bullion. Product inventories are recorded at the lower of average cost and net realizable value. Cost includes materials, direct labour, other direct costs and production overheads and amortization of plant, equipment and mineral properties directly involved in the mining and production processes. Waste rock stripping costs related to production are inventoried as incurred.

When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. When the circumstances that caused the write down no longer exist, the amount of the write down is reversed.

Consumable stores are valued at the lower of purchase cost and net realizable value and recorded as a current asset.

Inventories on hand that will not be processed within one year are classified as long-term.

Property, plant and equipment

a) Mineral properties and mine development costs

Exploration and evaluation costs are expensed in the period incurred. Significant property acquisition costs are capitalized. Development costs relating to specific properties are capitalized once management determines the property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs.

Property acquisition and mine development costs, including costs incurred during production to increase future output by providing access to additional reserves, are deferred and depleted on a units-of-production basis over the reserves to which they relate.

b) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and amortization. Costs recorded for plants under construction include all expenditures incurred in connection with the development and construction of the plants. No amortization is recorded until the plants are substantially complete and ready for productive use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are primarily amortized over the estimated lives of the assets on a units-of-production basis. Certain components are amortized on a straight-line basis over 6 years to 15 years as appropriate.

c) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

Asset impairment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash generating units are individual operating mines or exploration and development projects.

Recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate. In assessing value in use, the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized into earnings immediately.

Management estimates of mineral prices, recoverable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties that 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.

Restoration provisions

The Company recognizes liabilities for constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for the passage of time and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and amortized over the expected useful life of the asset.

Convertible bonds

Upon issue of convertible bonds, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. This value is carried as a liability on the amortized cost basis until extinguished on conversion or redemption. The remainder of the proceeds are allocated to a separate component of equity, net of issue costs and tax, which remains constant in subsequent periods. Issue costs are apportioned between the liability and equity components based on their respective carrying amounts when the bonds were issued.

The finance costs recognized in respect of the convertible bonds includes the accretion of the liability component to the amount that will be payable on redemption.

Revenue recognition

The Company produces copper cathode, copper and gold in concentrate and gold bullion. Copper and gold products are sold under pricing arrangements where final prices are set at a specified date based on market prices. Revenues are recognized when title and risk pass to the customer. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper and gold 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 cost of sales.

Income taxes

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based compensation

The Company grants equity settled performance stock units (“PSUs”) and equity settled restricted stock units (“RSUs”) under its long-term incentive plan and share options under its share option plan to directors and employees. The Company expenses the fair value of PSUs, RSUs and share options granted over the vesting period.

PSUs typically vest at the end of a three year period if certain performance and vesting criteria, based on the Company’s share price performance relative to a representative group of other mining companies, have been met. 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 share prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

RSUs typically vest at the end of a three year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

Share options vest over a three year period and the fair value is determined using an option pricing model. Cash consideration received from employees when they exercise the options is credited to share capital.

Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period. Shares acquired under the long-term incentive plan are treated as treasury shares and are deducted from the number of shares outstanding for the calculation of basic earnings per share. Diluted earnings per share are calculated using the treasury share method whereby all “in the money” options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Financial instruments

The Company’s financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, investments, trade payables and accrued liabilities, debt, convertible bonds and derivative instruments.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. It excludes cash subject to restrictions under debt facilities. Cash and cash equivalents and restricted cash have been classified as loans and receivables.

b) Trade receivables

Trade receivables are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

c) Investments

Investments are designated as available-for-sale. The Company's investment in Carlisa Investment Corp. ("Carlisa"), a privately held entity, is designated as available-for-sale but is measured at cost as the fair value is not readily determinable. Fair values for investments in marketable securities are determined by quoted market prices at the balance sheet date. Unrealized gains and losses on the marketable securities are recognized in other comprehensive income. If a decline in fair value is significant or prolonged it is deemed to be other-than-temporary and the loss is recognized in net earnings. Available-for-sale investments are recorded as non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

d) Derivatives and hedging

The Company periodically enters into derivative instruments to mitigate exposures to copper and gold commodity prices, foreign exchange rates, and interest rates. The Company does not apply hedge accounting. Derivative financial instruments, including embedded derivatives, are classified as held-for-trading and measured at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in the fair value of derivative instruments are recorded in the consolidated statement of earnings.

e) Trade payables and debt

Trade payables and debt are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net earnings over the period to maturity using the effective interest rate method.

4 First time adoption of IFRS

The effect of the Company's transition to IFRS, described in note 2, is summarized in this note as follows:

a) Transition elections

The Company has applied the following transition exceptions and exemptions to full retrospective application of IFRS:

i) **Business combinations** – IFRS 1 provides the option to apply IFRS 3R, *Business Combinations*, retrospectively or prospectively from January 1, 2010 ("Transition Date"). The retrospective basis would require the restatement of prior acquisitions that meet the definition of a business combination under IFRS 3R. The Company elected to adopt IFRS 3R effective January 1, 2010.

ii) **Share-based payments** – IFRS 1 permits the application of IFRS 2, *Share-based Payments*, to equity instruments granted on or before November 7, 2002, that had not vested by the Transition Date. The Company elected to apply IFRS 2 to equity instruments granted after November 7, 2002 that had not vested by the Transition Date.

iii) **Deemed cost of property, plant and equipment** – IFRS 1 provides the option to measure individual items of property, plant and equipment at the Transition Date at fair value and use that fair value as its deemed cost. The Company has elected to use the fair value of the Kolwezi project at the Transition Date as its deemed cost.

iv) **Borrowing costs** – The Company elected to capitalize borrowing costs related to all qualifying assets commencing from the Transition Date.

v) **Decommissioning liabilities included in the cost of property, plant and equipment** – IFRS 1 provides the option to measure the restoration provision at the Transition Date in accordance with the requirements of IAS 37. Accordingly the Company re-measured the provisions as at Transition Date under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and estimated the amount to be included in the cost of the related asset by discounting the liability to the date which the liability first arose. The Company did this using best estimates of the historical risk-free discount rates, and recalculated the accumulated amortization and depletion under IFRS up to the transition date.

b) Reconciliation of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS

Assets

		December 31, 2010	March 31, 2010	January 1, 2010
Total assets under Canadian GAAP		5,258.6	4,966.3	4,564.6
Adjustments for differing accounting treatments				
Kolwezi project fair value adjustment	i	-	(399.8)	(399.8)
Restoration provision	ii	73.8	23.0	3.6
Borrowing costs	iii	41.1	8.2	-
Deferred income tax				
Mineral property acquisitions	iv(a)	(419.9)	(292.7)	(181.3)
Convertible bond issuance	iv(c)	-	(14.3)	(12.4)
Intercompany inventory sales	iv(e)	4.3	1.6	-
Total assets under IFRS		4,957.9	4,292.3	3,974.7

Liabilities

		December 31, 2010	March 31, 2010	January 1, 2010
Total liabilities under Canadian GAAP		2,129.5	1,882.4	1,687.7
Adjustments for differing accounting treatments				
Restoration provision	ii	75.3	24.2	4.8
Deferred income tax				
Mineral property acquisitions	iv(a)	(404.3)	(283.5)	(175.9)
Total liabilities under IFRS		1,800.5	1,623.1	1,516.6

Equity

		December 31, 2010	March 31, 2010	January 1, 2010
Total equity under Canadian GAAP		3,129.1	3,083.9	2,876.9
Adjustments for differing accounting treatments				
Share capital				
Deferred income tax				
Share issuance costs	iv(b)	3.2	3.2	3.2
Convertible bond issuance	iv(c)	(8.6)	(8.6)	(8.6)
Retained earnings				
Kolwezi project fair value adjustment	i	-	(399.8)	(399.8)
Restoration provision	ii	(1.5)	(1.2)	(1.2)
Borrowing costs	iii	41.1	8.2	-
Deferred income tax				
Mineral property acquisitions	iv(a)	(15.6)	(9.2)	(5.4)
Share issuance costs	iv(b)	(3.2)	(3.2)	(3.2)
Convertible bond issuance	iv(c)	8.6	(5.7)	(3.8)
Intercompany inventory sales	iv(e)	4.3	1.6	-
Total equity under IFRS		3,157.4	2,669.2	2,458.1

Comprehensive Income

		Year ended	Three months ended
		December 31, 2010	March 31, 2010
Total comprehensive (loss) income under Canadian GAAP		(350.6)	168.9
Increase (decrease) in net income for:			
Kolwezi project fair value adjustment	i	399.8	-
Restoration provision	ii	(0.3)	-
Borrowing costs	iii	41.1	8.2
Deferred income tax			
Mineral property acquisitions	iv(a)	(10.2)	(3.8)
Convertible bond issuance	iv(c)	12.4	(1.9)
Intercompany inventory sales	iv(e)	4.3	1.6
Total comprehensive income under IFRS		96.5	173.0

In addition to the measurement differences impacting comprehensive income, there are also differences in the presentation of items included in comprehensive income. In addition to the reclassifications included in the notes below under Canadian GAAP derivative instruments were included in revenues and other income and now have been classified to cost of sales under IFRS.

Presentation differences in comprehensive income

		Year ended	Three months ended
		December 31, 2010	**March 31, 2010**
Increase (decrease) in revenue		15.0	(6.8)
Increase (decrease) in cost of sales		(13.9)	8.1
Decrease in other income		(1.1)	(1.3)
Total		-	-

Cash flows

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the statements of consolidated earnings and consolidated balance sheets have resulted in reclassification of various amounts on the statements of cash flows, however as there have been no changes to the net cash flows, and accordingly no reconciliations have been prepared.

Notes to the IFRS reconciliations above:

i) IAS 16 Property, plant and equipment

Impairment

In accordance with Canadian GAAP, impairment testing is a two step process. The first step, using undiscounted cash flows was undertaken to determine if impairment exists. If impairment was identified, the second step was undertaken to determine the amount of the impairment to be recorded. IAS 36 *Impairment of Assets* uses a one step approach for both identifying and measuring impairments, which is based on comparing the carrying value to the recoverable amount. The recoverable amount is the higher of fair value less selling costs and value in use, which is based on discounted cash flows. The use of an undiscounted cash flow model under Canadian GAAP did not result in any impairments at the Transition Date. The use of a discounted cash flow model to determine the recoverable amount indicated a material impairment to the Company's carrying value of the Kolwezi project under IFRS.

In accordance with IFRS 1, the Company elected to measure the Kolwezi project at January 1, 2010 at fair value and use that fair value as its deemed cost. The fair value of the Kolwezi project at January 1, 2010 was $280.0 million which resulted in a $399.8 million write down of property, plant and equipment and a corresponding adjustment to opening retained earnings.

In June 2010 under both Canadian GAAP and IFRS a complete impairment of the Kolwezi project was recorded.

ii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Restoration provisions

Consistent with IFRS, restoration provisions have been previously measured based on the estimated cost of restoration, discounted to its net present value upon initial recognition. However, adjustments to the current discount rate were not reflected in the provisions or the related assets under Canadian GAAP unless there was an upward revision in the future cost estimates. The Company elected to apply the exemption from full retrospective application as allowed under IFRS 1. As such, the Company has remeasured the restoration liability as at the Transition Date under IAS 37, estimated the amount to be included in the related asset by discounting the liability to the date in which the liability arose, and recalculated the accumulated amortization under IFRS. The increase in restoration provision was $4.8 million at January 1, 2010, $24.2 million at March 31, 2010 and $75.3 million at December 31, 2010, the increase in mineral properties was $3.6 million at January 1, 2010, $23.0 million at March 31, 2010 and $73.8 million at December 31, 2010, the adjustment to retained earnings was $1.2 million at January 1, 2010 and March 31, 2010, and other expenses increased $1.2 million at December 31, 2010. The net restoration provision adjustment at the transition date for the Kolwezi and Frontier projects was $0.9 million and was reversed during 2010 as part of the net asset impairments. The $70.5 million increase in the provision from March 31, 2010 to December 31, 2010 is primarily due to a credit adjusted discount rate of 7.1% used to calculate the fair value of the ARO acquired in the Ravensthorpe acquisition (note 17a) compared to the discount rate of 3.6% used under IAS 37 Provisions, Contingent Liabilities and Contingent Assets to calculate the restoration provision.

Under Canadian GAAP, the unwinding of the discount was included in cost of sales and has now been reclassified to finance cost as required under IFRS. The increase to finance costs was $0.2 million for the three months ended March 31, 2010 and $1.0 million for the year ended December 31, 2010.

iii) IAS 23 Borrowing costs

Under IFRS, there are no policy choices available for the capitalization of borrowing costs. IFRS requires borrowing costs to be capitalized on qualifying assets which take a substantial period of time to prepare for their intended use. A weighted average capitalization rate based on the Company's outstanding debt was used to calculate the amount of borrowing costs to capitalize on the qualifying assets at January 1, 2010 and acquired during 2010. The increase in property, plant and equipment was nil at January 1, 2010, $8.2 million at March 31, 2010 and $41.1 million at December 31, 2010, with a corresponding decrease in interest expense.

iv) IAS 12 Deferred taxes

a. Mineral property acquisitions

Under Canadian GAAP the Company recognized a deferred income tax liability on temporary differences arising on the initial recognition of mineral properties acquired other than in business combinations. IAS 21, *Income Taxes* does not permit the recognition of deferred taxes on such transactions. The impact of the derecognition of the deferred taxes was a reduction of $175.9 million to the deferred tax liability at January 1, 2010, $283.5 million at March 31, 2010 and $404.3 million at December 31, 2010, a reduction of property, plant and equipment of $181.3 million at January 1, 2010, $292.7 million at March 31, 2010 and $419.9 million at December 31, 2010, an increase to deferred income tax expense of $5.9 million at December 31, 2010 as a reduction to the deferred income tax liability was reversed, and an adjustment to retained earnings of $5.4 million at January 1, 2010 and foreign exchange loss of $3.8 million at March 31, 2010 and $4.3 million at December 31, 2010 as a portion of the deferred tax liability was denominated in a foreign currency and accordingly had been revalued using the foreign exchange rate at the balance sheet dates.

b. Share issuance costs

IFRS requires current and deferred taxes be recognized in equity when they relate to transactions or events recognized in equity in either the same or a different period. The deferred income tax related to the share issuance costs under Canadian GAAP had not been net against share capital. The impact of recognizing the deferred income taxes in share capital is an increase of $3.2 million in share capital and a $3.2 million reduction to retained earnings at January 1, 2010.

c. Convertible bond issue

Under IFRS the deferred tax consequences of a financial instrument containing both a liability and equity component is recognized both in profit or loss and in equity in accordance with the component parts under IFRS. The deferred income tax related to the liability component of the convertible bond was not recorded under Canadian GAAP. The impact of recognizing the deferred income taxes in equity is a decrease of $12.4 million of deferred tax asset at January 1, 2010, $14.3 million at March 31, 2010 and nil at December 31, 2010, a decrease in share capital of $8.6 million at January 1, 2010, March 31, 2010 and December 31, 2010 and an adjustment to retained earnings of $3.8 million at January 1, 2010, and an increase in deferred income tax expense of $1.9 million at March 31, 2010 and a decrease of $12.4 million at December 31, 2010.

d. Non monetary assets and liabilities

Under IAS 12, where the non-monetary assets and liabilities of an entity are measured in its functional currency but the taxable profit or tax loss and the tax base of its non-monetary assets and liabilities is determined in a different currency, deferred income tax is recognized. The review of non-monetary asset balances translated using the relevant closing exchange rates at January 1, 2010, March 31, 2010 and December 31, 2010 did not result in an adjustment to our balance sheets or statements of comprehensive income under IFRS, but may have a material impact on our tax expense in future periods.

e. Tax on intercompany inventory sales

Under IAS 12, unrealized profits resulting from intercompany transactions are eliminated from the carrying amount of assets, such as inventory. The tax effect of the transaction is calculated with reference to the local tax rate of the company that holds the inventory at the period-end. Canadian GAAP prohibits the recognition of a deferred tax asset for the difference between the tax basis of the assets in the buyer's tax jurisdiction and the cost as reported in the historical consolidated financial statements and requires the deferral of the seller's tax expense incurred upon the intercompany sale. The impact of recognizing the deferred income tax assets on the intercompany sales is an increase of nil of deferred tax asset at January 1, 2010, $1.6 million at March 31, 2010 and $4.3 million at December 31, 2010, a decrease of deferred tax expense of nil at January 1, 2010, $1.6 million at March 31, 2010 and $4.3 million at December 31, 2010.

5 Inventories

	March 31, 2011	December 31, 2010	January 1, 2010
Ore in stockpiles	73.1	75.3	101.3
Work-in-progress	2.7	2.1	3.3
Finished product	178.0	137.3	65.0
Total product inventory	253.8	214.7	169.6
Less: Non-current portion of ore in stockpiles (a) (note 8)	(12.4)	(12.4)	(12.5)
	241.4	202.3	157.1
Consumable stores	209.0	188.6	189.6
	450.4	390.9	346.7

a) The non-current portion represents ore in stockpiles that the Company does not anticipate processing in the next 12 months.

6 Investments

	March 31, 2011	December 31, 2010	January 1, 2010
Carlisa Investment Corp. – at cost	9.5	9.5	9.5
Marketable securities (a)	4.5	4.1	443.3
Asset-backed commercial paper	4.3	4.4	7.6
	18.3	18.0	460.4

(a) During 2010, the Company sold 114,132,300 shares of Equinox Minerals Limited and realized a gain of $510.8 million. Net proceeds from the sale were $646.5 million (CAD $653.2 million).

The following table summarizes the movements in the fair value of available-for-sale financial investments:

	Three months ended	Year ended
	March 31, 2011	December 31, 2010
Balance - beginning of period	18.0	460.4
Additions	-	2.6
Disposals	-	(646.9)
Gain in fair market value	0.3	201.9
Balance - end of period	18.3	18.0

7 Property, plant and equipment

			Mineral properties and mine development costs		
	Plant and equipment	Capital work-in-progress	Depreciable	Non-depreciable	Total
Cost					
As at January 1, 2010	1,320.4	373.7	84.0	271.4	2,049.5
Additions	109.5	310.7	5.4	-	425.6
Acquisitions (note 17)	290.3	-	-	981.2	1,271.5
Disposals	(2.3)	-	-	-	(2.3)
Transfers between categories	103.2	(103.2)	-	-	-
Restoration provision	14.6	-	0.1	68.2	82.9
Impairment	(297.6)	(244.1)	(40.8)	(63.4)	(645.9)
Capitalized interest	10.2	-	-	32.3	42.5
As at December 31, 2010	1,548.3	337.1	48.7	1,289.7	3,223.8
Additions	-	187.5	-	-	187.5
Disposals	(8.4)	-	-	-	(8.4)
Transfers between categories	35.8	(35.8)	-	-	-
Restoration provision	-	-	-	7.8	7.8
Capitalized interest	2.4	-	-	8.4	10.8
As at March 31, 2011	1,578.1	488.8	48.7	1,305.9	3,421.5
Accumulated depreciation					
As at January 1, 2010	(428.1)	-	(41.0)	-	(469.1)
Depreciation charge	(111.7)	-	(3.9)	-	(115.6)
Disposals	0.8	-	-	-	0.8
Impairment	77.2	-	8.8	-	86.0
Other	5.0	-	-	-	5.0
As at December 31, 2010	(456.8)	-	(36.1)	-	(492.9)
Depreciation charge	(19.8)	-	(0.8)	-	(20.6)
Disposals	1.4	-	-	-	1.4
Other	(5.9)	-	-	-	(5.9)
As at March 31, 2011	(481.1)	-	(36.9)	-	(518.0)
Net book value					
As at January 1, 2010	892.3	373.7	43.0	271.4	1,580.4
As at December 31, 2010	1,091.5	337.1	12.6	1,289.7	2,730.9
As at March 31, 2011	1,097.0	488.8	11.8	1,305.9	2,903.5

8 Other assets

	March 31, 2011	December 31, 2010	January 1, 2010
Recoverable taxes	-	-	181.3
Future recoverable variable profit tax	-	-	38.0
Ore in stockpiles (note 5)	12.4	12.4	12.5
Future income tax asset	5.1	4.3	-
Derivative instruments (note 19)	11.0	3.0	0.9
Ravensthorpe deposit (note 17a)	-	-	34.0
Prepaid expenses and other	32.1	36.2	18.4
Total other assets	60.6	55.9	285.1
Less: current portion	(30.8)	(26.7)	(195.2)
	29.8	29.2	89.9
Current portion consists of:			
Recoverable taxes	-	-	181.3
Derivative instruments	11.0	3.0	0.9
Prepaid expenses and other	19.8	23.7	13.0
	30.8	26.7	195.2

9 Debt

	March 31, 2011	December 31, 2010	January 1, 2010
Drawn debt			
Corporate revolving credit and term loan facility (a)	20.1	80.2	159.5
Kansanshi subordinated debt facility (b)	26.3	24.9	31.9
Short-term borrowings (c)	28.8	55.7	-
Other	0.2	0.2	0.2
Total debt	75.4	161.0	191.6
Less: Current portion of debt facilities and short-term debt	(54.0)	(140.8)	(84.5)
	21.4	20.2	107.1
Undrawn debt			
Corporate revolving credit and term loan facility (a)	50.0	50.0	50.0
Kevitsa project loan (d)	-	-	-
Corporate revolving loan and short-term facility (e)	-	-	250.0
Short-term borrowings (c)	81.2	54.3	-

a) Corporate revolving credit and term loan facility

The Company entered into a $400.0 million corporate revolving credit and term loan facility in October 2006. The facility has three tranches, up to $225.0 million, $125.0 million, and $100.0 million. The total aggregate amount outstanding under the facility is 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 2.5%. Interest on tranche C is calculated at LIBOR plus 2.75%.

The corporate revolving credit and term loan facility has a principal amount outstanding of $20.4 million (December 31, 2010 - $80.7 million, January 1, 2010 - $161.4 million). The carrying amount shown above of $20.1 million is net of issue and transaction costs paid of $0.3 million, which are deferred and amortized over the term of the facility. The collateral includes an assignment of proceeds under various sales contracts from the sale of copper, copper in concentrate and gold. Cash is restricted to meet required instalments and nil was recorded as restricted cash at March 31, 2011 (December 31, 2010 - $40.3 million, January 1, 2010 - $40.3 million).

b) Kansanshi subordinated debt facility

Kansanshi entered into a 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.

The Kansanshi subordinated debt facility has a principal amount outstanding of 18.9 million Euros (December 31, 2010 – 18.9 million Euros, January 1, 2010 – 22.7 million Euros). The carrying amount shown above of $26.3 million is net of issue and transaction costs of 0.3 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 with changes in fair value recorded as a component of net earnings disclosed within finance costs.

c) Short-term borrowings

In 2010, the Company's metal marketing division entered into two facilities totalling $110.0 million. The facilities are used to finance purchases and the term hedging of copper and gold undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus 1.75%. The loans are collateralized by physical inventories.

d) Kevitsa project loan

In March 2011 the Company entered into a $250.0 million project loan collateralized by the assets and offtake agreements of the Kevitsa project. The facility is available in two tranches. Tranche A of $175.0 million is required to be repaid in equal annual instalments over four years starting March 31, 2013; and tranche B of $75.0 million is required to be repaid on September 30, 2017. The funds are to be used to finance the development of the Kevitsa mine. Interest on the project loan is to be calculated at LIBOR plus 3.5%. The project loan was available to draw from May 6, 2011.

e) Corporate revolving loan and short-term facility

In January 2010, the Company renewed its $250.0 million facility for general corporate purposes. The Company paid issue and transaction costs of $6.3 million, which were recorded as interest expense during 2010. In November 2010, the Company cancelled the facility.

10 Other liabilities

	March 31, 2011	December 31, 2010	January 1, 2010
Derivative liabilities (note 19)	6.7	47.3	8.9
Restoration provisions (note 11)	142.0	131.2	26.7
Finance leases	30.4	30.5	-
Other	7.9	7.7	9.2
Total other liabilities	187.0	216.7	44.8
Less: current portion	(8.0)	(48.4)	(3.9)
	179.0	168.3	40.9
Current portion consists of:			
Derivative liabilities	4.3	44.8	3.4
Restoration provisions	1.3	1.3	-
Finance leases	1.9	1.8	-
Other	0.5	0.5	0.5
	8.0	48.4	3.9

11 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. The following table summarizes the movements in the restoration provisions for the periods ended March 31, 2011 and December 31, 2010:

	Three months ended	Year ended
	March 31, 2011	December 31, 2010
At January 1	131.2	26.7
Obligations acquired (note 17a)	-	30.3
Obligations derecognized	-	(15.2)
Changes in estimate – active operations (a)	7.7	84.1
Changes in estimate – closed operations	-	4.3
Accretion expense	3.1	1.0
At December 31	142.0	131.2
Less: current portion	(1.3)	(1.3)
	140.7	129.9

a) $70.9 million of the change in estimate for active operations in 2010 is due to the initial measurement of the Ravensthorpe liability at fair value (note 17a) compared to the subsequent measurement under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

b) The restoration provisions have been recorded, using a discount rate between 2.0% and 3.9% and an inflation factor between 2.8% and 4.0%. The liability for retirement and remediation on an undiscounted basis before inflation is estimated to be approximately $170.4 million. Payments are expected to occur over a period of approximately 32 years.

c) During the first quarter of 2011, no charges were recorded in earnings in relation to obligations at closed mines. In 2010, charges of $4.3 million were recorded in earnings for changes in cash flow estimates and accretion related to asset retirement obligations at closed mines.

12 Share capital

a) Common shares

Authorized
Unlimited common shares without par value

Issued

	Number of Shares (000's)
Balance as at December 31, 2010	86,176
Share options exercised	3
Balance as at March 31, 2011	86,179

b) Earnings per share

	Three months ended	
	March 31, 2011	March 31, 2010
Basic earnings attributable to equity holders of the parent	206.7	150.3
Add interest on convertible bonds	-	2.5
Diluted earnings attributable to equity holders of the parent	206.7	152.8
Basic weighted average number of shares outstanding (000's of shares)	85,754	80,669
Effect of dilutive securities:		
Convertible bonds	8,867	8,867
Share options	-	902
Diluted weighted average shares outstanding	94,621	90,438
Earnings per common share - basic	2.41	1.86
Earnings per common share - diluted	2.18	1.69

c) Dividends

On March 15, 2011, the Company declared a dividend payment of $0.603 CAD per share or $53.5 million in respect of the fiscal year ended December 31, 2010. (March 16, 2010 - $0.512 CAD per share or $40.5 million)

13 Revenues by nature

	Three months ended	
	March 31, 2011	March 31, 2010
Copper	651.5	507.9
Gold	53.7	43.3
	705.2	551.2

14 Cost of sales

	Three months ended	
	March 31, 2011	**March 31, 2010**
Direct operating costs	(244.1)	(224.8)
Derivative (loss) gain	(1.0)	8.1
Depletion and amortization	(20.6)	(27.8)
	(265.7)	(244.5)

15 Other income

	Three months ended	
	March 31, 2011	**March 31, 2010**
Foreign exchange gain	4.6	3.2
Sundry (expense) income	(1.1)	0.3
	3.5	3.5

16 Finance costs

	Three months ended	
	March 31, 2011	**March 31, 2010**
Interest expense on financial liabilities measured at amortized cost	(1.8)	(2.8)
Interest expense on convertible bonds	-	(2.6)
Interest expense other	(0.4)	(0.3)
Accretion on restoration provision	(3.1)	(0.2)
Other finance costs	-	(3.1)
	(5.3)	(9.0)

17 Acquisitions

a) Ravensthorpe

On February 10, 2010, the Company acquired the assets of BHP Billiton's Ravensthorpe nickel mine in Western Australia ("Ravensthorpe"). The Ravensthorpe assets consist of an open pit mine and hydrometallurgical process plant and related equipment which had been held on care and maintenance by BHP Billiton since January 2009.

The acquisition of Ravensthorpe has been accounted for as the purchase of a business. The total purchase cost was $338.8 million paid in cash, including a $34.0 million deposit paid in December 2009. Transaction costs of $18.5 million were expensed upon acquisition. As the acquisition of Ravensthorpe was the result of a competitive bid process no goodwill was recognized on the acquisition.

As at March 31, 2011, the fair values of the identifiable assets and liabilities of Ravensthorpe as at the date of acquisition are as follows:

	$
Assets	
Inventory	2.1
Plant and equipment	289.8
Mineral property	104.5
Liabilities	
Finance leases	(27.3)
Asset retirement obligation	(30.3)
Net assets acquired	338.8

b) Antares Minerals Inc.

On December 16, 2010, the Company acquired all of the outstanding common shares of Antares Minerals Inc. ("Antares"). Antares' principal asset is the 100% owned Haquira copper project in southern Peru. At the time of acquisition the Haquira property has an established resource; however, significant additional drilling and feasibility work will be required before any development decision can be made. The acquisition of Antares has been accounted for as an asset purchase. The total purchase price was $609.0 million comprising:

	$
Cash	2.6
Issuance of common shares	603.9
Transaction costs	2.5
Total	609.0

The Company issued 5,481,963 common shares at CAD $110.78 per share as part consideration for the acquisition of Antares. The measurement of the common share component of the consideration was based on the share price of the Company's common shares on the date of the acquisition.

The cash paid to acquire Antares including transaction costs less the cash acquired was $4.6 million.

The fair values of the identifiable assets and liabilities of Antares as at the date of acquisition are as follows:

	$
Assets	
Cash	0.5
Accounts receivable	1.4
Investments (i)	2.6
Plant and equipment	0.5
Mineral property	600.2
Long-term other assets	5.7
Liabilities	
Accounts payable and accrued liabilities	(1.9)
Net assets acquired	609.0

i) As part of the transaction, Antares's 50% interest in a project located in Salta Province, north western Argentina, was transferred into a new exploration company, Regulus Resources Inc. ("Regulus"). The Company owns 9.9% of Regulus.

c) Kiwara PLC

On January 28, 2010, the Company acquired all of the issued share capital of Kiwara PLC ("Kiwara") which owned 85% of Kalumbila which holds mineral property licences on the periphery of the Kabombo Dome in North Western Province, Zambia. At the time of acquisition, Kiwara had begun an in-fill drill program at Kalumbila to determine a mineral resource estimate for the properties. Under the terms of the Kiwara acquisition agreement, the Company acquired a further 10% interest in Kalumbila in February 2010 bringing its ownership interest to 95%. The acquisition of Kiwara has been accounted for as a single step asset purchase. In May and November 2010, the Company purchased the remaining 5% non-controlling interest in Kalumbila for $10.0 million.

The total purchase price was $279.0 million comprising:

	$
Cash	140.9
Issuance of common shares	137.2
Transaction costs	0.9
Total	279.0

The Company issued 1,864,960 common shares at CAD $77.55 per share for the acquisition of Kiwara and issued 20,400 common shares at CAD $74.40 per share for the additional 10% interest in Kalumbila. The measurement of the common share component of the consideration was based on the share price of the Company's common shares on the date of each acquisition.

The cash paid to acquire Kiwara and the non-controlling interest in Kalumbila including transaction costs less the cash acquired was $138.8 million.

The fair values of the identifiable assets and liabilities of Kiwara and the non-controlling interests in Kalumbila as at the date of acquisition are as follows:

	$
Assets	
Cash	3.0
Mineral property	276.5
Liabilities	
Accounts payable and accrued liabilities	(0.5)
Net assets acquired	279.0

d) Mauritanian Copper Mines SARL

On February 7, 2010, the Company purchased the non-controlling interest (20%) in Mauritanian Copper Mines SARL ("MCM"), owner of the Guelb Moghrein mine, for $63.0 million. The non-controlling interest in MCM at the date of the acquisition was $62.6 million. In accordance with IFRS 3 this transaction has been accounted for as an equity transaction. The $0.4 million excess of the consideration paid over the carrying amount of the non-controlling interest has been recorded as an adjustment to retained earnings in 2010.

18 Segmented information

The Company's reportable operating segments are individual mine development projects or operations, being Kansanshi, Guelb Moghrein, Frontier, Bwana/Lonshi, Kolwezi, Kevitsa, Ravensthorpe and Corporate. Each mine and development project is managed and reports information separately to the CEO, chief operating decision maker.

The corporate segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration. Included in the corporate segment is the Company's metal marketing division which purchases and sells third party material. Operations at the Frontier mine were suspended during 2010 as detailed in the Company's 2010 Annual Report. The segment results below include sales of material which at the date of suspension of operations was stockpiled at other sites.

For the three month period ended March 31, 2011, segmented information is presented as follows:

	Kansanshi	Guelb Moghrein	Frontier	Bwana/ Lonshi	Projects under development	Corporate	Total
Segmented revenues	597.3	68.6	13.7	12.7	-	31.9	724.2
Less inter-segment revenues	-	-	-	(12.5)	-	(6.5)	(19.0)
Revenues	597.3	68.6	13.7	0.2	-	25.4	705.2
Cost of sales	(196.8)	(35.3)	(8.1)	(1.0)	-	(24.5)	(265.7)
Segmented gross profit (loss)	400.5	33.3	5.6	(0.8)	-	0.9	439.5
Net finance costs	(3.7)	-	-	-	-	0.2	(3.5)
Other	(2.7)	(2.4)	(0.1)	(0.6)	(2.6)	(26.1)	(34.5)
Segmented profit (loss) before undernoted items	394.1	30.9	5.5	(1.4)	(2.6)	(25.0)	401.5
Income taxes	(167.9)	-	-	-	11.4	8.2	(148.3)
Non-controlling interests	(46.7)	-	0.2	-	-	-	(46.5)
Segmented profit (loss)	179.5	30.9	5.7	(1.4)	8.8	(16.8)	206.7
Property, plant and equipment	674.5	204.4	-	23.0	1,120.8	880.8	2,903.5
Total assets	1,179.7	331.6	7.8	36.5	1,161.1	2,460.6	5,177.3
Total liabilities	942.5	22.8	7.4	39.5	218.2	594.9	1,825.3
Capital expenditures	38.8	22.3	-	-	126.6	1.6	189.3

Projects under development include Kevitsa, and Ravensthorpe. The exploration and development costs related to these properties are capitalized. The segmented information for these projects is presented as follows:

	Kevitsa	Ravensthorpe	Total
Property, plant and equipment	438.7	682.1	1,120.8
Total assets	465.6	695.5	1,161.1
Total liabilities	35.9	182.3	218.2
Capital expenditures	48.4	78.2	126.6

For the three month period ended March 31, 2010, segmented information is presented as follows:

	Kansanshi	Guelb Moghrein	Frontier	Bwana/ Lonshi	Projects under development	Corporate	Total
Segmented revenues	395.9	61.3	80.0	27.5	-	8.7	573.4
Less inter-segment revenues	-	-	-	(13.5)	-	(8.7)	(22.2)
Revenues	395.9	61.3	80.0	14.0	-	-	551.2
Cost of sales	(168.6)	(25.3)	(31.1)	(16.0)	-	(3.5)	(244.5)
Segmented gross profit (loss)	227.3	36.0	48.9	(2.0)	-	(3.5)	306.7
Net finance costs	(0.8)	-	(0.8)	-	-	(4.3)	(5.9)
Other	1.5	(2.1)	(0.3)	(6.1)	-	(23.1)	(30.1)
Segmented profit (loss) before undernoted items	228.0	33.9	47.8	(8.1)	-	(30.9)	270.7
Income taxes	(73.7)	-	(14.3)	-	-	2.4	(85.6)
Non-controlling interests	(30.3)	(2.4)	(2.1)	-	-	-	(34.8)
Segmented profit (loss)	124.0	31.5	31.4	(8.1)	-	(28.5)	150.3
Property, plant and equipment	567.1	198.7	264.8	39.3	910.2	272.6	2,252.7
Total assets	1,326.9	331.8	386.2	86.5	914.8	1,246.1	4,292.3
Total liabilities	789.2	23.2	91.2	29.2	53.2	637.1	1,623.1
Capital expenditures	21.4	7.5	10.7	9.2	21.3	-	70.1

Projects under development at 31 March 2010 included Kolwezi, Kevitsa, and Ravensthorpe. The exploration and development costs related to these properties are capitalized. The segmented information for these projects is presented as follows:

	Kolwezi	Kevitsa	Ravensthorpe	Total
Property, plant and equipment	285.4	252.8	372.0	910.2
Total assets	286.9	255.9	372.0	914.8
Total liabilities	17.7	5.4	30.1	53.2
Capital expenditures	5.4	12.4	3.5	21.3

19 Derivative financial instruments

As at March 31, 2011, the following derivative positions were outstanding:

	Maturity 2011	**March 31, 2011**		**December 31, 2010**	
		Asset	Liability	Asset	Liability
Interest rate					
Floating to fixed interest rate swap – principal	26.0	-	(0.2)	-	(0.4)
Average fixed interest rate	1.80%				
Copper					
Futures sales contracts over quotation period (tonnes)	39,550	11.0	(2.7)	3.0	(42.3)
Average price ($/tonne)	$9,268				
Embedded derivative hedged by future sales contracts (tonnes)	41,993	-	-	-	-
Average price ($/tonne)	$9,401				
Net provisional copper exposure (tonnes)	2,443				
Gold					
Futures sales contracts over quotation period (ounces)	15,647	-	(0.2)	-	(0.9)
Average price ($/ounce)	$1,416				
Embedded derivative hedged by future sales contracts (ounces)	13,415	-	-	-	-
Average price ($/ounce)	$1,425				
Net provisional gold exposure (ounces)	(2,232)				
Other					
Embedded derivative		-	(3.6)	-	(3.7)
		11.0	(6.7)	3.0	(47.3)

20 Commitments

In conjunction with the development of Kevitsa and Ravensthorpe, upgrades at Kansanshi, Guelb Moghrein and other projects, the Company has committed to approximately $254.6 million in capital expenditures.

FIRST QUANTUM
MINERALS LTD.

Management's Discussion and Analysis
First Quarter Ended March 31, 2011

(expressed in United States dollars, unless otherwise noted)

May 9, 2011

The Company's results are now being prepared in accordance with International Financial Reporting Standards ("IFRS"). The changes in accounting policies have been applied consistently to the comparative period unless otherwise noted. See "Regulatory disclosures" for further discussion.

SUMMARY OPERATING AND FINANCIAL DATA	Three months ended March 31	
(USD millions unless otherwise noted)	**2011**	**2010**
Production – copper (tonnes)	74,888	85,062
Sales – copper (tonnes)	70,665	81,441
Production – gold (ounces)	49,146	44,642
Sales – gold (ounces)	45,349	48,995
Realized copper price (per lb)	$4.01	$2.83
Average copper unit cash cost of production (C1)[1] (per lb)	$1.15	$1.21
Net sales	$705.2	$551.2
Gross profit	$439.5	$306.7
Net earnings attributable to shareholders of the Company	$206.7	$150.3
Earnings per share	$2.41	$1.86
Cash	$1,486.4	$552.7

Unless otherwise indicated, all comparisons of performance throughout this report are to the comparative periods for 2010

FIRST QUARTER HIGHLIGHTS

Strong production, higher metal prices and lower unit cost

- 43% increase in gross profit despite the loss of production following the forced shut down of operations at the Frontier mine in the Democratic Republic of Congo ("RDC") on August 27, 2010. The increase in profitability was assisted by a 42% higher realized copper price and a 5% lower unit cost of production.
- 21% increase in copper production from the Kansanshi and Guelb Moghrein mines due to mining fleet and plant expansions.
- 10% increase in total gold production resulting from circuit improvements at both mines.

Development projects advancing on schedule

[1] C1 cost is not recognized under IFRS. See "*Regulatory disclosures*" for further information

For further information on First Quantum Minerals Ltd. (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 International Financial Reporting Standards ("IFRS").

- Pre-commissioning activities at the Ravensthorpe project remain on schedule to commence in Q2 2011.
- Updated resource and reserve estimates for the Kevitsa project are significantly higher than estimates at the time of acquisition. The project remains on schedule to achieve commercial production in mid 2012.
- At the Trident project, mining licences were granted in April covering the entire Trident project and the Environmental Impact Assessment ("EIA") was submitted in January for the Sentinel deposit.
- Exploration activities continue at a high rate with over 35 drill rigs active on the Company's projects in Zambia, Mauritania, Peru and Finland.

Operational outlook for 2011 maintained

- Production of 300,000 tonnes of copper and 200,000 ounces of gold.
- Average C1 cost of $1.15 per pound of copper.
- Nickel production to commence with the commissioning of the Ravensthorpe project in the second half of 2011.

REVENUES

Sales revenues (after realization charges)		**Three months ended March 31**	
(USD millions unless otherwise noted)		**2011**	**2010**
Kansanshi	- copper	563.2	373.5
	- gold	34.1	22.4
Guelb Moghrein	- copper	49.0	40.4
	- gold	19.6	20.9
Frontier	- copper	13.7	80.0
Bwana/Lonshi	- copper	0.2	14.0
Corporate		25.4	-
Sales revenues		705.2	551.2
COPPER SELLING PRICE (per lb)		**USD/lb**	**USD/lb**
Gross copper selling price		4.23	3.12
Treatment charges/refining charges ("TC/RC") and freight charges		(0.22)	(0.29)
Realized copper price		4.01	2.83

On conversion to IFRS, the Company now recognizes provisional pricing and derivative adjustments in cost of sales rather than in revenues.

Copper sales volumes decreased 13% year-over-year to 70,665 tonnes. The primary reason for the decrease was the forced shut down of operations at Frontier at the end of August 2010. In addition, lower sales of Guelb Moghrein's concentrate resulted from an increase in material produced which requires blending prior to final sale. Gold revenues increased by 24% over Q1 2010 to $53.7 million. The increase resulted from a higher realized gold price.

The Q1 2011 average realized copper price was significantly higher than Q1 2010 due to an increase in the average LME copper price. TC/RC and freight charges decreased in Q1 2011 due to the reduction in the proportion of copper in concentrate sold to copper cathode sold.

During Q1 2011, the metal marketing division had revenues of $25.4 million and finished goods inventory of $50.8 million related to external purchases and sales.

SEGMENTED OPERATING RESULTS

Kansanshi Copper and Gold Operation	**Three months ended March 31**	
	2011	**2010**
Production (tonnes)		
Copper cathode	25,445	19,180
Copper in concentrate	12,697	7,202
Copper cathode tolled	26,655	27,201
Total copper production (tonnes)	64,797	53,583
Copper sales (tonnes)	63,073	56,464
Gold production (ounces)	30,612	24,272
Gold sales (ounces)	31,210	26,739
Sulphide ore tonnes milled (000's)	2,318	2,449
Sulphide ore grade processed (%)	0.9	0.8
Sulphide copper recovery (%)	94	93
Mixed ore tonnes milled (000's)	1,638	1,249
Mixed ore grade processed (%)	1.2	1.4
Mixed copper recovery (%)	68	63
Oxide ore tonnes milled (000's)	1,517	1,250
Oxide ore grade processed (%)	2.4	2.1
Oxide copper recovery (%)	84	93
Cash costs (C1) (per lb) [1]	$1.14	$1.18
Total costs (C3) (per lb)[1]	$1.39	$1.39
Gross profit (USD M)	$400.5	$227.3

[1] C1 and C3 costs are not recognized under IFRS. See "*Regulatory disclosures*" for further information

Kansanshi's total copper production increased 21% from Q1 2010 despite a challenging rain season. The improved performance was mainly due to mining fleet expansions and plant developments which resulted in significantly higher mine production and plant throughput.

Production from the sulphide circuit was higher than the prior year as a decrease in throughput was more than offset by ore grades and recoveries. Improvements to the sulphide circuit are ongoing but some downtime was experienced during the quarter as crusher circuit optimization work was conducted.

Another strong quarter was turned in by the mixed ore circuit as higher throughput and recoveries offset lower ore grades. The higher throughput was achieved from exceptional milling performance and minimal circuit downtime while recoveries benefitted from a favourable blend of sulphide and oxide ore processed.

Production from the oxide circuit increased year-over-year as a result of higher throughput and ore grades. This was partially offset by lower recoveries due to higher sulphide content in the material processed.

Gold production was up by 26% compared to Q1 2010. This was attributed to higher overall throughput and increased recoveries as a result of improvements to the gold circuit.

Kansanshi's cash unit cost of production (C1) decreased from Q1 2010 due to an increased gold credit which was partially offset by marginally higher processing costs. The cost of ore processed was lower than the comparative period, despite an

increase in waste stripping, due to the recent mine fleet additions and improved pit maintenance during the rain season. Processing costs were impacted by increases in input costs offset partially by improved overall plant circuit performance.

Outlook for 2011

Mining production rates are expected to increase as new mining equipment is introduced during the year. This higher capacity will allow for additional ore production, waste stripping and mine cutbacks, providing greater operational flexibility. Optimization works on the sulphide circuit to derive the required throughput gains expected from the installation of secondary crushing capacity is ongoing.

Guelb Moghrein Copper and Gold Operation	**Three months ended March 31**	
	2011	**2010**
Production – copper in concentrate (tonnes)	10,091	8,405
Copper sales (tonnes)	6,031	7,350
Gold production (ounces)	18,534	20,370
Gold sales (ounces)	14,139	22,256
Sulphide ore tonnes milled (000's)	758	660
Sulphide ore grade processed (%)	1.4	1.4
Sulphide copper recovery (%)	92	90
Cash costs (C1) (USD per lb)[1]	$1.26	$0.59
Total costs (C3) (USD per lb)[1]	$2.03	$1.40
Gross profit (USD M)	$33.3	$36.0

[1] C1 and C3 costs are not recognized under IFRS. See "*Regulatory disclosures*" for further information

Guelb Moghrein's copper production improved 20% from Q1 2010 due to the recent throughput and mine fleet expansions. Gold production decreased 9% due to lower gold grades which was offset partially by increased recovery and throughput.

Guelb Moghrein's average cash cost of production (C1) was significantly higher than Q1 2010 due to a lower gold credit and higher prices for diesel and fuel oil in Q1 2011. The gold credit was impacted by the increase in copper concentrate inventory held at March 31, 2011 which contains approximately 19,260 ounces of gold.

Guelb Moghrein's Q1 2011 gross profit decreased from the level in Q1 2010 due to the impact of lower copper and gold sales volumes. This resulted from the production of some concentrate which requires blending prior to sale.

Outlook for 2011

Optimization of the 3.8 million tonne per annum expansion will continue during 2011 with the focus on increasing throughput and metal recoveries. The blend of mine feed will be enhanced to ensure ore quality is within practical operational limits.

COSTS AND EXPENSES

	Three months ended March 31	
(USD millions unless otherwise noted)	**2011**	**2010**
Gross profit	439.5	306.7
General and administrative	(18.6)	(7.3)
Acquisition transaction costs	-	(18.5)
Other income	3.5	3.5
Exploration	(19.4)	(7.8)
Net finance costs	(3.5)	(5.9)
Income taxes	(148.3)	(85.6)
Non-controlling interests	(46.5)	(34.8)
Net earnings attributable to shareholders of the Company	206.7	150.3
Earnings per share		
- basic	$2.41	$1.86
- diluted	$2.18	$1.69
Weighted average shares outstanding		
- basic (number of shares – millions)	85.8	80.7
- diluted (number of shares - millions)	94.6	90.4

General and administrative costs increased year-over-year due to elevated legal and other costs related to the RDC matters ($6.0 million) and a higher complement of employees to develop and manage the expanded pipeline of projects.

Exploration expenses in Q1 2011 include $14.3 million incurred at the Trident project in Zambia and exploration costs at the recently acquired Haquira project in Peru. See “Exploration” for further discussion.

Net finance costs decreased in Q1 2011 due to lower total debt balances outstanding as at March 31, 2011. On conversion to IFRS, the convertible bond interest costs are capitalized to the Kevitsa and Ravensthorpe projects resulting in significantly lower interest expense in comparison to the previously reported Canadian GAAP financial statements.

Income taxes are higher on increased profitability and a decrease in the proportionate earnings contribution from Guelb Moghrein, which is operating under a tax holiday until February 2012. Kansanshi’s effective tax rate also increased from 30% in Q1 2010 to 43% in Q1 2011. See “Other items” for further discussion on Zambian taxes.

FINANCIAL POSITION AND LIQUIDITY

	Three months ended March 31	
(USD millions unless otherwise noted)	**2011**	**2010**
Cash flows from operating activities		
- before working capital	216.7	220.3
- after working capital	379.3	164.7
Cash flows from financing activities	(52.8)	5.5
Cash flows from investing activities	(185.0)	(541.0)
Net cash flows	141.5	(370.8)
Cash balance	1,486.4	548.4
Available credit facilities		
- Corporate revolving loan and short-term facility	-	250.0
- Corporate revolving credit and term loan facility	50.0	50.0
- Short-term borrowings	81.2	33.7
- Kevitsa project loan	-	-
Cash flows from operating activities per share (basic)		
- before working capital	$2.53	$2.73
- after working capital	$4.42	$2.04

[1] Cash flows per share is not recognized under IFRS. See "*Regulatory disclosures*" for further information

Operating cash flows before changes in working capital were consistent with Q1 2010 as the increase in earnings was partially offset by the cash realization of derivative liability positions outstanding from Q4 2010. Working capital movements during Q1 2011 resulted in an increase in cash of $162.6 million. This increase was largely due to a lower accounts receivable balance and a higher current taxes payable balance at March 31, 2011.

Cash outflows from financing activities include a $60.3 million payment against the Corporate revolving credit and term loan facility and a further reduction in short-term debt resulting from the timing of financing by the metal marketing division in Q1 2011.

The Company's continued development at Ravensthorpe and Kevitsa resulted in a cash outflow for investing activities of $126.6 million. Capital investments also continued at Kansanshi and Guelb Moghrein related to the mining fleet additions and plant expansions. Investing activities in Q1 2010 included the acquisitions of Ravensthorpe and Kiwara.

During Q1 2011, the Company signed a $250.0 million project loan secured over the assets and offtake agreements of the Kevitsa project. This loan was available to draw from May 6, 2011.

As at March 31, 2011, the Company had the following contractual obligations outstanding:

(USD millions)	**Total**	**Less than 1 year**	**1 – 2 years**	**2 – 3 years**	**3 – 4 years**	**4 – 5 years**	**Thereafter**
Term debt	75.4	54.0	5.5	5.3	5.3	5.3	-
Convertible bonds	500.0	-	-	500.0	-	-	-
Accounts payable	937.1	937.1	-	-	-	-	-
Deferred payments	7.9	0.5	0.2	0.3	0.1	-	6.8
Finance leases	30.4	1.9	2.0	2.1	2.2	2.4	19.8
Commitments	254.6	254.6	-	-	-	-	-
Restoration provisions	142.0	1.3	1.3	1.3	1.3	1.3	135.5

INVENTORY

	Copper (tonnes)
Kansanshi	28,892
Guelb Moghrein	11,140
Frontier	89
Total	40,121

Finished copper inventory increased by 3,368 tonnes to 40,121 tonnes as at March 31, 2011 with an average cost of approximately $1.42 per pound ($3,123 per tonne). This increase is due largely to a higher volume of Guelb Moghrein's concentrate which requires blending prior to sale. Approximately 16,500 tonnes of Kansanshi's copper in concentrate was in the process of being treated or stockpiled for treatment at the Mufulira smelter as at March 31, 2011. Included in the total finished goods inventory balance, but not in the table above, is 5,509 tonnes of third party material purchased for resale by the metal marketing division.

COMPREHENSIVE INCOME

In Q1 2011, the Company recognized other comprehensive income of $0.3 million related to the increase in fair value of its investment in Regulus Resources Inc., acquired as part of the Antares Minerals Inc. acquisition in 2010.

EQUITY

At the date of this report, the Company has 86,179,039 shares outstanding. In addition, the Company's outstanding bonds are convertible into 8,866,820 shares.

DEVELOPMENT ACTIVITIES

Ravensthorpe nickel project, Australia

Multi-discipline engineering and design for the Ravensthorpe process plant is complete with project efforts focused on expediting the balance of equipment deliveries and on-site works. Construction of the new plant elements is progressing on schedule for completion and commissioning commencement in Q2 2011. The environmental and project management approval processes continued with approvals outstanding for the new generating facility and recommencement of operations.

Re-commissioning of the existing plant continues with the first areas handed over to operations. Seawater was successfully pumped from the sea water inlet to the plant at the end of March 2011. Upgrade and modification work scheduling indicates that process plant areas will commence systematic pre–commissioning during Q2 2011, to be followed by approximately six months of plant commissioning and ramp-up.

The operations recruitment program is continuing and is on schedule. Ravensthorpe is expected to produce an average of 39,000 tonnes of nickel annually for the first five years after commencement of operations. The expected average annual production is 28,000 tonnes over the total life of mine of 32 years.

Kevitsa nickel/copper/PGE project, Finland

Detailed design activities have been completed for specific engineering disciplines and the balance of the remaining detailed design is expected to be completed during Q2 2011. Equipment is being delivered to site including the first deliveries of crushers, mills and flotation cells. Delivery of equipment will continue and increase during Q2 2011 as weather conditions improve.

There are approximately 350 construction workers on site, which will gradually increase to a planned peak in excess of 400. Plant site earthworks are substantially complete, concrete work and structural steel work is well underway, and the mills installation has commenced. Construction of a number of infrastructure items is either completed or well advanced, including the access road, the incoming power line and switchyard and the water pipeline.

The significant increase in the Kevitsa ore reserve (See "Exploration" for discussion) means that at the currently planned processing rate of 5.0 million tonnes ("Mt") per annum, the mine life would be extended to over 30 years. Taken together with the potential for further resources to be recovered, the Company is currently scoping opportunities to scale up production to 7.5-10 Mt per annum. An EIA is in process with the view to applying for a revised environmental permit later in 2011. In addition, an application has been made to expand the current mining lease to accommodate further infrastructure that may be required.

Kevitsa has an initial annual production target of 10,000 tonnes of nickel and 20,000 tonnes of copper. Commercial production is targeted for mid 2012.

Trident project, Zambia

In April 2011, large scale mining licenses for the development of the Trident project were received from the Government of the Republic of Zambia. The licences give the Company the exclusive rights to carry out mining operations on the full area of interest at Trident for a period of 25 years. See "Exploration" for further discussion on the Company's exploration program at the Trident project.

Based on an internally-generated resource estimate, the Company is proceeding with the design of a project that will initially produce 150,000 tonnes of copper in concentrate annually then rising up to 300,000 tonnes of copper in concentrate. Once the resource drilling is complete, the production target may be increased further. A National Instrument 43-101 compliant resource statement for the Sentinel deposit is expected in mid 2011.

Subject to final permits, results of the on-going resource and mine studies and approval by the Company's Board of Directors, it is expected that the initial design and construction phases could commence during 2011 with commercial production in early 2014.

It should be noted that the potential quantities and grades and other technical parameters presented in this document in relation to the Trident project are conceptual in nature only. There has been insufficient exploration to define a NI-43-101 compliant resource and it is uncertain whether further exploration will result in the Sentinel deposit being delineated as a mineral resource and whether the Sentinel deposit will be developed into a mine.

Kansanshi copper/gold operation, Zambia

Kansanshi has commenced phase one of a two phase project which has the intention of expanding the annual copper production capacity from the current 250,000 tonnes to 400,000 tonnes of copper by 2015. Phase one is expected to increase annual production capacity to approximately 285,000 tonnes. It is focused on expanding the annual treatment capacity of the oxide circuit by about 20% to 8.5 Mt and building in flexibility to allow for the mixed and sulphide circuits to be switched as needed to suit mining activity. The expansion will include the use of relocated equipment from the recently closed Bwana Mkubwa copper SX/EW plant as well as new installations. This phase of the expansion project is scheduled for completion during Q4 2011.

Construction of phase two is expected to start in the second half of 2012 with commissioning targeted for the first half of 2014. This phase of the expansion will focus on the construction of a new concentrator with a planned annual throughput of 25 Mt of ore. As a result, Kansanshi's total annual production capacity is expected to increase to approximately 400,000 tonnes of copper. The capital budget for phase two is projected to be in the range of approximately $350 million

Potential copper smelter, Zambia

Currently, Kansanshi's concentrate production is treated at smelters in Zambia, but from time to time, due to limited capacity, copper concentrate is sold to third parties for export sale. Due to the substantial increase in production expected from the Kansanshi mine together with anticipated new production in Zambia including from the Sentinel deposit, an evaluation is currently underway to determine the economics and options for building and operating a copper smelter near Kansanshi. This evaluation is expected to be completed in the second half of 2011.

Exploration

Exploration activities continued at a high rate during Q1 2011 with ongoing drill programs in Zambia, Finland, Peru and Mauritania.

Trident

Up to sixteen core drills are active on the Trident project which comprises the Sentinel copper deposit and the Enterprise and Intrepid targets. Over 140,000 metres of drilling has been completed in more than 380 holes on Sentinel since the Company commenced work in April 2010. A broad grid of 200 x 200 metre spaced holes is currently being in-filled to 200 x 100 metres which should provide necessary confidence for resource classification and reserve definition of the core of the deposit. Strong results at the western end of the property will move the focus westwards and may provide an attractive area of near surface resources for commencement of mining. Drilling is scheduled to complete definition of the main Sentinel copper resource in May 2011 and resource modeling and optimization studies are planned for Q3 2011. Drilling emphasis will then move to the eastern end of the deposit where, despite lower and more variable copper grades, nickel and cobalt intercepts in recent and historical drilling make this area an attractive target for further work.

Five drills have continued testing the Enterprise nickel prospect twelve kilometres to the northwest of Sentinel. Forty-five core holes have now been completed on a series of sections over approximately 1,100 metres of strike. Mineralization has been intercepted on most sections and some impressive intercepts of width and grade appear to relate to strongly altered zones around intersections of faults and carbonaceous stratigraphy. Establishing continuity of the high grade zones in this unusual hydrothermal nickel system will require a substantial amount of detailed drilling. Drilling has also recently commenced on other regional targets to the northeast of Sentinel.

Kevitsa

On March 30, 2011, the Company issued updated resource and reserve estimates for the Kevitsa project. In summary the highlights include;

- 46% increase in measured and indicated resource ("M&I") to 240 Mt at 0.30% nickel and 0.41% copper in measured and indicated categories plus an additional 35 Mt at 0.29% nickel and 0.36% copper in the inferred category
- 50% increase in mine reserve to 160.6 Mt by utilizing the updated M&I resource and the modified mine design results in a strip ratio of 3.0:1

Much of this additional resource is relatively near surface and represents an increase of 143% over the 66 Mt reserve at the time of acquisition. Recent drilling of conductive targets at depth around Kevitsa has returned network sulphide intercepts towards the lower contact of host pyroxenite unit. This supports potential for high grade sulphide accumulations within the intrusion. Further holes are now in progress to test additional geophysical targets along the basal contact zone.

Regional exploration in the area north of Kevitsa is returning encouraging results. Twenty-two geophysical targets have been tested by base of till drilling in 2,400 shallow holes. Several Cu-Ni-PGE anomalies coincident with magnetic features are highlighted. Three targets are currently being tested by diamond core drilling with seven holes completed. Disseminated and net textured magmatic Cu-Ni sulphides have been reported in several holes.

Haquira

The Company commenced integration of the Haquira exploration project in Peru after the acquisition of Antares Minerals Inc. was completed in December 2010. Haquira is one of the world's major undeveloped copper deposits with excellent potential for the development of a large-scale copper mine. Haquira has reported measured and indicated resources of 3.7 Mt of contained copper equivalent and inferred resources of 2.4 Mt of contained copper equivalent.

Infill and extension drilling on the main Haquira prospect commenced in Q1 2011 with two to four rigs active during the period. A major geology campaign including detailed mapping, re-logging, structural and mineralogical analysis is underway. Results of this program will be used to generate a new geological model for the current deposit as well as develop a robust exploration model for the considerable exploration potential highlighted on the property and further afield. Detailed airborne

magnetic and electro-magnetic surveys are planned for the Q2 2011 and preparations are underway for expansion of the drilling capacity in mid 2011. A budget of over $30 million has been allocated to the drill programs. An updated reserve and resource estimate and the environmental impact assessment are expected in mid 2012 when detailed project design will commence.

Kansanshi

A major program of resource development and exploration drilling is underway at Kansanshi. The program will include 140,000 metres of core drilling focused on extensions of the current Kansanshi resource around the Main Pit and Northwest Pit as well as resource definition on the Southeast Dome prospect and a series of systematic regional drill traverses over the entire Kansanshi Dome (approximately 10 x 6 kilometres). Fourteen drill rigs are expected to be on site by the end of Q2 2011, evenly split between the resource development and near mine exploration programs. Current exploration drilling on the Southeast Dome prospect continues to return consistent results and resource modeling will be undertaken in Q2 2011. An updated reserve and resources estimate incorporating results from the overall program is expected to be released in 2012.

Guelb Moghrein

Up to three exploration drill rigs have been active in Mauritania testing near mine and regional targets. Several extensive but low grade intercepts have been recorded in core holes near Guelb Moghrein and appear to represent an anomalous halo to the main mineral system. Drilling has also been testing large geochemical targets recently defined through regional broad scale soil sampling.

OTHER ITEMS

RDC – Disputes

The Company has reported extensively through press releases and prior MD&A's on its disputes with the RDC government. As reported, the illegal actions taken by the RDC government have resulted in the cessation of construction of the Company's Kolwezi project in September 2009, the suspension of operations at the Frontier mine in August 2010, and suspension of all of the Company's exploration activities in the RDC, including the Lonshi underground mine.

The Company believes there is no legal basis for the cancellation of the Kolwezi project and that the Company's subsidiary, Congo Mineral Developments Limited ("CMD"), and the Kolwezi project's other contributing partners, the Industrial Development Corporation of South Africa ("IDC") and the International Finance Corporation ("IFC"), continue to have a valid and binding contract with the RDC and Gécamines (a state-owned mining agency). However, in 2010, following the developments and actions against the Kolwezi project, the Company fully impaired the Kolwezi net assets. CMD, the IDC and IFC commenced international arbitration on February 1, 2010 at the International Chamber of Commerce (ICC) in Paris. A Tribunal has been appointed and a final decision is expected in the latter part of 2012.

As a consequence of local RDC legal proceedings the Company received official notification of a RDC Court of Appeal judgment on April 7, 2010 confirming a March 10, 2010 award of US$12 billion in damages against CMD and Kingamyambo Musonoi Tailings SARL ("KMT"). The Company believes this judgment has no legal basis and is without merit. As part of an interim measures award granted by the ICC arbitration tribunal, the RDC and Gécamines cannot enforce directly or indirectly the March 10, 2010 decision of the Court of Appeal, including the US$12 billion damages judgment. In addition, the judgment would not be enforceable against the Company outside of the RDC.

On August 27, 2010, the Company announced the suspension of operations at the Frontier mine. This suspension followed the withdrawal of Frontier's exploitation permit by the RDC government and a demand that Frontier stop all mining and exports and leave the mining title areas. In addition, all further exploration activities at the Company's Lonshi mine were stopped at the demand of the RDC government. In 2010, as a result of these actions, the Company fully impaired the Frontier and Lonshi net assets.

On October 1, 2010, the Company commenced international arbitration in respect of Frontier and Lonshi under the facilities of the International Centre for Settlement of Investment Disputes ("ICSID") in Washington D.C., United States of America. The timing of any decision and award in the arbitration proceedings is not known at this time, but could take years.

The Company will continue to pursue all available avenues to recover the value of its RDC assets, including through international arbitration. The timing of any judgments, or negotiated or arbitrated settlements is not known at this time.

Sodimico

The state-owned mining agency, Société de Développement Industriel et Minier du Congo ("Sodimico") obtained a judgment against Compagnie Miniere De Sakania SPRL ("Comisa") and the Company on March 12, 2010 from the Tribunal de Commerce of Lubumbashi and the Company was notified of the judgment on April 5, 2010. The judgment orders Comisa and the Company to pay to Sodimico $17.3 million for the value of studies made by Sodimico over the perimeters of titles held by Comisa and a further $40.0 million as additional unknown damages. The court found, based on documents provided by Sodimico, that Comisa acquired the rights over the Lonshi deposits "at the operation stage" and "therefore there is no doubt that it must have used the results of the geological and mining studies made by Sodimico". Comisa filed an appeal of the judgment, which, after several delays, is set to be heard on July 15, 2011. The Company believes that Sodimico cannot enforce payment of the judgment amount against Comisa, and therefore no liability has been recorded as at March 31, 2011.

Zambian taxation

The Government of the Republic of Zambia ("GRZ") announced in January 2008 a number of proposed changes to the tax regime in the country in relation to mining companies. These changes included a windfall tax on copper sales revenue; a variable profit tax; a concentrate export levy of 15%; an increase in the royalty rate to 3%; an increase in the income tax rate to 30%; and other changes including changes in the timing of deductibility of capital allowances and streaming of hedging losses and gains. These changes were passed by Parliament in March 2008 and the majority of changes took effect from April 1, 2008.

Under the President elected in October 2008, the GRZ reviewed these tax changes and proposed that the windfall tax be removed, the deductibility of capital allowances be reinstated to 100% in the period of expenditure and to allow hedging income be part of mining income for tax purposes. These changes were passed by Parliament in March 2009 and the majority of changes took effect from April 1, 2009. These enacted changes were not retroactive to April 1, 2008.

The Company, through its Zambian subsidiaries, is party to Development Agreements with GRZ for its existing operations which provide an express right to full and fair compensation for any loss, damages or costs (including interest) incurred by the Company by reason of the government's failure to comply with the tax stability guarantees set out in the Development Agreements, and rights of international arbitration in the event of any dispute. Based on legal advice on its rights under the Development Agreements, the Company recorded a receivable from the GRZ for an amount it regarded as reasonable expected ultimate repayment of taxes in excess of that permitted under the Development Agreements. However, in November 2010, the GRZ required payment of all back taxes outstanding pursuant to the 2008 and 2009 legislation. The Company's Zambian subsidiaries have agreed to pay the back taxes by June 2011 as required, without prejudice. Given the changes in circumstances, the receivable was assessed for impairment at December 31, 2010. In 2010, the Company recorded an impairment of the entire receivable amount of $299.0 million, of which $59.8 million was attributable to the non-controlling interest.

Until resolved differently with the GRZ, the Company is recognizing taxes in excess of the Development Agreement as a tax expense with no associated receivable, resulting in an effective tax rate of approximately 43%.

On April 14, 2011 Kansanshi made a payment of $125.0 million, which included $80.0 million in taxes that were not due under the Development Agreement.

Hedging program

As at March 31, 2011, the following derivative positions were outstanding:

	Maturity 2011	March 31, 2011		December 31, 2010	
		Asset	Liability	Asset	Liability
Interest rate					
Floating to fixed interest rate swap – principal	26.0	-	(0.2)	-	(0.4)
Average fixed interest rate	1.8%				
Copper (a)					
Futures sales contracts over quotation period (tonnes)	39,550	11.0	(2.7)	3.0	(42.3)
Average price ($/tonne)	$9,268				
Embedded derivative hedged by future sales contracts (tonnes)	41,993	-	-	-	-
Average price ($/tonne)	$9,401				
Net provisional copper exposure (tonnes)	2,443				
Gold (a)					
Futures sales contracts over quotation period (ounces)	15,647	-	(0.2)	-	(0.9)
Average price ($/ounce)	$1,416				
Embedded derivative hedged by future sales contracts (ounces)	13,415	-	-	-	-
Average price ($/tonne)	$1,425				
Net provisional gold exposure (ounces)	(2,232)				
Other					
Embedded derivative		-	(3.6)	-	(3.7)
		11.0	(6.7)	3.0	(47.3)

a) Provisional pricing and derivative contracts

A portion of the Company's metal sales are sold on a provisional pricing basis and are subject to adjustment as a result of changes in market prices subsequent to the recognition of sales revenues. In order to mitigate the impact of these adjustments on net income, the Company enters into derivative contracts to directly offset the pricing exposure on the provisionally priced contracts. The provisional pricing gains or losses and offsetting derivative gains or losses are both recognized as a component of cost of sales. Derivative assets are presented in other assets and derivative liabilities are presented in other liabilities with the exception of copper and gold embedded derivatives which are included with accounts receivable.

As at March 31, 2011, substantially all of the company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

Appendix A

SUMMARY OF QUARTERLY RESULTS

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

Consolidated operating statistics	Q2 09[1]	Q3 09[1]	Q4 09[1]	FY 09[1]	Q1 10	Q2 10	Q3 10	Q4 10	FY 10	Q1 11
Revenues										
Copper	$371.8	$511.3	$591.5	$1,706.4	$507.9	$496.0	$543.3	$648.8	$2,196.0	$651.5
Gold	40.0	35.0	53.3	156.0	43.3	43.8	51.1	59.0	197.2	53.7
Other revenues	0.3	-	-	1.8	-	-	-	-	-	-
Total sales revenues	412.1	546.3	644.8	1,864.2	551.2	539.8	594.4	707.8	2,393.2	705.2
Direct operating costs	153.5	207.7	233.9	733.4	224.8	269.3	267.1	288.6	1,049.8	244.1
Impairment charge	-	-	-	-	-	416.0	303.7	(1.2)	718.5	-
Net earnings (loss)	101.5	123.8	227.2	463.4	150.3	(181.9)	(117.3)	472.5	323.6	206.7
Basic earnings (loss) per share	$1.31	$1.59	$2.91	$6.14	$1.86	$(2.27)	$(1.46)	$5.82	$4.03	$2.41
Diluted earnings (loss) per share	$1.30	$1.50	$2.67	$5.92	$1.69	$(2.27)	$(1.46)	$5.25	$3.97	$2.18
Weighted average # shares (000's)	77,242	78,052	78,169	75,508	80,669	80,268	80,220	81,160	80,264	85,754
Cash flows from operating activities per share										
Before working capital movements	$2.05	$2.11	$3.45	$8.98	$2.73	$2.26	$2.55	$4.16	$11.72	$2.53
After working capital movements	$2.01	$2.52	$3.45	$7.45	$2.04	$3.99	$0.24	$3.71	$10.00	$4.42
Copper selling price										
Gross copper selling price (per lb)	2.10	2.50	3.03	2.40	3.12	2.98	3.18	3.73	3.25	4.23
Tolling and refining charges (per lb)	(0.09)	(0.08)	(0.08)	(0.08)	(0.10)	(0.06)	(0.03)	(0.02)	(0.06)	(0.03)
Freight parity charges (per lb)	(0.21)	(0.21)	(0.22)	(0.16)	(0.19)	(0.22)	(0.22)	(0.23)	(0.21)	(0.19)
Realized copper price (per lb)	1.80	2.21	2.73	2.16	2.83	2.70	2.93	3.48	2.98	4.01
Realized gold price (per oz)	850	722	926	839	886	1,000	1,169	1,085	1,033	1,183
Total copper produced (tonnes)	92,486	93,486	98,528	373,940	85,062	85,402	76,633	75,920	323,017	74,888
Total copper sold (tonnes)	93,482	105,154	98,171	366,581	81,441	74,421	79,408	76,290	311,560	70,665
Total gold produced (ounces)	40,488	43,357	62,679	193,288	44,642	51,471	46,718	48,564	191,395	49,146
Total gold sold (ounces)	47,055	48,454	57,571	185,907	48,995	44,300	44,934	50,139	188,368	45,349
Cash Costs (C1) (per lb) [2]	$0.90	$0.98	$0.97	$0.96	$1.21	$1.21	$1.21	$1.06	$1.18	$1.15
Total Costs (C3) (per lb) [2]	$1.17	$1.27	$1.27	$1.22	$1.49	$1.49	$1.59	$1.35	$1.47	$1.48
Copper Inventory (tonnes)										
Kansanshi	33,801	22,021	22,059	22,059	18,979	20,621	20,468	28,023	28,023	28,892
Guelb Moghrein	88	555	3,041	3,041	4,096	8,896	8,092	7,079	7,079	11,140
Frontier	2,574	3,128	963	963	6,228	10,648	8,032	1,651	1,651	89
Bwana	-	-	-	-	182	502	450	-	-	-
Total copper inventory	36,463	25,704	26,063	26,063	29,485	40,667	37,042	36,753	36,753	40,121

(1) 2009 Financial information is presented in accordance with previous Canadian GAAP and may not be appropriate as a comparative basis.
(2) For the definition of cash costs and total costs, reference should be made to the Regulatory Disclosures section

Kansanshi statistics	Q2 09[1]	Q3 09[1]	Q4 09[1]	FY 09[1]	Q1 10	Q2 10	Q3 10	Q4 10	FY 10	Q1 11
Mining										
Waste mined (000's tonnes)	4,746	7,122	4,663	20,802	2,921	4,998	9,008	6,920	23,847	6,700
Ore mined (000's tonnes)	4,034	5,410	5,258	18,681	3,712	6,076	6,394	6,863	23,045	6,152
Ore grade (%)	1.4	1.4	1.3	1.4	1.4	1.2	1.2	1.5	1.3	1.4
Processing [1]										
Sulphide ore processed (000's tonnes)	3,381	2,576	2,777	11,994	2,449	2,791	2,443	2,699	10,382	2,318
Sulphide ore grade processed (%)	1.0	0.9	0.8	1.0	0.8	0.7	0.8	0.8	0.8	0.9
Sulphide ore recovery (%)	96	93	93	93	93	93	93	93	93	94
Mixed ore processed (000's tonnes)	545	1,477	1,566	3,588	1,249	1,288	1,289	1,636	5,462	1,638
Mixed ore grade processed (%)	1.6	1.3	1.4	1.4	1.4	1.3	1.2	1.3	1.3	1.2
Mixed ore recovery (%)	67	65	64	65	63	68	67	70	67	68
Oxide ore processed (000's tonnes)	1,300	1,540	1,478	5,661	1,250	1,408	1,495	1,521	5,674	1,517
Oxide ore grade processed (%)	2.2	2.3	2.2	2.2	2.1	2.2	2.4	2.4	2.2	2.4
Oxide ore recovery (%)	82	80	83	83	93	90	78	84	86	84
Copper cathode produced (tonnes)	21,237	25,436	21,535	92,044	19,180	20,667	21,914	24,921	86,682	25,445
Copper cathode tolled produced (tonnes)	20,368	26,344	24,901	87,015	27,201	20,350	23,564	26,386	97,501	26,655
Copper in concentrate produced (tonnes)	18,787	9,516	16,017	65,920	7,202	15,091	9,723	14,925	46,941	12,697
Total copper production	60,392	61,296	62,453	244,979	53,583	56,108	55,201	66,232	231,124	64,797
Concentrate grade (%)	27.5	27.9	27.6	27.8	27.3	27.3	24.7	24.0	24.9	23.0
Gold produced (ounces)	20,117	25,350	32,476	99,936	24,272	26,919	29,456	28,982	109,629	30,612
Combined Costs (per lb) [2]										
Mining	$0.32	$0.35	$0.35	$0.32	$0.45	$0.45	$0.45	$0.39	$0.44	$0.42
Processing	0.49	0.50	0.52	0.50	0.60	0.57	0.57	0.55	0.58	0.62
Site Administration	0.02	0.02	0.01	0.02	0.03	0.02	0.03	0.06	0.03	0.04
TC/RC and freight charges	0.30	0.28	0.29	0.29	0.29	0.26	0.29	0.30	0.28	0.30
Gold credit	(0.14)	(0.14)	(0.21)	(0.14)	(0.19)	(0.25)	(0.25)	(0.23)	(0.23)	(0.24)
Combined Total Cash Costs (C1) [2]	$0.99	$1.01	$0.96	$0.99	$1.18	$1.05	$1.09	$1.07	$1.10	$1.14
Combined Total Costs (C3) [2]	$1.27	$1.31	$1.28	$1.27	$1.39	$1.26	$1.42	$1.29	$1.31	$1.39
Revenues ($ millions)										
Copper cathodes	$176.7	$282.1	$280.4	$871.1	$308.5	$272.1	$292.8	$366.6	$1,240.0	$494.0
Copper in concentrates	58.6	97.6	99.9	280.0	65.0	64.9	71.9	96.6	298.4	69.2
Gold	18.6	18.7	29.1	74.4	22.4	30.5	29.5	33.1	115.5	34.1
Total sales revenues	$253.9	$398.4	$409.4	$1,225.5	$395.9	$367.5	$394.2	$496.3	$1,653.9	$597.3
Copper cathode sold (tonnes)	21,095	26,178	21,012	96,160	18,953	20,215	21,329	20,285	80,782	29,412
Copper tolled cathode sold(tonnes)	20,368	26,344	24,902	87,016	26,995	20,350	23,564	26,386	97,295	26,655
Copper in concentrate sold(tonnes)	15,022	21,463	16,503	56,402	10,516	14,101	10,462	12,033	47,112	7,006
Gold sold (ounces)	21,227	30,083	33,085	94,646	26,739	29,741	29,907	29,355	115,742	31,210

(1) 2009 Financial information is presented in accordance with previous Canadian GAAP and may not be appropriate as a comparative basis.
(2) For the definition of cash costs and total costs, reference should be made to the Regulatory Disclosures section

Guelb Moghrein statistics	Q2 09[1]	Q3 09[1]	Q4 09[1]	FY 09[1]	Q1 10	Q2 10	Q3 10	Q4 10	FY 10	Q1 11
Mining										
Waste mined (000's tonnes)	2,333	2,177	2,246	8,804	2,803	2,609	2,491	1,924	9,827	2,267
Ore mined (000's tonnes)	603	525	827	2,744	690	812	823	720	3,045	931
Ore grade (%)	1.8	1.6	1.5	1.6	1.4	1.6	1.4	1.5	1.5	1.5
Processing [1]										
Sulphide ore processed (000's tonnes)	474	514	769	2,287	660	744	644	748	2,796	758
Sulphide ore grade processed (%)	2.0	1.7	1.7	1.8	1.4	1.6	1.4	1.4	1.5	1.4
Recovery (%)	86	84	92	89	90	87	92	91	91	92
Copper in concentrate produced (tonnes)	8,036	7,425	11,816	36,608	8,405	10,390	8,487	9,687	36,969	10,091
Gold produced (ounces)	20,371	18,007	30,203	93,352	20,370	24,552	17,262	19,582	81,766	18,534
Sulphide Circuit Costs (per lb) [2]										
Mining	$0.19	$0.16	$0.29	$0.22	$0.31	$0.25	$0.36	$0.49	$0.35	$0.40
Processing	0.46	0.73	0.53	0.54	0.68	0.64	0.88	0.87	0.77	0.82
Site Administration	0.12	0.16	0.18	0.14	0.16	0.16	0.28	0.40	0.25	0.25
TC/RC and freight parity charges	0.45	0.49	0.51	0.48	0.42	0.48	0.51	0.48	0.48	0.47
Gold credit	(1.16)	(0.87)	(0.88)	(0.94)	(0.98)	(0.45)	(1.24)	(1.21)	(0.95)	(0.68)
Sulphide Circuit Cash Costs (C1) [2]	$0.06	$0.67	$0.63	$0.44	$0.59	$1.08	$0.79	$1.03	$0.90	$1.26
Sulphide Circuit Total Costs (C3) [2]	$0.46	$1.19	$1.02	$0.83	$1.40	$1.69	$1.85	$1.79	$1.65	$2.03
Revenues ($ millions)										
Copper in concentrates	$25.7	$24.1	$45.4	$115.7	$40.4	$26.2	$57.0	$69.1	$192.7	$49.0
Gold	21.4	16.3	24.2	81.6	20.9	13.3	21.6	25.9	81.7	19.6
Total revenues	$47.1	$40.4	$69.6	$197.3	$61.3	$39.5	$78.6	$95.0	$274.4	$68.6
Copper in concentrate sold (tonnes)	10,291	6,958	9,330	35,436	7,350	5,591	9,291	10,700	32,932	6,031
Gold sold (ounces)	24,931	18,371	25,384	91,262	22,256	14,559	15,027	20,784	72,626	14,139

Frontier Statistics	Q2 09[1]	Q3 09[1]	Q4 09[1]	FY 09[1]	Q1 10	Q2 10	Q3 10	Q4 10	FY 10	Q1 11
Mining										
Waste mined (000's tonnes)	2,017	3,282	3,932	10,626	3,506	6,239	4,869	-	14,614	-
Ore mined (000's tonnes)	2,056	2,300	1,998	8,050	1,912	2,249	1,282	-	5,443	-
Ore grade (%)	1.3	1.2	1.2	1.2	1.2	0.9	0.9	-	1.0	-
Processing [1]										
Sulphide ore processed (000's tonnes)	2,035	2,183	2,280	8,068	1,932	2,147	1,346	-	5,425	-
Sulphide ore grade processed (%)	1.3	1.2	1.2	1.2	1.1	0.8	0.9	-	1.0	-
Recovery (%)	92	92	91	92	90	93	92	-	90	-
Copper in concentrate produced (tonnes)	24,058	24,765	24,259	92,353	20,786	16,181	10,541	-	47,508	-
Sulphide Circuit Costs (per lb) [2]										
Mining	$0.23	$0.23	$0.41	$0.28	$0.49	$0.78	$0.95	-	$0.68	-
Processing	0.29	0.30	0.42	0.33	0.32	0.47	0.57	-	0.43	-
Site Administration	0.05	0.09	0.10	0.08	0.12	0.15	0.30	-	0.17	-
TC/RC and freight parity charges	0.41	0.40	0.39	0.44	0.61	0.42	0.40	-	0.49	-
Sulphide Circuit Cash Costs (C1) [2]	$0.98	$1.02	$1.32	$1.13	$1.54	$1.82	$2.22	-	$1.77	-
Sulphide Circuit Total Costs (C3) [2]	$1.12	$1.19	$1.52	$1.30	$1.80	$2.19	$2.55	-	$2.10	-
Revenues ($ millions)										
Copper in concentrates	$110.7	$107.5	$165.8	$439.2	$80.0	$63.1	$75.7	$51.2	$270.0	$13.7
Copper in concentrate sold (tonnes)	26,706	24,211	26,424	91,567	15,521	11,762	12,360	6,381	46,024	1,562

Bwana/Lonshi Statistics	Q2 09[1]	Q3 09[1]	Q4 09[1]	FY 09[1]	Q1 10	Q2 10	Q3 10	Q4 10	FY 10	Q1 11
Copper cathode produced (tonnes)	-	-	-	-	2,288	2,723	2,404	-	7,415	-
Acid produced (tonnes)	32,461	-	848	96,502	22,747	66,527	14,896	12,395	116,565	34,131
Oxide Circuit Costs (per lb)										
Oxide Circuit Cash Costs (C1) [2]	-	-	-	-	$1.27	$1.34	$1.24	-	$1.28	-
Oxide Circuit Total Costs (C3) [2]	-	-	-	-	$1.40	$1.34	$1.54	-	$1.43	-
Revenues ($ millions)										
Copper in cathodes	-	-	-	$0.4	$14.0	$17.1	$16.9	$3.6	$51.6	$0.2
Copper cathodes sold (tonnes)	-	-	-	-	2,106	2,402	2,402	505	7,415	-

[1] 2009 Financial information is presented in accordance with previous Canadian GAAP and may not be appropriate as a comparative basis.

[2] For the definition of cash costs and total costs, reference should be made to the Regulatory Disclosures section

Appendix B

REGULATORY DISCLOSURES

Seasonality

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the rain season in Zambia. The rain season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the rain 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 higher.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as of the date of this report.

Calculation of Cash Costs and Total Costs

The consolidated cash costs (C1) and total costs (C3) presented by the Company are measures that are prepared on a basis consistent with the industry standard Brook Hunt definitions but are not measures recognized under IFRS. 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/RC 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 TC/RC.

Cash costs include all mining and processing costs less any profits from by-products such as gold or acid that is allocated to that segment. 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, royalties and realized foreign exchange costs.

Calculation of Operating Cash Flow per Share

The calculations of operating cash flow per share, before and after working capital movements, are measures that are not recognized under IFRS. In calculating the operating cash flow per share, before and after working capital movements, the operating cash flow calculated for IFRS purposes is divided by the weighted average common shares outstanding for the respective period.

International Financial Reporting Standards

The Canadian Accounting Standards Board required all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's first filing under IFRS is the Q1 2011 filing which contains IFRS compliant financial statements on a comparative basis. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy.

The IFRS project team developed a conversion implementation plan comprising three major phases. These include a scoping and planning phase, a design and build phase, and an implement and review phase. The Company has completed the scoping and planning phase and the design and build phase and implement phase. The review phase will continue in future periods. Throughout the transition, all stakeholder groups were consulted to ensure complete information. These internal stakeholders include senior management from finance, treasury, tax, the Company's regional business units, information technology, human resources and the Board of Directors through the Audit Committee, among others.

Note 4 to the consolidated interim financial statements includes additional detail on our key Canadian GAAP to IFRS differences, our accounting policy decisions and IFRS, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on our financial statements on transition to IFRS or may have an impact in future periods.

Implementation

The Company has identified IFRS versus Canadian GAAP differences and various policy choices available under IFRS. Below is a reconciliation of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS.

Assets		December 31, 2010	March 31, 2010	January 1, 2010
Total assets under Canadian GAAP		5,258.6	4,966.3	4,564.6
Adjustments for differing accounting treatments				
Kolwezi project fair value adjustment	i	-	(399.8)	(399.8)
Restoration provision	ii	73.8	23.0	3.6
Borrowing costs	iii	41.1	8.2	-
Deferred income tax				
Mineral property acquisitions	iv(a)	(419.9)	(292.7)	(181.3)
Convertible bond issuance	iv(c)	-	(14.3)	(12.4)
Intercompany inventory sales	iv(e)	4.3	1.6	-
Total assets under IFRS		4,957.9	4,292.3	3,974.7

Liabilities		December 31, 2010	March 31, 2010	January 1, 2010
Total liabilities under Canadian GAAP		2,129.5	1,882.4	1,687.7
Adjustments for differing accounting treatments				
Restoration provision	ii	75.3	24.2	4.8
Deferred income tax				
Mineral property acquisitions	iv(a)	(404.3)	(283.5)	(175.9)
Total liabilities under IFRS		1,800.5	1,623.1	1,516.6

Equity		December 31, 2010	March 31, 2010	January 1, 2010
Total equity under Canadian GAAP		3,129.1	3,083.9	2,876.9
Adjustments for differing accounting treatments				
Capital stock				
Deferred income tax				
Share issuance costs	iv(b)	3.2	3.2	3.2
Convertible bond issuance	iv(c)	(8.6)	(8.6)	(8.6)
Retained earnings				
Kolwezi project fair value adjustment	i	-	(399.8)	(399.8)
Restoration provision	ii	(1.5)	(1.2)	(1.2)
Borrowing costs	iii	41.1	8.2	-
Deferred income tax				
Mineral property acquisitions	iv(a)	(15.6)	(9.2)	(5.4)
Share issuance costs	iv(b)	(3.2)	(3.2)	(3.2)
Convertible bond issuance	iv(c)	8.6	(5.7)	(3.8)
Intercompany inventory sales	iv(e)	4.3	1.6	-
Total equity under IFRS		3,157.4	2,669.2	2,458.1

Comprehensive income		Year ended December 31, 2010	Three months ended March 31, 2010
Total comprehensive (loss) income under Canadian GAAP		(350.6)	168.9
Increase (decrease) in net income for:			
Kolwezi project fair value adjustment	i	399.8	-
Restoration provision	ii	(0.3)	-
Borrowing costs	iii	41.1	8.2
Deferred income tax			
Mineral property acquisitions	iv(a)	(10.2)	(3.8)
Convertible bond issuance	iv(c)	12.4	(1.9)
Intercompany inventory sales	iv(e)	4.3	1.6
Total comprehensive income under IFRS		96.5	173.0

In addition to the measurement differences impacting comprehensive income, there are also differences in the presentation of items included in comprehensive income. In addition to the reclassifications included in the notes below under Canadian GAAP derivative instruments were included in revenues and other income and now have been classified to cost of sales under IFRS.

Presentation differences in comprehensive income		Year ended December 31, 2010	Three months ended March 31, 2010
Increase (decrease) in revenue		15.0	(6.8)
Increase (decrease) in cost of sales		(13.9)	8.1
Increase (decrease) in other income		(1.1)	(1.3)
Total		-	-

Cash flows

The adoption of IFRS had no impact on the net cash flows of the Company. The changes made to the statements of consolidated earnings and consolidated balance sheets have resulted in reclassification of various amounts on the statements of cash flows, however there have been no changes to the net cash flows, and accordingly no reconciliations have been prepared.

Notes to the IFRS reconciliations above:

i) IAS 16 Property, plant and equipment

Impairment

In accordance with Canadian GAAP, impairment testing is a two step process. The first step, using undiscounted cash flows was undertaken to determine if impairment exists. If impairment was identified, the second step was undertaken to determine the amount of the impairment to be recorded. IAS 36 *Impairment of Assets* uses a one step approach for both identifying and measuring impairments, which is based on comparing the carrying value to the recoverable amount. The recoverable amount is the higher of fair value less selling costs and value in use, which is based on discounted cash flows. The use of an undiscounted cash flow model under Canadian GAAP did not result in any impairments at the Transition Date. The use of a discounted cash flow model to determine the recoverable amount indicated a material impairment to the Company's carrying value of the Kolwezi project under IFRS.

In accordance with IFRS 1, the Company elected to measure the Kolwezi project at January 1, 2010 at fair value and use that fair value as its deemed cost which resulted in a write down of property, plant and equipment.

ii) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Restoration provisions

Consistent with IFRS, restoration provisions have been previously measured based on the estimated cost of restoration, discounted to its net present value upon initial recognition. However, adjustments to the current discount rate were not reflected in the provisions or the related assets under Canadian GAAP unless there was an upward revision in the future cost estimates. The Company elected to apply the exemption from full retrospective application as allowed under IFRS 1. As such, the Company has remeasured the restoration liability as at the Transition Date under IAS 37, estimated the amount to be included in the related asset by discounting the liability to the date in which the liability arose, and recalculated the accumulated amortization under IFRS.

Under Canadian GAAP, the unwinding of the discount was included in cost of sales and has now been reclassified to finance expense as required under IFRS.

iii) IAS 23 Borrowing costs

Under IFRS, there are no policy choices available for the capitalization of borrowing costs. IFRS requires borrowing costs to be capitalized on qualifying assets which take a substantial period of time to prepare for their intended use. A weighted average capitalization rate based on the Company's outstanding debt was used to calculate the amount of borrowing costs to capitalize on the qualifying assets at January 1, 2010 and acquired during 2010.

iv) IAS 12 Deferred taxes

a. Mineral property acquisitions

Under Canadian GAAP the Company recognized a deferred income tax liability on temporary differences arising on the initial recognition of mineral properties acquired other than in business combinations. IAS 21, *Income Taxes* does not permit the recognition of deferred taxes on such transactions.

b. Share issuance costs

IFRS requires current and deferred taxes be recognized in equity when they relate to transactions or events recognized in equity in either the same or a different period. The deferred income tax related to the share issuance costs under Canadian GAAP had not been net against share capital.

c. Convertible bond issue

Under IFRS the deferred tax consequences of a financial instrument containing both a liability and equity component are recognized both in profit or loss and in equity in accordance with the component parts under IFRS. The deferred income tax related to the liability component of the convertible bond was not recorded under Canadian GAAP.

d. Non monetary assets and liabilities

Under IAS 12, where the non-monetary assets and liabilities of an entity are measured in its functional currency but the taxable profit or tax loss and the tax base of its non-monetary assets and liabilities are determined in a different currency, deferred income tax is recognized. The review of non-monetary asset balances translated using the relevant closing exchange rates at January 1, 2010, March 31, 2010 and December 31, 2010 did not result in an adjustment to our balance sheets or statements of comprehensive income under IFRS, but may have a material impact on our tax expense in future periods.

e. Tax on intercompany inventory sales

Under IAS 12, unrealized profits resulting from intercompany transactions are eliminated from the carrying amount of assets, such as inventory. The tax effect of the transaction is calculated with reference to the local tax rate of the company that holds the inventory at the period-end. Canadian GAAP prohibits the recognition of a deferred tax asset for the difference between the tax basis of the assets in the buyer's tax jurisdiction and the cost as reported in the historical consolidated financial statements and requires the deferral of the seller's tax expense incurred upon the intercompany sale.

Control activities

For all changes to policies and procedures that were identified, the effectiveness of internal controls over financial reporting and disclosure controls and procedures was assessed and any changes implemented. The Company applied the existing control framework to the IFRS changeover process and there were no significant changes. In 2010, all accounting policy changes and transitional financial position impacts were reviewed by senior management and the Audit Committee of the Board of Directors.

Financial Reporting Expertise

The Company has an IFRS implementation team in place and employees involved with the implementation completed topic-specific training. The Company continues to provide more detailed training on the application of IFRS accounting policies and the potential impact on our consolidated financial statements to key finance employees.

Business Activities

The Company assessed the impact of the IFRS transition project on our financial covenants and key ratios. There is no material impact of the IFRS transition project on our debt compliance.

Information Technology and Systems

The Company has implemented accounting and consolidation systems in various parts of its business and changes in accounting policies, processes and collection of additional information for disclosure is incorporated in the implementation of these systems.

Review

The review phase involves continuous monitoring of changes in IFRS. As noted above IFRS accounting standards, and the interpretation thereof, are constantly evolving. As a result, the Company will continue to monitor and evaluate IFRS accounting developments. The review phase will continue in 2011.

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, 2010 under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in the securities legislation.

Since the December 31, 2010 evaluation, there have been no adverse changes to the Company's controls and procedures and they continue to remain effective.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material affect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2010 by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Forward-Looking Statements

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable US and Canadian securities laws. Such forward-looking statements or information include but are not limited to statements or information with respect to the future price of copper, gold, cobalt, nickel, PGE, and sulphuric acid, estimated future production, estimation of mineral reserves and mineral resources, our exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and our goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about the price of copper, gold, nickel, PGE, cobalt and sulphuric acid, anticipated costs and expenditures and our ability to achieve our goals. Although our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

See our annual information form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.