

First Quantum Minerals Ltd.

Consolidated Financial Statements

Third Quarter – September 30, 2007

(unaudited)

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

As at September 30, 2007 and December 31, 2006

(unaudited)

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

	September 30, 2007 \$	December 31, 2006 \$ <i>restated – note 2</i>
Assets		
Current assets		
Cash and cash equivalents	222.6	249.5
Restricted cash	-	15.0
Accounts receivable (note 10)	296.3	142.8
Inventory (note 3)	232.9	167.3
Current portion of other assets (note 6)	11.1	10.1
	<u>762.9</u>	<u>584.7</u>
Investments (note 4)	261.6	45.2
Property, plant and equipment (note 5)	1,259.9	1,068.1
Other assets (note 6)	16.0	21.7
	<u>2,300.4</u>	<u>1,719.7</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	83.1	84.8
Current taxes payable	126.8	110.0
Current portion of long-term debt (note 7)	63.9	57.7
Current portion of other liabilities (note 8)	24.3	19.4
	<u>298.1</u>	<u>271.9</u>
Long-term debt (note 7)	251.2	237.2
Other liabilities (note 8)	36.6	38.3
Future income tax liabilities	187.6	167.3
	<u>773.5</u>	<u>714.7</u>
Minority interests	179.9	85.2
	<u>953.4</u>	<u>799.9</u>
Shareholders' equity		
Capital stock	389.8	396.0
Retained earnings	852.1	523.8
Accumulated other comprehensive income	105.1	-
	<u>1,347.0</u>	<u>919.8</u>
	<u>2,300.4</u>	<u>1,719.7</u>
Commitments (note 14)		

Approved by the Board of Directors

Andrew Adams, Director Peter St. George, Director

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

First Quantum Minerals Ltd.

Consolidated Statements of Earnings and Comprehensive Income For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

	Three months ended		Nine months ended	
	September 30, 2007 \$	September 30, 2006 \$ <i>restated - note 2</i>	September 30, 2007 \$	September 30, 2006 \$ <i>restated - note 2</i>
Sales revenues				
Copper (note 10)	450.0	323.1	1,023.2	861.9
Gold	20.4	5.2	40.6	15.7
Acid	-	0.1	0.3	0.5
	<u>470.4</u>	<u>328.4</u>	<u>1,064.1</u>	<u>878.1</u>
Cost of sales	(139.3)	(81.7)	(344.1)	(200.1)
Depletion and amortization	<u>(23.0)</u>	<u>(13.7)</u>	<u>(55.3)</u>	<u>(40.0)</u>
Operating profit	308.1	233.0	664.7	638.0
Other expenses/income				
Exploration	(5.2)	(5.2)	(10.2)	(12.2)
General and administrative	(8.2)	(7.0)	(20.4)	(14.5)
Interest	(5.6)	(7.1)	(20.7)	(19.0)
Other expenses/income (note 11)	(3.6)	(2.9)	3.5	(56.4)
	<u>(22.6)</u>	<u>(22.2)</u>	<u>(47.8)</u>	<u>(102.1)</u>
Earnings before income taxes and minority interests	285.5	210.8	616.9	535.9
Income taxes	(59.3)	(56.6)	(136.0)	(145.7)
Minority interests	(42.6)	(21.0)	(95.9)	(51.7)
Net earnings for the period	<u>183.6</u>	<u>133.2</u>	<u>385.0</u>	<u>338.5</u>
Comprehensive income				
Net earnings for the period	183.6		385.0	
Other comprehensive income, net of tax				
Unrealized gain on available-for-sale securities	40.1		108.1	
Realized gain on available-for-sale securities	(0.1)		(0.5)	
	<u>40.0</u>		<u>107.6</u>	
Comprehensive income	<u>223.6</u>		<u>492.6</u>	
Earnings per common share				
Basic	\$2.71	\$2.00	\$5.70	\$5.26
Diluted	\$2.66	\$1.96	\$5.60	\$5.16
Weighted average shares outstanding (millions)				
Basic	67.7	66.6	67.5	64.3
Diluted	69.0	68.0	68.8	65.7
Total shares issued and outstanding (millions)	67.7	67.3	67.7	67.3

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Shareholders' Equity

For the nine months and year ended September 30, 2007 and December 31, 2006

(unaudited)

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

	Nine months ended September 30, 2007 \$	Year ended December 31, 2006 \$ <i>restated - note 2</i>
Capital Stock		
Common Shares		
Balance – beginning of period	399.6	160.7
Stock options exercised	5.5	4.0
Acquisition of Adastra	-	234.9
Balance – end of period	<u>405.1</u>	<u>399.6</u>
Treasury Shares		
Balance – beginning of period	(15.6)	-
Shares purchased	(17.3)	(15.6)
Restricted stock units vested	2.2	-
Balance – end of period	<u>(30.7)</u>	<u>(15.6)</u>
Contributed Surplus		
Balance – beginning of period	12.0	5.8
Compensation expense for the period	7.0	6.7
Transfers upon exercise of stock options	(1.4)	(0.5)
Transfers upon vesting of restricted stock units	(2.2)	-
Balance – end of period	<u>15.4</u>	<u>12.0</u>
Total capital stock	<u>389.8</u>	<u>396.0</u>
Retained earnings		
Balance – beginning of period as previously reported	539.1	144.8
Change in accounting policies		
Deferred stripping (note 2a)	(15.3)	(0.3)
Financial instruments (note 2b)	(5.0)	-
Net earnings for the period	385.0	399.4
Dividends	(51.7)	(20.1)
Balance – end of period	<u>852.1</u>	<u>523.8</u>
Accumulated other comprehensive income		
Balance – beginning of period	-	
Change in accounting policy, net of tax	(2.5)	
Available-for-sale securities, net of tax	107.6	
Balance – end of period	<u>105.1</u>	

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

	Three months ended		Nine months ended	
	September 30, 2007 \$	September 30, 2006 \$ <i>restated - note 2</i>	September 30, 2007 \$	September 30, 2006 \$ <i>restated - note 2</i>
Cash flows from operating activities				
Net earnings for the period	183.6	133.2	385.0	338.5
Items not affecting cash				
Depletion and amortization	23.0	13.7	55.3	40.0
Minority interests	42.6	21.0	95.9	51.7
Unrealized foreign exchange loss	2.9	0.3	3.7	2.8
Future income tax (recovery) expense	(0.3)	10.2	3.3	39.3
Stock-based compensation expense	2.5	2.7	7.0	4.7
Unrealized derivative instruments loss (gain)	1.2	(3.8)	(3.8)	15.0
Other	1.4	(1.0)	4.6	1.6
	<u>256.9</u>	<u>176.3</u>	<u>551.0</u>	<u>493.6</u>
Change in non-cash operating working capital				
Increase in accounts receivable	(59.5)	(19.2)	(158.1)	(143.8)
Increase in inventory	(17.5)	(23.4)	(63.8)	(64.2)
Increase (decrease) in accounts payable and accrued liabilities	22.0	(15.5)	5.3	59.2
Long term incentive plan contribution	-	-	(17.3)	-
	<u>201.9</u>	<u>118.2</u>	<u>317.1</u>	<u>344.8</u>
Cash flows from financing activities				
Proceeds from long-term debt	-	-	75.0	82.0
Repayments of long-term debt	(25.5)	(50.5)	(51.1)	(95.9)
Proceeds on issuance of common shares	0.3	0.5	4.1	3.5
Dividends paid	(15.3)	(5.8)	(51.7)	(20.2)
Deferred premium obligation	(2.3)	(2.8)	(6.9)	(9.1)
	<u>(42.8)</u>	<u>(58.6)</u>	<u>(30.6)</u>	<u>(39.7)</u>
Cash flows from investing activities				
Restricted cash	22.5	16.9	15.0	7.4
Property, plant and equipment	(95.1)	(68.2)	(239.1)	(177.7)
Acquisition of Adastra Minerals Inc.	-	(10.7)	-	(27.0)
Net investments	(23.6)	1.9	(88.9)	0.1
	<u>(96.2)</u>	<u>(60.1)</u>	<u>(313.0)</u>	<u>(198.0)</u>
Effect of exchange rate changes on cash	(0.3)	0.1	(0.4)	(0.1)
Increase (decrease) in cash and cash equivalents	62.6	(0.4)	(26.9)	107.0
Cash and cash equivalents - beginning of period	160.0	190.3	249.5	82.9
Cash and cash equivalents - end of period	<u>222.6</u>	<u>189.9</u>	<u>222.6</u>	<u>189.9</u>

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

1 Basis of presentation

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) disclosure requirements for interim financial statements and do not contain all the information that is required of annual financial statements. Accordingly, they should be read in conjunction with the December 2006 audited financial statements.

2 Changes in accounting policies

a) Deferred stripping

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

b) Financial instruments

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

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

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

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

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

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

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

c) Future changes in accounting policies

In June 2007, the Canadian Accounting Standards Board revised accounting standards dealing with inventories, CICA Section 3031. Effective January 1, 2008 the Company will be required to adopt this new accounting section. The Company is in the process of assessing the impact of applying this section.

3 Inventory

	September 30, 2007 \$	December 31, 2006 \$
		<i>restated – note 2</i>
Ore in stockpiles	82.2	50.7
Work-in-progress	5.3	4.9
Finished product	42.9	41.0
Total product inventory	130.4	96.6
Consumable stores and spares	102.5	70.7
Total inventory	232.9	167.3

4 Investments

	September 30, 2007 \$	December 31, 2006 \$
Carlisa Investment Corp. (a) – at cost	9.5	9.5
Available-for-sale securities (b) – at fair value (2006: at cost)	252.1	35.7
	261.6	45.2

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

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

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(unaudited)

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

5 Property, plant and equipment

	September 30, 2007			December 31, 2006		
	Cost	Accumulated amortization	Net \$	Cost	Accumulated amortization	Net \$
Plant and Equipment	731.9	(186.0)	545.9	520.9	(133.4)	387.5
Capital work-in-progress	292.7	-	292.7	264.2	-	264.2
Mineral properties and mine development costs	448.7	(27.4)	421.3	441.0	(24.6)	416.4
Total	1,473.3	(213.4)	1,259.9	1,226.1	(158.0)	1,068.1

6 Other assets

	September 30, 2007	December 31, 2006
	\$	\$
		<i>restated – note 2</i>
Prepaid power	11.6	9.9
Deferred finance fees - net of amortization	-	10.0
Fair value of derivative instruments (note 13)	5.9	2.6
Future income tax asset	-	2.5
Other	9.6	6.8
Total other assets	27.1	31.8
Less: Current portion	(11.1)	(10.1)
	16.0	21.7

7 Long-term debt

	September 30, 2007	December 31, 2006
	\$	\$
Drawn debt facilities		
Corporate revolving credit and term loan facility (a)	248.3	225.0
Kansanshi subordinated debt facility (b)	47.1	44.7
Kansanshi project completion facility (c)	19.5	25.0
Other	0.2	0.2
Total long-term debt	315.1	294.9
Less: Current portion	(63.9)	(57.7)
	251.2	237.2

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

a) Corporate revolving credit and term loan facility

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

The facility is comprised of three tranches, up to \$225.0 million, \$125.0 million, and \$100.0 million. The total aggregate 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 2.50%. Interest on tranche C is calculated at LIBOR plus 2.75%. At September 30, 2007, \$145.0 million of this facility remains available to be drawn (tranche A - \$nil, tranche B - \$50.0 million, tranche C - \$95.0 million).

The corporate revolving credit and term loan facility has a principal amount outstanding of \$255.0 million. The carrying amount is net of issue and transaction costs of \$6.7 million. The security includes an assignment of proceeds under various sales contracts from the sale of copper, copper concentrate and gold at Kansanshi, Bwana, Guelb Moghrein, and Frontier. A sinking fund was established in 2006 to meet required instalments and is recorded as restricted cash.

Subsequent to September 30, 2007, an additional \$50.0 million was drawn from tranche B.

b) Kansanshi subordinated debt facility

The Company entered into the 34.0 million Euro subordinated debt facility in December 2003 to finance the Kansanshi project. This facility is repayable in nine equal annual payments commencing October 31, 2007. Interest is calculated annually, within a range of 3.2% to 13.2%, based on the average LME cash copper price for the preceding calendar year. The interest rate is at its lower limit at a realized copper price of less than \$1,300 per tonne and increases incrementally until the copper price reaches its \$2,200 per tonne upper limit. As this facility is in Euros, the Company has entered into cross-currency principal and interest rate swaps to mitigate the effects of movements in the Euro (note 13).

The Kansanshi subordinated debt facility has a principal amount outstanding of 34 million euros. The carrying amount is net of issue and transaction costs of 0.7 million euros. The interest rate on the facility is indexed to the price of copper resulting in the existence of an embedded derivative. This embedded derivative is recorded at fair value at each period (note 13), with changes in fair value recorded as a component of other expenses.

c) Kansanshi project completion facility

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

The Kansanshi project completion facility has a principal amount outstanding of \$19.4 million, which is equal to its carrying amount.

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Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

8 Other liabilities

	September 30, 2007 \$	December 31, 2006 \$
Unrealized fair value of derivative liability (note 13)	34.5	26.6
Deferred premium obligation (note 13)	2.1	8.5
Kolwezi deferred payment	9.1	8.0
Zesco Limited	2.5	2.9
ZCCM deferred payment	3.3	3.3
Asset retirement obligations	5.5	5.0
Other	3.9	3.4
Total other liabilities	60.9	57.7
Less: Current portion	(24.3)	(19.4)
	36.6	38.3

9 Stock based compensation

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

	Three months ended		Nine months ended	
	September 30, 2007 \$	September 30, 2006 \$	September 30, 2007 \$	September 30, 2006 \$
Share stock option expense	1.0	1.1	2.9	3.1
Long term incentive plan expense	1.5	1.6	4.1	1.6
	2.5	2.7	7.0	4.7

10 Revenue contracts

Copper products are sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Revenues are recognized when title and risk pass to the customer using forward prices for the expected date of final settlement. Changes between the price recorded upon recognition of revenue and the final price due to fluctuations in copper market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue. At September 30, 2007, the Company had 44,239 tonnes (December 31, 2006 – 43,440 tonnes) of contained copper that have been provisionally priced at an average LME copper price of \$3.68 per pound (December 31, 2006 - \$2.87 per pound).

First Quantum Minerals Ltd.

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For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

11 Other expenses/income

	Three months ended		Nine months ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	\$	\$	\$	\$
Derivative instrument loss	(3.8)	(6.6)	(3.8)	(59.2)
Foreign exchange loss	(2.3)	(0.7)	(1.5)	(4.8)
Interest and sundry income	2.4	2.8	8.0	6.0
Gain on sale of investments	0.1	1.6	0.8	1.6
	(3.6)	(2.9)	3.5	(56.4)

12 Segmented information

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

For the nine months ended September 30, 2007, segmented information is presented as follows:

	September 30, 2007					
	Kansanshi \$	Bwana/ Lonshi \$	Guelb Moghrein \$	Frontier \$	Corporate \$	Total \$
Segmented revenues	781.5	157.1	152.9	-	13.1	1,104.6
Less inter-segment revenues	-	(27.4)	-	-	(13.1)	(40.5)
Revenues	781.5	129.7	152.9	-	-	1,064.1
Cost of sales	(202.2)	(104.0)	(37.9)	-	-	(344.1)
Depletion and amortization	(33.3)	(11.7)	(10.3)	-	-	(55.3)
Operating profit (loss)	546.0	14.0	104.7	-	-	664.7
Interest on long-term debt	(9.8)	-	(5.1)	-	(5.8)	(20.7)
Other	(9.7)	(3.0)	(0.3)	-	(14.1)	(27.1)
Segmented profit (loss) before undernoted items	526.5	11.0	99.3	-	(19.9)	616.9
Income taxes	(138.4)	(2.8)	-	-	5.2	(136.0)
Minority interests	(76.6)	-	(19.3)	-	-	(95.9)
Segmented profit (loss)	311.5	8.2	80.0	-	(14.7)	385.0
Property, plant and equipment	488.4	42.2	100.8	226.8	401.7	1,259.9
Total assets	820.9	178.4	209.7	238.4	853.0	2,300.4
Capital expenditures	108.6	5.0	5.8	110.4	17.4	247.2

First Quantum Minerals Ltd.

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For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

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

	September 30, 2006 <i>restated – note 2</i>					
	Kansanshi	Bwana/ Lonshi	Guelb Moghrein	Frontier	Corporate	Total
	\$	\$	\$	\$	\$	\$
Segmented revenues	611.9	288.5	-	-	10.9	911.3
Less inter-segment revenues	-	(22.3)	-	-	(10.9)	(33.2)
Revenues	611.9	266.2	-	-	-	878.1
Cost of sales	(129.5)	(70.6)	-	-	-	(200.1)
Depletion and amortization	(21.9)	(18.1)	-	-	-	(40.0)
Operating profit (loss)	460.5	177.5	-	-	-	638.0
Interest on long-term debt	(17.3)	(0.9)	-	-	(0.8)	(19.0)
Other	(61.8)	(7.9)	-	-	(13.4)	(83.1)
Segmented profit before undernoted items	381.4	168.7	-	-	(14.2)	535.9
Income taxes	(104.7)	(47.9)	-	-	6.9	(145.7)
Minority interests	(51.9)	-	-	-	0.2	(51.7)
Segmented profit (loss)	224.8	120.8	-	-	(49.4)	338.5
Property, plant and equipment	396.2	54.0	103.2	65.2	374.7	993.3
Total assets	760.1	178.5	120.4	67.6	447.5	1,574.1
Capital expenditures	25.9	0.5	11.0	30.1	90.5	158.0

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

	September 30, 2007					
	Kansanshi	Bwana/ Lonshi	Guelb Moghrein	Frontier	Corporate	Total
	\$	\$	\$	\$	\$	\$
Segmented revenues	316.1	74.5	88.2	-	5.3	484.1
Less inter-segment revenues	-	(8.4)	-	-	(5.3)	(13.7)
Revenues	316.1	66.1	88.2	-	-	470.4
Cost of sales	(80.4)	(39.4)	(19.5)	-	-	(139.3)
Depletion and amortization	(13.4)	(4.4)	(5.2)	-	-	(23.0)
Operating profit (loss)	222.3	22.3	63.5	-	-	308.1
Interest on long-term debt	(0.9)	-	(2.2)	-	(2.5)	(5.6)
Other	(8.4)	(2.0)	(0.2)	-	(6.4)	(17.0)
Segmented profit (loss) before undernoted items	213.0	20.3	61.1	-	(8.9)	285.5
Income taxes	(56.3)	(5.3)	-	-	2.3	(59.3)
Minority interests	(30.8)	-	(11.8)	-	-	(42.6)
Segmented profit (loss)	125.9	15.0	49.3	-	(6.6)	183.6
Property, plant and equipment	488.4	42.2	100.8	226.8	401.7	1,259.9
Total assets	820.9	178.4	209.7	238.4	853.0	2,300.4
Capital expenditures	45.7	2.2	2.9	32.8	11.2	94.8

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

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

	September 30, 2006					
	<i>restated – note 2</i>					
	Kansanshi	Bwana/ Lonshi	Guelb Moghrein	Frontier	Corporate	Total
	\$	\$	\$	\$	\$	\$
Segmented revenues	229.1	108.0	-	-	4.9	342.0
Less inter-segment revenues	-	(8.7)	-	-	(4.9)	(13.6)
Revenues	229.1	99.3	-	-	-	328.4
Cost of sales	(52.8)	(28.9)	-	-	-	(81.7)
Depletion and amortization	(8.1)	(5.6)	-	-	-	(13.7)
Operating profit (loss)	168.2	64.8	-	-	-	233.0
Interest on long-term debt	(6.1)	(0.7)	-	-	(0.3)	(7.1)
Other	(7.2)	(2.3)	-	-	(5.6)	(15.1)
Segmented profit before undernoted items	154.9	61.8	-	-	(5.9)	210.8
Income taxes	(39.9)	(17.8)	-	-	1.1	(56.6)
Minority interests	(21.0)	-	-	-	-	(21.0)
Segmented profit (loss)	94.0	44.0	-	-	(4.8)	133.2
Property, plant and equipment	396.2	54.0	103.2	65.2	374.7	993.3
Total assets	760.1	178.5	120.4	67.6	447.5	1,574.1
Capital expenditures	6.8	34.8	19.5	-	-	61.1

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

For the three and nine months ended September 30, 2007 and 2006

(unaudited)

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

13 Derivative instruments

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

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

	2007	2008	2009	Total	Recognized September 30, 2007	Recognized December 31, 2006
Copper (a)						
Put options (tonnes)	21,504	-	-	21,504	\$0	\$0
Price (\$/tonne)	\$1,800	-	-	\$1,800		
Gold						
Put options (oz)	9,345	24,060	38,028	71,433	\$0	\$0
Price (\$/oz)	\$350	\$350	\$350	\$350		
Forward contracts (oz)	9,345	24,060	38,028	71,433	\$(26.9)	\$(26.6)
Price (\$/oz)	\$400	\$400	\$400	\$400		
Other						
Interest rate swaps – floating to fixed					\$0.1	\$0.2
Cross currency swaps					\$5.8	\$2.4
Embedded derivative (b)					\$(7.6)	-

a) Copper

As at September 30, 2007, there were put option contracts for 21,504 tonnes of copper outstanding with a deferred premium obligation of \$2.1 million payable by December 2007.

b) Embedded derivative

The Kansanshi subordinated debt facility embedded derivative had a fair value of \$(8.2) million at December 31, 2006.

14 Commitments

In conjunction with the development of Frontier, upgrades at Kansanshi and other projects, the Company has committed to approximately \$47.1 million in capital expenditures as at September 30, 2007.



FIRST QUANTUM
MINERALS LTD.

Management Discussion and Analysis

Third Quarter Ended September 30, 2007

(expressed in US Dollars)

November 12, 2007

Key features for the quarter

- Record earnings of \$183.6 million or \$2.71 per share
- Record operating cash flow before working capital of \$256.9 million or \$3.80 per share
- Record copper production of 57,565 tonnes increases 27% compared to Q3 2006
- Record copper sales of 60,904 tonnes increases 32% compared to Q3 2006
- C1 costs reduce by 12% to \$0.98/lb compared to Q2 2007
- Guelb Moghrein segmented earnings increase 108% over Q2 2007
- Bwana/Lonshi improves over Q2 2007, but remains below last year's production levels
- Contained copper metal in concentrate inventory decreases by 3,200 tonnes to 18,200 tonnes
- Kansanshi high pressure leach project becomes operational and produces 1,291 tonnes of copper
- Frontier plant commissioning continues with production of first copper in concentrate

Key features for the year to date

- Record earnings of \$385.0 million or \$5.70 per share
- Record operating cash flow before working capital of \$551.0 million or \$8.16 per share
- Copper production increases 13% to over 153,900 tonnes compared to YTD 2006
- Net sales increase 21% compared to YTD 2006
- Net earnings increase 14% compared to YTD 2006

Outlook

- Commercial production began at Frontier on November 2
- Stockpiled copper in concentrate expected to reduce to normal operational inventory levels by year end and have a positive one-off impact on earnings
- Kolwezi project continues to move forward, with the initial engineering study nearing completion
- Kashime resource update and engineering study underway

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

Key Group results

Third quarter (Q3)		Q3 2007		Q3 2006 (Restated)		Q3 2005 (Restated)	
			% of sales		% of sales		% of sales
Production	t Cu	57,565	95	45,480	98	36,196	91
Sales	t Cu	60,904	100	46,302	100	39,864	100
Net sales	USDM	470.4	100	328.4	100	143.0	100
Operating profit	USDM	308.1	66	233.0	71	79.7	56
Net profit	USDM	183.6	39	133.2	41	41.5	29
Basic EPS	USD	\$2.71		\$2.00		\$0.67	

Year to date (YTD)		YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
			% of sales		% of sales		% of sales
Production	t Cu	153,947	102	136,746	104	76,897	98
Sales	t Cu	150,585	100	131,031	100	78,399	100
Net sales	USDM	1,064.1	100	878.1	100	267.7	100
Operating profit	USDM	664.7	62	638.0	73	142.5	53
Net profit	USDM	385.0	36	338.5	39	97.8	37
Basic EPS	USD	\$5.70		\$5.26		\$1.59	

Q3 2007 net sales

(After TC/RC charges)	Q3 2007	Q3 2006	Q3 2005
	USD M	USD M	USD M
Kansanshi - copper	309.8	223.9	88.8
- gold	6.3	5.2	3.4
Bwana/Lonshi - copper	66.1	99.2	49.6
- acid	-	0.1	1.2
Guelb Moghrein - copper	74.1	-	-
- gold	14.1	-	-
Net sales	470.4	328.4	143.0
Provisional pricing adjustment included above	3.2	11.7	7.2
Copper selling price	USD/lb	USD/lb	USD/lb
Current period sales	3.58	3.37	1.69
Prior period provisional pricing adjustment	0.02	0.11	0.08
TC/RC and freight parity charges	(0.25)	(0.31)	(0.19)
Realized copper price	3.35	3.17	1.58

Group net sales increase 43% to \$470.4 million due to record copper production and higher copper price

Record net sales were achieved due to an increase in the tonnes of copper sold (up 32% to 60,904 tonnes of copper) and an increase in the realized copper price recognized during the quarter. Group copper production reached record levels and was 27% higher than the comparative period of 2006. In addition, the copper in concentrate stockpiles were reduced by approximately 3,200 tonnes during the quarter.

The higher realized copper price and the decrease in the tolling and refining charge (TC RC) rates also contributed to the record net sales. The increasing LME copper price resulted in positive provisional pricing adjustments, however, less than the comparative period of 2006 due to higher price increases in the comparative period.

Kansanshi net sales increase 38% to \$316.1 million on the back of record copper production

Net sales, compared to the same period in 2006, increased as a result of a 26% increase in the tonnes of copper sold and an increase in the realized copper price. Kansanshi, again, reached record production levels this quarter with copper output of 41,159 tonnes. Copper production increased 28% compared to the same period in 2006 due, primarily, to an increase of 5% in oxide and 38% in sulphide ore processed as a result of the throughput expansions at Kansanshi. In addition to the positive impact of these expansions, the high pressure leach system became operational during the quarter, which contributed 1,291 tonnes of cathode production. Total sales volume was higher than production at 41,919 tonnes primarily due to 845 tonnes of sales from copper in concentrate stockpiles.

Net revenue was positively impacted by decreased TC RC and freight parity charges as the TC RC terms for the majority of Kansanshi's concentrate off-take agreements are based on annual benchmark terms, which for 2007 were lower than 2006 and included the removal of price participation as a refining cost.

Bwana/Lonshi net sales decrease 33% to \$66.1 million due to low ore availability from Lonshi

Similar to the previous quarters of 2007, net sales fell compared to the same period in 2006 as a result of the low availability of high grade ore from the Lonshi pit and the exhaustion of run-of-mine grade ore in stockpiles at the Bwana treatment plant. The effects of the mining delays during the first half of the year continued to impact production resulting in limited high grade ore available for processing. As a result, copper production was down 38% compared to the same period in 2006, but has recovered from the second quarter with a 24% increase in copper output.

Guelb Moghrein net sales increase 81% to \$88.2 million over the prior quarter on increased shipments

Copper sales revenue increased 80% due to higher production, increased concentrate shipments and an increase in the realized copper price over the second quarter of 2007. Production increased 15% to 8,101 tonnes of copper in concentrate over the second quarter due to a 10% increase in the tonnes of ore processed and the processing of higher grade ore. Production continued to streamline since achieving commercial production in the fourth quarter of 2006 with design capacities being met during the current period. With copper in concentrate sales of 10,514 tonnes exceeding production, the copper in concentrate stockpile was reduced by 2,414 tonnes since the second quarter. These improvements also resulted in an 86% increase in the gold sales credit from the prior quarter.

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

Included in the above net sales numbers was a total of \$3.2 million or \$0.02/lb for positive provisional pricing adjustments related to prior period sales as final copper settlements in the third quarter were at average LME prices of \$3.50/lb compared to the June 30, 2007 provisional forward average LME price of \$3.43/lb.

As at September 30, 2007, there were 44,239 tonnes of contained copper that were provisionally priced at an average LME copper price of \$3.68/lb. This revenue will be subject to future adjustments as a result of movements in the copper price. Of this amount, 19,532 tonnes had the final price determined in October 2007 at \$3.63/lb, 21,286 tonnes will be determined in November 2007, 952 tonnes in December 2007, and 2,469 tonnes thereafter.

Q3 2007 operating profit

	Q3 2007		Q3 2006 (Restated)		Q3 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Kansanshi	222.3	47	168.2	51	53.9	38
Bwana/Lonshi	22.3	5	64.8	20	25.8	18
Guelb Moghrein	63.5	13	-	-	-	-
Total operating profit	308.1	65	233.0	71	79.7	56
Unit costs	USD/lb	% of sales¹	USD/lb	% of sales¹	USD/lb	% of sales¹
Cash costs (C1)	\$0.98	29	\$0.90	28	\$0.64	41
Total costs (C3)	\$1.22	36	\$1.13	36	\$0.87	55

¹ Calculated as the % of current period selling price

Group operating profit increases 32% to \$308.1 million on the back of record sales

Record operating profit resulted from record sales. The profit margin benefited from the increased realized copper price but was partially offset by the unfavourable movement in the average cash unit cost of production (C1) by 9% to \$0.98/lb. Profit margin per pound of copper sold averaged \$2.30, which was a small increase from the comparative period (2006: \$2.28/lb). Cash unit costs were negatively affected by the increased costs of mining and processing at Kansanshi and the poor results at Bwana/Lonshi.

Kansanshi operating profit increases 32% to \$222.3 million despite higher operating costs

Kansanshi's average cash unit cost of production (C1) decreased by 1% to \$0.94/lb and the average total unit cost of production (C3) decreased by 3% to \$1.13/lb compared to the same period in 2006. The decrease in the average cash unit cost was due, primarily, to a decrease in TC RC and freight parity charges of 52%, which was offset by an increase in mining costs of 41% and an increase in processing unit costs of 18%. The original Kansanshi Definitive Feasibility Study was based on a \$0.80/lb copper price, and revisions in the reserve model for higher current prices resulted in a reduction of the grade of ore treated through the two process routes. The decision to process lower grade ore and higher acid consuming mixed ores through the leach circuit resulted in the need for external purchases of a significant quantity of acid at a much higher marginal cost, increased ore and processing costs. Increases in oil-based consumables, electricity and wage costs all contributed to the increased mining and processing costs. In addition, ore costs were negatively impacted by the adoption of a new deferred stripping policy from January 1, 2007.

Bwana/Lonshi operating profit of \$22.3 million as operation begins recovery from extreme wet season

Bwana copper production continued to be significantly affected by the lack of available high grade ore for processing due to the previous heavy rainy season and the related delays in mining. This resulted in an increase of the average cash unit cost of production (C1) by 145% to \$1.81/lb and the average total unit cost of production (C3) by 125% to \$2.25/lb as compared to the same period in 2006. The lack of available high grade ore resulted in a 225% increase in mining costs and reduced the copper output. This reduction in output and the increase in oil based consumables, electricity and wage costs resulted in a 71% increase in processing costs. However, the average cash unit cost (C1) decreased from the prior quarter by 24% as the mining of ore from the Lonshi pit improved compared to the first half of the current year.

Guelb Moghrein operating profit of \$63.5 million on higher sales and decreasing costs

In addition to Guelb Moghrein increasing its concentrate shipments to buyers, costs continued to decrease as the average cash unit cost of production (C1) decreased by 63% to \$0.26/lb and the average total unit cost of production (C3) decreased by 30% to \$0.76/lb compared to the previous quarter. The largest contributors to the decrease in the unit costs were an increase in the realized gold credit of 63% mainly due to extra concentrate shipments from inventory and a decrease in mining costs of 29% due to lower waste stripping and improved mining efficiencies. In addition, unit processing costs decreased by 10% due to the increase in copper output.

Q3 2007 net profit

	Q3 2007		Q3 2006 (Restated)		Q3 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	308.1	66	233.0	71	79.7	56
Corporate costs	(10.6)	(2)	(7.7)	(2)	(3.6)	(3)
Derivative gains/(losses)	(3.7)	(1)	(6.6)	(2)	(5.7)	(4)
Gain on sale of investment	0.1	-	1.6	-	-	-
Exploration	(5.2)	(1)	(5.2)	(2)	(1.5)	(1)
Interest (net)	(3.2)	(1)	(4.3)	(1)	(4.9)	(3)
Tax expense	(59.3)	(14)	(56.6)	(17)	(15.7)	(11)
Minority interests	(42.6)	(9)	(21.0)	(6)	(6.8)	(5)
Net profit	183.6	38	133.2	41	41.5	29
Earnings per share						
- basic	\$2.71		\$2.00		\$0.67	
- diluted	\$2.66		\$1.96		\$0.66	
Weighted average shares outstanding						
- basic	67.7		66.6		61.6	
- diluted	69.0		68.0		63.1	

Group net profit increases 38% to set Company record at \$183.6 million for a quarter

The record net profit was the result of record sales and production at Kansanshi and the increased profitability of Guelb Moghrein. In addition, Guelb Moghrein's current tax exempt status resulted in a lower group tax expense percentage of net income. There was an offset from higher minority interest share of profit compared to the same period in 2006.

Corporate costs rise on increasing administrative and support costs

With the increase in operations and capital projects, the administrative and support function continued to grow resulting in increased costs. In addition, stock based compensation expense increased as a result of appreciation in the Company's share price and continued grants under the long-term incentive plan.

Derivative losses decrease due to less contractual obligations

Following the closing of virtually all of the Company's commodity-based derivatives in 2006, the Company was no longer exposed to derivative losses resulting from an increasing copper price.

Interest expense, net of interest income, decreases 26% to \$3.2 million due to capitalization of project related interest costs

The Company capitalized interest costs on facility funds drawn for the development of Frontier, which reduced the interest expense compared with the same period in 2006 despite the higher comparative debt level.

Q3 2007 cash flow

	Q3 2007	Q3 2006 (Restated)	Q3 2005 (Restated)
	USD M	USD M	USD M
Cash flow from operating activities			
- before working capital	256.9	176.3	78.2
- after working capital	201.6	118.3	64.4
Cash flow from financing activities	(42.8)	(58.6)	(5.9)
Cash flow from investing activities	(96.2)	(60.1)	(51.3)
Net cash flow	62.6	(0.4)	7.2
Cash flow per share			
- before working capital	\$3.80	\$2.65	\$1.27
- after working capital	\$2.98	\$1.77	\$1.04

Cash inflow from operating activities increases 70% to \$201.6 million on record net profits

Operating cash flow before working capital movements continued to be driven by the Company's operating results with an increase of 46% over the same period in 2006.

Operating cash flow after working capital movements for the quarter was impacted by an increase in accounts receivable of approximately \$59.5 million, a build up in inventory of approximately \$17.5 million and an increase in accounts payables of \$22.0 million. The increase in accounts receivable was due to the increase in the volume of sales during the third quarter of 2007 and an increase in the provisional price at quarter end. Inventory was impacted by an increase in ore stockpiles and higher stores and consumables. The payables increase was due, primarily, to the timing of tax payments.

The increase in operating cash flow after working capital movements compared to the comparative period in 2006 was due to the increase in net cash earnings. Working capital movements for the quarter were similar in aggregate to last year.

Cash outflow from financing activities decreases 27% to \$42.8 million due to lower debt repayments

Financing activities included scheduled long-term debt repayments totalling \$25.5 million on the corporate revolving credit and term loan facility and the Kansanshi project completion facility. These repayments were lower than in the same period in 2006 on debt facilities outstanding at that time. This was partly offset by an increase in dividend payments during the current quarter as compared to the same period in 2006.

Cash outflow from investing activities increases 60% to \$96.2 million due to continued capital investment

Investing activities included \$95.1 million of capital investment on the Frontier project, Kansanshi expansion projects, and the Kolwezi project, which was an increase of \$16.2 million compared to the same period in 2006. In addition, the Company acquired an additional \$12.3 million of marketable securities and \$11.3 million of asset backed commercial paper was reclassified from cash to available-for-sale investments during the quarter.

YTD 2007 net sales

	YTD 2007	YTD 2006	YTD 2005
(After TC/RC charges)	USD M	USD M	USD M
Kansanshi - copper	765.7	596.2	133.3
- gold	15.8	15.7	4.0
Bwana/Lonshi - copper	129.4	265.7	126.7
- acid	0.3	0.5	3.7
Guelb Moghrein - copper	128.1	-	-
- gold	24.8	-	-
Net sales	1,064.1	878.1	267.7
Provisional pricing adjustment included above	(9.7)	30.9	-
Copper selling price	USD/lb	USD/lb	USD/lb
Current period sales	3.36	3.19	1.63
Prior period provisional pricing adjustment	(0.03)	0.11	-
TC/RC and freight parity charges	(0.25)	(0.32)	(0.12)
Realized copper price	3.08	2.98	1.51

Group net sales increase 21% to \$1,064.1 million on higher copper production and copper price

Sales volume increased (up 15% to 150,585 tonnes of copper) as a result of higher copper production (up 13% to 153,947 tonnes of copper). Net sales further increased as a result of a higher average copper price for the period of \$3.36/lb compared to \$3.19/lb in the same period in 2006. In addition, TC RC and freight parity charges were lower under 2007 annual contract terms. However, provisional pricing adjustments to prior period sales had a negative impact in the current period due to the final settlement of copper sold in 2006 at prices lower than the December 31, 2006 provisional price.

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

Kansanshi net sales increase 28% to \$781.5 million as capital expansions result in increased production

Net sales, compared to the same period in 2006, rose as a result of increased copper production and higher copper prices. Despite the processing of lower grade ores, production increased (up 15% to 112,812 tonnes) due, primarily, to the 15% increase in oxide and 34% increase in sulphide ore processed as compared to the same period in 2006. This increase in ore throughput was attributable to the capital expansions at Kansanshi, including the commissioning of the new SX/EW facility during the third quarter of 2006. Sales volume increased 21% to 111,899 tonnes, with the balance of the increased sales revenue coming from the higher average price received and lower TC RC and freight parity charges. TC RC terms for the majority of Kansanshi's concentrate off-take agreements are based on annual benchmark terms, which for 2007 were lower than 2006 and included the removal of price participation as a refining cost.

Bwana/Lonshi net sales decrease 51% to \$129.7 million due to low ore availability from Lonshi

Net sales fell as a result of the low availability of high grade ore from the Lonshi pit and the exhaustion of run-of-mine grade ore in stockpiles at the Bwana treatment plant. The heavy rains during the last wet season resulted in mining delays at the Lonshi pit as the Lonshi fleet was used to reconstruct pit walls and rebuild roads that were damaged from the excessive water. This together with the temporary DRC border closure in March/April, resulted in a decrease in ore production of 39% compared to the same period of 2006 and a decrease in copper cathode production (down 49% to 19,538 tonnes) at the Bwana SX/EW facility. To maintain throughput at the Bwana processing facility its low grade ore stockpiles were fully utilized and additional ore from external vendors was purchased. Sales volume, as a result, decreased 49% to 19,504 tonnes.

Guelb Moghrein net sales of \$152.9 million as shipments increase significantly

Production continued to increase as the processing plant continued to improve during the period following commencement of operations in October 2006. Through better engineering and maintenance, ore mill rates increased steadily resulting in total production for the period of 21,597 tonnes. Sales volumes were 11% lower than production, however, concentrate shipments improved significantly due to sales agreements with new customers being finalised and continued improvements in the shipping logistics .

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

Included in the above net sales numbers was a total of \$9.7 million or \$0.03/lb for negative provisional pricing adjustments related to prior period sales as the majority of provisionally priced copper at December 31, 2006 settled in January and February at average LME prices of \$2.57/lb for each month compared to the December 31, 2006 provisional price of \$2.87/lb.

YTD 2007 operating profit

	YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Kansanshi	546.0	51	460.5	53	78.3	29
Bwana/Lonshi	14.0	1	177.5	20	64.2	24
Guelb Moghrein	104.7	10	-	-	-	-
Total operating profit	664.7	62	638.0	73	142.5	53
Unit costs	USD/lb	% of sales¹	USD/lb	% of sales¹	USD/lb	% of sales¹
Cash costs (C1)	\$1.05	34	\$0.86	29	\$0.62	41
Total costs (C3)	\$1.30	42	\$1.08	36	\$0.83	55

¹ Calculated as the % of current period selling price

Group operating profit increases 4% to \$664.7 million impacted by ore availability at Bwana/Lonshi operation

Despite the 19% increase in operating profit at Kansanshi compared to the same period in 2006 and Guelb Moghrein's strong results, the combined increase in operating profit was impacted by the results from Bwana/Lonshi. The lack of high grade ore available for processing contributed to an increase in average cash unit cost of production (C1) by 22% to \$1.05/lb compared to the same period in 2006. This resulted in average profit margins per pound of copper sold of \$2.00, which decreased from the comparative period (2006: \$2.21/lb).

Kansanshi operating profit increases 19% to \$546.0 million despite the processing of lower grade ore

Kansanshi's average cash unit cost of production (C1) increased by 2% to \$0.91/lb and the average total unit cost of production (C3) increased by 4% to \$1.11/lb compared to the same period in 2006. This increase was due to an increase in ore costs of 77% and an increase in processing unit costs of 29%, which were offset by a decrease in TC RC and freight parity charges of 57%. The original Kansanshi Definitive Feasibility Study was based on a \$0.80/lb copper price, and revisions in the reserve model for higher current prices resulted in a reduction of the grade of ore treated through the two process routes. The decision to process lower grade ore and higher acid consuming mixed ores through the leach circuit, resulted in need for external purchases of a significant quantity of acid at a much higher marginal cost, increased ore and processing costs. Increases in oil-based consumables, electricity and wage costs all contributed to the increased ore and processing costs. In addition, ore costs were negatively impacted by the adoption of a new deferred stripping policy from January 1, 2007.

Bwana/Lonshi operating profit of \$14.0 million

Bwana copper production was significantly affected by the lack of available high grade ore for processing due to the heavy rainy season and a temporary border closure earlier in the year. This resulted in an increase of the average cash unit cost of production (C1) by 182% to \$2.17/lb and the average total unit cost of production (C3) by 146% to \$2.58/lb as compared to the same period in 2006. Mining unit costs were significantly impacted by these problems resulting in a 250% increase.

Guelb Moghrein operating profit of \$104.7 million as production reaches design capacity / lower unit costs

Guelb Moghrein copper in concentrate production achieved design capacity by the end of the period with continued cost improvements since the beginning of the year with an average cash unit cost of production (C1) of \$0.71/lb and an average total unit cost (C3) of \$1.13/lb for the period. This improvement continued to be driven by an increase in copper output, an increase in the gold credit and improved production processes as the operation continued to stabilize since achieving commercial production in October 2006.

YTD 2007 net profit

	YTD 2007		YTD 2006 (Restated)		YTD 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	664.7	62	638.0	73	142.5	53
Corporate costs	(22.0)	(2)	(19.1)	(2)	(2.7)	(1)
Derivative gains/(losses)	(3.7)	-	(59.2)	(7)	(9.1)	(3)
Gain on sale of investment	0.8	-	1.6	-	16.1	6
Exploration	(10.2)	(1)	(12.2)	(1)	(3.7)	(1)
Interest (net)	(12.7)	(1)	(13.2)	(1)	(8.5)	(3)
Tax expense	(136.0)	(13)	(145.7)	(17)	(26.6)	(10)
Minority interests	(95.9)	(9)	(51.7)	(6)	(10.2)	(4)
Net profit	385.0	36	338.5	39	97.8	37
Earnings per share						
- basic	\$5.70		\$5.26		\$1.59	
- diluted	\$5.60		\$5.16		\$1.55	
Weighted average shares outstanding						
- basic	67.5		64.3		61.5	
- diluted	68.8		65.7		63.0	

Group net profit increases 14% to \$385.0 million on lower derivative losses and tax expense

The increase in net profit was attributable to increased operating income and lower derivative losses compared to the same period in 2006. In addition, Guelb Moghrein's current tax exempt status results in a lower group tax expense proportion of profit. There was an offset from minority interests' share of profit compared to the same period in 2006.

Derivative losses decrease significantly due to less contractual obligations

Following the closing of virtually all the Company's commodity-based derivatives in 2006, the Company was no longer exposed to derivative losses resulting from an increasing copper price.

Exploration costs decrease 16% to \$10.2 million due to lower exploration activities

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

Interest expense, net of interest income, decreases 4% to \$12.7 million due to capitalization of project related interest costs

The Company capitalized interest costs on facility funds drawn for the development of Frontier, which reduced the interest expense compared with the same period in 2006 despite the higher comparative debt level.

YTD 2007 cash flow

	YTD 2007	YTD 2006	YTD 2005
		(Restated)	(Restated)
	USD M	USD M	USD M
Cash flow from operating activities			
- before working capital	551.0	493.6	136.7
- after working capital	316.7	344.7	85.9
Cash flow from financing activities	(30.6)	(39.7)	(1.5)
Cash flow from investing activities	(313.0)	(198.0)	(71.1)
Net cash flow	(26.9)	107.0	13.3
Cash flow per share			
- before working capital	\$8.16	\$7.67	\$2.22
- after working capital	\$4.70	\$5.36	\$1.39

Cash inflow from operating activities decreases 8% to \$316.7 million due to working capital movements

Operating cash flow before working capital movements continued to be driven by the Company's operating results with a 12% increase, compared to the same period in 2006.

Operating cash flow after working capital movements for the year to date was impacted by an increase in accounts receivables of \$158.1 million, a build up in inventory of \$63.8 million and contributions to the long term incentive plan of \$17.3 million, which all contributed to the decrease in the current period. The increase in accounts receivable was due to the increase in sales volume during the latter part of the period and the increase in the provisional price for copper at September 30, 2007.

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

Cash outflow from financing activities decreases 23% to \$30.6 million due to lower debt repayments

The decrease in financing cash outflow was due to lower long term debt repayments of \$51.1 million compared to \$95.9 million in the comparative period of 2006, partly offset by an increase in dividends paid of \$31.5 million compared to last year.

Cash outflow from investing activities increases 58% to \$313.0 million following capital investments

Investing activities included the purchase of \$77.6 million in shares of publicly listed companies held for investment purposes and \$239.1 million in continued capital expansion related to the Frontier project, the Kansanshi high pressure leach project and sulphide circuit upgrade, and initial expenditure on the Kolwezi project. In addition, \$11.3 million of asset backed commercial paper was reclassified from cash to other assets during the latter part of the period.

Q3 2007 balance sheet

	Q3 2007	Q4 2006 (Restated)	Q4 2005 (Restated)
	USD M	USD M	USD M
Cash	222.6	249.5	82.9
Property, plant and equipment	1,259.9	1,068.1	471.3
Total assets	2,300.4	1,719.7	745.8
Long term debt	315.1	294.9	235.0
Total liabilities	953.4	799.9	434.7
Shareholders' equity	1,347.0	919.8	311.1
Net working capital	464.8	312.8	81.2
Net debt to net debt plus equity	6%	5%	33%

Group assets rise 34% to \$2,300.4 million

The Company's positive operating cash flow enabled continued capital expenditure and investment. Working capital also rose significantly during the period.

The Company holds \$11.3 million of asset backed commercial paper (ABCP), which matured in August. Due to disruptions in the markets, the funds were not repaid when due to the Company. The defaulting issuers of this ABCP were placed in an interim standstill arrangement (Montreal Agreement) to restructure these investments and no final resolution has yet been achieved. The Company has no reason to believe at this stage that 100% of the initial investment will not be recovered in due course. The Company is monitoring the process of restructure and will review its position in the current quarter in the light of any developments.

Inventory balances increased due, mainly, to an additional \$31.8 million in consumable stores and an increase of \$31.5 million in ore stockpiles. In addition, finished product remained higher than the balance at December 31, 2006, but decreased by \$9.5 million since the previous quarter end. The Company had stockpiles of approximately 18,200 tonnes of copper in concentrate at quarter end, which was a reduction of approximately 3,200 tonnes since June 30, 2007. Of this total, approximately 9,000 tonnes is Kansanshi copper in concentrate production that is stockpiled at the Mufulira smelter awaiting treatment, with the balance stockpiled at the Guelb Moghrein plant and the Nouakchott port awaiting shipment.

The Company continued investment in publicly traded company shares by acquiring \$77.6 million of marketable securities at cost during 2007. The Company recognized an additional \$129.6 million of comprehensive income before tax due to the appreciation in the fair value of these investments for the period, resulting in a closing carrying value of \$240.8 million. Property, plant and equipment balances increased by \$191.8 million, net of depreciation, as the Company continued developing the Frontier project, the Kansanshi high pressure leach project and sulphide circuit upgrade and began work on the Kolwezi project.

Group liabilities increase 19% to \$953.4 million

Long-term debt increased by \$20.2 million due to net draw downs during the year to assist in the funding of the Frontier project. Minority interests increased by \$94.7 million due to the positive operating results at Kansanshi and Guelb Moghrein. In addition, future income tax liabilities increased by \$20.3 million due, primarily, to the appreciation in fair value of the investments.

Shareholders' equity increase 46% to \$1,347.0 million

Positive earnings of \$385.0 million were offset by the payment of dividends of \$51.7 million. In addition, with the adoption of the new accounting policy on financial instruments, the Company recognized \$107.6 million of accumulated other comprehensive income after tax, which was directly related to the appreciation of the investments in publicly traded

securities.

Growth activities

Frontier begins commercial production

At Frontier, the metallurgical plant and infrastructure is substantially complete. Mining of the Frontier ore body has made significant progress following the end of the record wet season. Approximately 500,000 tonnes of sulphide ore has been mined for plant start up. First copper in concentrate was produced in September. Full plant commissioning continues and commercial production started on November 2.

Kolwezi development in DRC

The Company continued to progress the early phases of the Kolwezi Project. Good progress has been made on development of the flow sheet and detailed designs which will form the basis of the project capital cost estimate. An updated engineering study is expected to be completed during the fourth quarter of 2007 to enable a decision to proceed. In parallel with the development of design and capital cost estimate preparation, the Company will be proceeding with some specific infrastructure works during the course of this year. The following activities are underway - construction of an access road to the site; establishment of site communications and a construction camp; construction of first phase housing, and negotiations for power requirements with SNEL. Assuming a commitment is made to proceed, the aim is to allow process plant construction to begin from the commencement of the dry season in March 2008.

Kansanshi high pressure leach (“HPL”) facility autoclave #2 commissioning

Operation of the HPL facility continued during the third quarter, and some additional redesign/upgrade work was undertaken (upgrade of autoclave agitator seals to an improved design). The autoclave metallurgical performance continued to meet or exceed its design expectation. Efforts were concentrated on obtaining steady state operating data, and to continue to implement improvements which will result in maximizing continuous and reliable run time. The second autoclave was prepared for service, and curing of the refurbished internal brickwork was in process of being completed. The second autoclave is expected to be put into service in the fourth quarter, once all improvements that have been carried out to date on the first autoclave are also completed on the second autoclave. The HPL throughput will then operate above design but will be constrained by the oxygen plant capacity. At this stage both autoclaves will be operating well below their limits. Investigations have, therefore, commenced to determine ways to best exploit the underutilized capacity.

Kansanshi sulphide project construction continues

The construction works for the Kansanshi sulphide circuit expansion to a nominal annual throughput of 12 million tons are progressing well. Concrete works are nearly complete, structural erection is well progressed and mechanical installation works are underway. Electrical installation works will commence in November. Essentially all equipment items have been ordered for the project, with the majority of equipment now on site. Delivery of the main long lead items, namely the gyratory crusher, the SAG mill and the ball mill are outstanding. The delivery to site of these items will directly influence the project completion. Construction completion and commissioning is still expected in the first half of 2008.

Kansanshi to build fourth 35,000 tonne per year electrowinning tank house

The Board of Directors has approved the construction of a fourth 35,000 tonne per year electrowinning tank house at Kansanshi. This will bring on site electrowinning capacity to 140,000 tonnes of copper cathode per year. The new tank house will be based on existing designs with an estimated capital cost of \$16 million. Construction will begin immediately with completion expected by the second half of 2008.

Kashime resource calculation and engineering study for 50,000 tonne copper operation underway

An updated resource estimate is currently underway on the Kashime deposit located in Zambia. Concurrently, an engineering study has been initiated to evaluate the economics of a mining operation producing approximately 50,000

tonnes of copper per year.

Outlook

Group copper production estimate for 2007 remains 215,000 tonnes

Based on nine month production figures the Company still expects to produce approximately 215,000 tonnes of copper in 2007. This expected production includes approximately 150,000 tonnes from Kansanshi, approximately 27,000 tonnes from Bwana/Lonshi, approximately 30,000 tonnes from Guelb Moghrein, and approximately 8,000 tonnes from Frontier.

During the remainder of the year, the Company anticipates group C1 cash costs to be around \$1.00 per pound of copper, excluding the impact of any additional gold credits from the new gold plant at Kansanshi or any higher realization costs arising from treatment of concentrate through alternative channels referred to below. The copper in concentrate inventories held at Kansanshi (9,733 tonnes) and Guelb Moghrein (8,483 tonnes) are expected to reduce to no more than normal operating levels (Kansanshi about 7,500 tonnes and Guelb Moghrein about 2,500 tonnes) by year end.

During October, approximate total copper production from Kansanshi was 16,400 tonnes, consisting of 8,600 tonnes of oxide and 7,800 tonnes of sulphide. Bwana/Lonshi produced approximately 2,800 tonnes of copper cathode and Guelb Moghrein produced approximately 2,700 tonnes of copper in concentrate. In total, the Company produced approximately 21,900 tonnes and recognized sales of approximately 20,000 tonnes of copper in October.

Mfulira smelter continues to experience operating difficulties

The Mfulira smelter continues to have operating issues which have limited its concentrate treatment capacity. These operating issues are expected to continue into 2008. The Company has recently been advised by Mopani that it will be unable to treat all of the Company's anticipated concentrate production from Kansanshi and Frontier for the balance of 2007. Resulting from this advice the Company will arrange to treat surplus concentrates from Kansanshi and Frontier through alternative channels including other Copperbelt and overseas smelters. Depending on the final terms negotiated this may result in slightly higher realization costs for some of the concentrate sold due to higher freight charges for export. In addition, as much tonnage of concentrates as possible will continue to be treated via HPL at Kansanshi.

Kansanshi focused on HPL, sulphide expansion and gold plant commissioning

Kansanshi continues to operate at a steady rate of production of approximately 12,500 tonnes of copper metal per month. During the fourth quarter, attention will continue to focus on both the HPL facility, targeting steady state production from autoclave #1 and autoclave #2, and on construction activities for the sulphide circuit expansion.

Construction of a carbon-in-leach ("CIL") gold facility is complete. Water commissioning of the gold facility was successfully completed in early October. Process commissioning is expected to occur in early November. The CIL facility will be used in combination with the HPL facility on a campaign basis to treat gold rich gravity concentrates. The gold plant project comprises a one ton per day Pressure Zadra circuit designed to treat gravity concentrate and leach residue from the HPL plant to produce gold/silver doré. Currently, the Company has stockpiled gold rich gravity concentrates containing approximately 27,000 ounces of gold. Realizing the value of this will result in a significant credit to earnings and C1 costs. Realization of the value of these concentrates is expected to occur during the first quarter of 2008.

Continuing build-up of the mining fleet is expected to result in increased production in the fourth quarter and 2008.

Bwana/Lonshi focused on stockpiling ore ahead of the wet season

The supply of ore from the Lonshi operation returned to normal levels during the third quarter. Mining activities will focus on establishing a stockpile of ore at the Bwana processing facility ahead of the wet season (November-March)

The Lonshi oxide reserve should be exhausted in mid 2008. It is anticipated that about 27,000 tonnes of cathode will be produced at Bwana during 2007 with the operation producing at an average rate of approximately 2,500 tonnes of cathode copper per month for the remainder of 2007 and then declining in the first part of 2008. The Company continues to assess alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore is exhausted.

Guelb Moghrein producing copper concentrates above design levels

During the third quarter, the process plant at Guelb Moghrein operated at above design throughput capacity attaining steady operations while improving and optimizing the flotation circuit.

The average production for the remainder of the year is expected to be approximately 2,500 tonnes of contained copper per month with planned sales of 4,500 tonnes of copper per month for the last quarter. It is expected that the concentrate stockpile at site will be reduced to an operating level of about 2,500 tonnes of contained copper (approximately one month's production) by year end.

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

A NI 43-101 compliant resource is expected before year end and initial investigations into expanding the processing facility to 45,000 tonnes of copper year are underway. An exploration program to test coincident magnetic and induced polarization anomalies surrounding Guelb Moghrein with three drill rigs has commenced.

Frontier project to produce approximately 8,000 tonnes of copper in 2007

Commissioning of the Frontier process plant continues. Estimated copper production for 2007 is 8,000 tonnes of copper metal and 75,000 tonnes of copper metal in 2008.

Production in the first quarter of 2008 is expected to be particularly impacted by the rains because, at this early stage, limited opportunity has been available to pre-empt the effect of the wet season.

Kolwezi tailings project feasibility study nears completion

Updated capital estimates for the revised process plant will be available in time to make major plant commitments prior to the end of 2007. Preparatory site works have commenced to meet a schedule for start-up in 2009. The plant is expected to start at a production level of 35,000 tonnes copper cathode per annum and about 5,000 tonnes per annum of cobalt. It will be designed for immediate doubling of capacity and a staged increase to triple the output.

The Government of the Democratic Republic of Congo are currently conducting a review of all agreements involving formerly State-owned mining assets. This review has been undertaken to ensure the final terms of all agreements have been agreed after a rigorous and transparent process with the interests of the Government fairly represented in the final terms. The company acquired its interest in the Kolwezi Tailings Project through the on market acquisition of Adastra Minerals Inc. As a former state owned asset, the Kolwezi tailings project has been included in this review, the results of which are expected in early 2008.

Appendix A

Summary of quarterly and current year to date results

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

Summary of Quarterly and Current Year to Date Results (unaudited)								
Statement of Operations and Retained Earnings (millions, except where indicated)	2006 Q1	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 YTD
<i>Revenues</i>								
Current period copper sales ⁽¹⁾	\$165.6	\$295.9	\$311.4	\$243.7	\$265.6	\$302.5	\$446.8	\$1,032.9
Prior period provisional copper adjustments ⁽²⁾	16.9	60.4	11.7	(31.7)	(17.5)	22.6	3.2	(9.7)
Other revenues	4.7	6.2	5.3	4.4	8.0	12.5	20.4	40.9
Total revenues	187.2	362.5	328.4	216.4	256.1	337.6	470.4	1,064.1
Cost of sales (restated)	53.2	65.2	81.7	88.5	96.7	108.1	139.3	344.1
Net earnings (restated)	55.8	149.5	133.2	60.9	78.3	123.1	183.6	385.0
Basic earnings per share (restated)	\$0.90	\$2.32	\$2.00	\$0.93	\$1.16	\$1.83	\$2.71	\$5.70
Diluted earnings per share (restated)	\$0.88	\$2.27	\$1.96	\$0.91	\$1.14	\$1.79	\$2.66	\$5.60
<i>Copper selling price</i>								
Current period copper sales (per lb)	\$2.32	\$3.14	\$3.37	\$2.89	\$2.96	\$3.28	\$3.58	\$3.36
Prior period provisional adjustments (per lb)	0.21	0.57	0.11	(0.35)	(0.18)	0.23	0.02	(0.03)
Gross copper selling price (per lb)	2.53	3.71	3.48	2.54	2.78	3.51	3.60	3.33
Tolling and refining charges (per lb)	(0.12)	(0.19)	(0.19)	(0.08)	(0.12)	(0.16)	(0.15)	(0.14)
Freight parity charges (per lb)	(0.15)	(0.16)	(0.12)	(0.14)	(0.12)	(0.10)	(0.10)	(0.11)
Realized copper price (per lb)	2.26	3.36	3.17	2.32	2.54	3.25	3.35	3.08
Average LME cash copper price (per lb)	2.24	3.29	3.48	3.21	2.69	3.46	3.50	3.22
Realized gold price (per oz)	\$563	\$631	\$581	\$628	\$661	\$629	\$700	\$670
Average gold price (per oz)	\$554	\$627	\$622	\$614	\$650	\$667	\$681	\$666
Total copper sold (tonnes) ⁽³⁾	36,635	48,094	46,302	41,454	44,315	45,366	60,904	150,585
Total copper produced (tonnes) ⁽³⁾	42,086	49,180	45,480	46,531	46,403	49,979	57,565	153,947
Total gold sold (ounces) ⁽³⁾	8,079	9,611	8,864	6,944	12,004	19,422	29,182	60,608
Cash Costs (C1) (per lb) ⁽⁴⁾	\$0.81	\$0.87	\$0.90	\$1.00	\$1.06	\$1.12	\$0.98	\$1.05
Total Costs (C3) (per lb) ⁽⁴⁾	\$1.01	\$1.07	\$1.13	\$1.24	\$1.30	\$1.38	\$1.22	\$1.30
Financial Position								
Working capital (restated)	\$106.9	\$245.6	\$308.0	\$312.8	\$246.7	\$390.8	\$464.8	\$464.8
Copper in concentrate inventory (tonnes)								
Kansanshi	7,157	8,389	7,242	9,046	7,102	10,578	9,733	9,733
Guelb Moghrein	-	-	2,345	6,068	10,182	10,897	8,483	8,483
Total copper in concentrate inventory (tonnes)	7,157	8,389	9,587	15,114	17,284	21,475	18,216	18,216
Total assets (restated)	\$839.5	\$1,398.1	\$1,574.0	\$1,719.7	\$1,797.1	\$2,035.4	\$2,300.4	\$2,300.4
Weighted average # shares (000's)	61,808	64,564	66,615	67,287	67,318	67,531	67,681	67,512
Cash Flows from								
<i>Operating activities</i>								
Before working capital movements (restated)	\$103.8	\$213.5	\$176.3	\$70.6	\$118.9	\$175.2	\$256.9	\$551.0
After working capital movements (restated)	83.9	142.5	118.3	129.3	74.6	40.5	201.6	316.7
Financing activities (restated)	(13.2)	32.1	(58.6)	53.1	(25.8)	38.0	(42.8)	(30.6)
Investing activities (restated)	(46.1)	(91.8)	(60.1)	(122.8)	(102.0)	(114.8)	(96.2)	(313.0)
Cash Flows from Operating activities per share								
Before working capital movements (restated)	\$1.68	\$3.31	\$2.65	\$1.05	\$1.77	\$2.59	\$3.80	\$8.16
After working capital movements (restated)	\$1.36	\$2.21	\$1.77	\$1.92	\$1.11	\$0.60	\$2.98	\$4.70

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)								
	2006	2006	2006	2006	2007	2007	2007	2007
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD
Kansanshi Production Statistics								
<i>Mining</i>								
Waste mined (000's tonnes)	2,588	5,516	6,683	7,123	5,316	6,681	6,482	18,479
Ore mined (000's tonnes)	1,382	2,552	3,220	2,380	2,600	3,371	4,650	10,621
Ore grade (%)	1.7	1.4	1.4	1.4	1.5	1.6	1.6	1.6
<i>Processing</i> ⁽³⁾								
Sulphide Ore processed (000's tonnes)	782	1,140	1,277	1,212	1,171	1,372	1,759	4,302
Oxide Ore processed (000's tonnes)	1,044	1,246	1,401	1,080	1,263	1,499	1,465	4,227
Contained copper (tonnes)	32,213	36,981	32,882	31,545	38,231	36,766	41,605	116,602
Sulphide ore grade processed (%)	1.9	1.6	1.2	0.9	0.8	1.1	1.0	1.0
Oxide ore grade processed (%)	1.7	1.5	1.2	1.6	1.8	1.4	1.7	1.6
Recovery (%)	92	94	95	92	93	99	99	97
Copper cathode produced (tonnes)	15,796	17,501	17,158	17,201	22,823	20,322	23,705	66,850
Copper cathode tolled produced (tonnes)	-	1,186	3,036	1,805	5,521	12,204	14,314	32,039
Copper in concentrate produced (tonnes)	14,572	16,924	11,984	10,015	7,056	3,727	3,140	13,923
Total copper production	30,368	35,611	32,178	29,021	35,400	36,253	41,159	112,812
Concentrate grade (%)	29.3	25.8	26.4	26.9	25.2	26.6	27.8	26.6
<i>Combined Costs (per lb)</i> ⁽⁴⁾								
Mining	\$0.10	\$0.12	\$0.17	\$0.14	\$0.20	\$0.24	\$0.24	\$0.23
Processing	0.41	0.44	0.50	0.62	0.54	0.59	0.59	0.57
Site Administration	0.03	0.04	0.04	0.04	0.03	0.02	0.03	0.03
TC RCs and freight parity charges	0.31	0.42	0.31	0.27	0.14	0.16	0.15	0.15
Gold / Acid credit	(0.07)	(0.08)	(0.07)	(0.05)	(0.06)	(0.06)	(0.07)	(0.07)
Combined Total Cash Costs (C1)	\$0.78	\$0.94	\$0.95	\$1.02	\$0.85	\$0.95	\$0.94	\$0.91
Combined Total Costs (C3)	\$0.93	\$1.11	\$1.17	\$1.21	\$1.05	\$1.17	\$1.13	\$1.11
<i>Oxide Circuit Costs (per lb)</i> ⁽⁴⁾								
Mining	\$0.10	\$0.12	\$0.15	\$0.11	\$0.16	\$0.22	\$0.19	\$0.19
Processing	0.51	0.52	0.54	0.70	0.56	0.68	0.64	0.62
Site Administration	0.03	0.01	0.02	0.04	0.03	0.02	0.03	0.03
Oxide Circuit Total Cash Costs (C1)	\$0.64	\$0.65	\$0.71	\$0.85	\$0.75	\$0.92	\$0.86	\$0.84
Oxide Circuit Total Costs (C3)	\$0.80	\$0.83	\$0.92	\$1.01	\$0.92	\$1.12	\$1.02	\$1.02
<i>Sulphide Circuit Costs (per lb)</i> ⁽⁴⁾								
Mining	\$0.09	\$0.12	\$0.18	\$0.18	\$0.28	\$0.26	\$0.32	\$0.29
Processing	0.28	0.35	0.45	0.52	0.45	0.48	0.52	0.49
Site Administration	0.04	0.02	0.02	0.04	0.03	0.02	0.03	0.02
TC RCs and freight parity charges	0.68	0.89	0.73	0.62	0.42	0.39	0.35	0.38
Gold / Acid credit	(0.16)	(0.17)	(0.16)	(0.13)	(0.18)	(0.14)	(0.17)	(0.16)
Sulphide Circuit Total Cash Costs (C1)	\$0.93	\$1.21	\$1.22	\$1.23	\$1.00	\$1.01	\$1.05	\$1.02
Sulphide Circuit Total Costs (C3)	\$1.08	\$1.38	\$1.45	\$1.47	\$1.25	\$1.24	\$1.29	\$1.26
<i>Revenues</i> ⁽³⁾								
Copper cathodes	\$84.8	\$142.3	\$158.6	\$110.9	\$170.6	\$235.8	\$293.8	\$700.2
Copper in concentrates	35.6	109.6	65.3	20.1	42.6	6.9	16.0	65.5
Gold	4.5	6.0	5.2	2.8	4.8	4.7	6.3	15.8
Total revenues	\$124.9	\$257.9	\$229.1	\$133.8	\$218.0	\$247.4	\$316.1	\$781.5
Copper cathode sold (tonnes)	15,556	17,568	17,181	17,360	22,798	20,207	24,909	67,914
Copper tolled cathode sold (tonnes)	-	1,186	3,036	1,805	5,521	12,204	14,314	32,039
Copper in concentrate sold (tonnes)	9,282	15,692	13,131	8,215	9,000	250	2,696	11,946
Gold sold (ounces)	8,079	9,611	8,864	4,427	7,764	7,118	9,862	24,744

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)								
	2006	2006	2006	2006	2007	2007	2007	2007
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD
Bwana/Lonshi Production Statistics								
<i>Mining</i>								
Waste mined (000's tonnes)	3,241	5,607	5,915	4,081	2,105	3,425	2,992	8,522
Ore mined (000's tonnes)	147	183	110	80	16	94	160	270
Ore grade (%)	8.4	10.7	11.9	10.4	7.5	6.1	6.8	6.6
<i>Processing</i>								
Oxide Ore processed (000's tonnes)	335	314	322	294	242	327	353	922
Contained copper (tonnes)	13,401	15,625	15,011	13,037	5,007	7,653	9,819	22,479
Oxide ore grade processed (%)	4.0	5.0	4.7	4.3	2.1	2.3	2.8	2.4
Recovery (%)	87	87	89	96	91	87	85	87
Copper cathode produced (tonnes)	11,718	13,569	13,302	12,479	4,557	6,676	8,305	19,538
Acid produced (tonnes)	68,195	71,421	63,830	73,901	67,227	69,108	67,537	203,872
Surplus acid (tonnes)	937	910	508	8	586	1,483	11	2,080
<i>Oxide Circuit Costs (per lb) ⁽⁴⁾</i>								
Mining	\$0.51	\$0.32	\$0.32	\$0.34	\$1.49	\$1.57	\$1.04	\$1.33
Processing	0.38	0.35	0.38	0.43	1.05	0.81	0.65	0.79
Site Administration	0.10	0.10	0.10	0.07	0.20	0.15	0.21	0.19
Gold / Acid credit	(0.09)	(0.08)	(0.06)	(0.09)	(0.24)	(0.14)	(0.09)	(0.14)
Oxide Circuit Total Cash Costs (C1)	\$0.90	\$0.69	\$0.74	\$0.75	\$2.50	\$2.39	\$1.81	\$2.17
Oxide Circuit Total Costs (C3)	\$1.20	\$0.98	\$1.00	\$1.00	\$2.92	\$2.77	\$2.25	\$2.58
<i>Revenues</i>								
Copper cathodes	\$62.0	\$104.5	\$99.2	\$75.4	\$22.1	\$41.2	\$66.1	\$129.4
Copper cathodes sold (tonnes)	11,797	13,648	12,954	12,766	4,664	6,369	8,471	19,504
Guelb Moghrein Production Statistics								
<i>Mining</i>								
Waste mined (000's tonnes)	1,156	1,721	1,660	1,719	1,610	1,400	1,487	4,497
Ore mined (000's tonnes)	41	144	179	400	462	539	674	1,675
Ore grade (%)	1.9	1.9	1.8	1.5	1.4	1.4	1.3	1.4
<i>Processing ⁽³⁾</i>								
Sulphide Ore processed (000's tonnes)	-	-	-	334	410	464	509	1,383
Contained copper (tonnes)	-	-	-	6,552	7,791	8,894	10,006	26,691
Sulphide ore grade processed (%)	-	-	-	2.0	1.9	1.9	2.0	1.9
Recovery (%)	-	-	-	78	83	79	81	81
Copper in concentrate produced (tonnes)	-	-	-	5,031	6,446	7,050	8,101	21,597
Gold in concentrate produced (ounces)	-	-	-	10,355	13,588	12,814	14,699	41,101
<i>Sulphide Circuit Costs (per lb) ⁽⁴⁾</i>								
Mining	-	-	-	\$0.13	\$0.21	\$0.17	\$0.12	\$0.17
Processing	-	-	-	0.77	0.56	0.52	0.47	0.51
Site Administration	-	-	-	0.08	0.07	0.06	0.07	0.07
TC RCs and freight parity charges	-	-	-	0.86	0.66	0.43	0.38	0.48
Gold / Acid credit	-	-	-	(0.15)	(0.21)	(0.48)	(0.78)	(0.52)
Sulphide Circuit Total Cash Costs (C1)	-	-	-	\$1.69	\$1.29	\$0.71	\$0.26	\$0.71
Sulphide Circuit Total Costs (C3)	-	-	-	\$2.18	\$1.66	\$1.09	\$0.76	\$1.13
<i>Revenues ⁽³⁾</i>								
Copper in concentrates	-	-	-	\$5.6	\$12.8	\$41.2	\$74.1	\$128.1
Gold	-	-	-	1.6	3.1	7.6	14.1	24.8
Total revenues	-	-	-	\$7.2	\$15.9	\$48.8	\$88.2	\$152.9
Copper in concentrate sold (tonnes)	-	-	-	1,308	2,332	6,336	10,514	19,182
Gold sold (ounces)	-	-	-	2,516	4,240	12,304	19,320	35,864

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

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

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

(4) For the definition of cash and total costs, reference should be made to 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 wet season in DRC and Zambia. The wet season in the DRC and Zambia generally starts in November and continues through until April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the wet season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is also higher. In addition, the Company's exploration program is generally curtailed during the wet season due to site access issues.

Contractual obligations

	Total	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	Thereafter
	USD M	USD M	USD M	USD M	USD M	USD M	USD M
Term debt	315.1	63.9	75.4	75.9	73.8	5.2	20.9
Deferred payments	14.9	12.9	0.4	0.4	0.4	0.4	0.4
Commitments	47.1	47.1	-	-	-	-	-
Asset retirement obligations	5.5	0.9	-	-	-	1.3	3.3

Derivatives

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

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

	2007	2008	2009	Total	Fair Value September 30, 2007
					USD M
Copper					
Put options (tonnes)	21,504	-	-	21,504	\$0
Price (\$/tonne)	\$1,800	-	-	\$1,800	
Gold					
Put options (oz)	9,345	24,060	38,028	71,433	\$0
Price (\$/oz)	\$350	\$350	\$350	\$350	
Forward contracts (oz)	9,345	24,060	38,028	71,433	\$(26.9)
Price (\$/oz)	\$400	\$400	\$400	\$400	
Other					
Interest rate swaps – floating to fixed					\$0.1
Cross currency swaps					\$5.8
Embedded derivative					\$(7.6)

Non-GAAP Measures

Calculation of Cash and Total Costs

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

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

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

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

Calculation of Operating Cash Flow per Share

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

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

Changes in Accounting Policies

Deferred Stripping

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

Financial Instruments

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

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

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

other comprehensive income of \$2.5 million (net of tax of \$0.5 million) at January 1, 2007.

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

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

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

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

Future Changes in Accounting Policies

In June 2007, the Canadian Accounting Standards Board revised accounting standards dealing with inventories, CICA Section 3031. Effective January 1, 2008 the Company will be required to adopt this new accounting section. The Company is in the process of assessing the impact of applying this section.

Critical Accounting Policies

Mineral properties and deferred exploration costs

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

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

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

Pre-production costs

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

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

Income taxes

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

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

Stock Based Compensation

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

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

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

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

Asset retirement obligations

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

Critical Accounting Estimates

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

Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management. Where necessary this report outlines those critical accounting policies that have changed since the filing of the Company's 2006 Audited Financial Statements or that are particularly relevant to the current year.

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

Disclosure Controls and Procedures

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

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

Internal Controls over Financial Reporting

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

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

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

Forward Looking Statements

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