First Quantum Minerals Ltd.

Consolidated Financial Statements
December 31, 2007 and 2006
(expressed in millions of U.S. dollars, except where indicated)

Management's Responsibility for Financial Reporting

The consolidated financial statements of First Quantum Minerals Ltd. and the information contained in the annual report have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in Canada and, where appropriate, reflect management's best estimates and judgements based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

Philip K.R. Pascall Chairman and Chief Executive Officer	David E. J. Moroney Chief Financial Officer

February 21, 2008

Auditors' Report

To the Shareholders of
First Quantum Minerals Ltd.

We have audited the consolidated balance sheets of **First Quantum Minerals Ltd.** as at December 31, 2007 and 2006 and the consolidated statements of earnings and comprehensive income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Vancouver, B.C.
February 21, 2008

First Quantum Minerals Ltd.
Consolidated Balance Sheets
As at December 31, 2007 and 2006

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

	2007 $	2006 $ *restated – note 2*
Assets		
Current assets		
Cash and cash equivalents (note 19)	200.0	249.5
Restricted cash (note 10)	22.5	15.0
Accounts receivable	272.0	142.8
Inventory (note 6)	279.4	167.3
Current portion of other assets (note 9)	12.7	10.1
	786.6	584.7
Investments (note 7)	567.0	45.2
Property, plant and equipment (note 8)	1,308.4	1,068.1
Other assets (note 9)	20.7	21.7
	2,682.7	1,719.7
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	104.9	84.8
Current taxes payable	127.2	110.0
Current portion of long-term debt (note 10)	73.7	57.7
Current portion of other liabilities (note 11)	23.5	19.4
	329.3	271.9
Long-term debt (note 10)	287.5	237.2
Other liabilities (note 11)	40.1	38.3
Future income tax liabilities (note 13)	224.4	167.3
	881.3	714.7
Minority interests	215.4	85.2
	1,096.7	799.9
Shareholders' equity		
Capital stock	396.0	396.0
Retained earnings	987.4	523.8
Accumulated other comprehensive income	202.6	-
	1,586.0	919.8
	2,682.7	1,719.7

Commitments (note 20)

Approved by the Board of Directors

_______________________________ Director _______________________________ Director

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

First Quantum Minerals Ltd.

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 31, 2007 and 2006

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

	2007 $	2006 $ *restated – note 2*
Sales revenues		
Copper	1,468.7	1,074.0
Gold	70.1	20.1
Acid	0.4	0.4
	1,539.2	1,094.5
Cost of sales	(544.3)	(288.6)
Depletion and amortization	(81.2)	(56.1)
	913.7	749.8
Other expenses/income		
Exploration	(20.3)	(18.9)
General and administrative	(28.0)	(19.2)
Interest and finance costs	(28.9)	(32.7)
Other expenses/income (note 16)	(2.0)	(55.6)
	(79.2)	(126.4)
Earnings before income taxes and minority interests	834.5	623.4
Income taxes (note 13)	(182.8)	(161.1)
Minority interests	(131.4)	(62.9)
Net earnings for the year	520.3	399.4
Comprehensive income		
Net earnings for the year	520.3	
Other comprehensive income		
Unrealized gain on available-for-sale securities, net of tax of $41.2 million	205.8	
Realized gain on available-for-sale securities, net of tax of $0.1 million, transferred to net earnings for the year	(0.7)	
	205.1	
Comprehensive income	725.4	
Earnings per common share		
Basic	$7.72	$6.14
Diluted	$7.62	$6.01
Weighted average shares outstanding (000's)		
Basic	67,394	65,088
Diluted	68,246	66,442
Total shares issued and outstanding (000's)	68,108	67,291

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

First Quantum Minerals Ltd.

Consolidated Statement of Changes in Shareholders' Equity

For the years ended December 31, 2007 and 2006

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

	2007 **$**	**2006** **$** *restated – note 2*
Capital stock		
Common shares (note 14a)		
Balance – beginning of year	399.6	160.7
Stock options exercised (note 14a)	15.6	4.0
Shares issued on acquisition of Adastra (note 5)	-	234.9
Balance – end of year	415.2	399.6
Treasury shares (note 14b)		
Balance – beginning of year	(15.6)	-
Shares purchased (note 14b)	(21.3)	(15.6)
Restricted stock units vested (note 14b)	2.6	-
Balance – end of year	(34.3)	(15.6)
Contributed surplus		
Balance – beginning of year	12.0	5.8
Compensation expense for the year	9.8	6.7
Transfers upon exercise of stock options	(4.1)	(0.5)
Transfers upon vesting of restricted stock units	(2.6)	-
Balance – end of year	15.1	12.0
Total capital stock	396.0	396.0
Retained earnings		
Balance – beginning of year 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 year	520.3	399.4
Dividends	(51.7)	(20.1)
Balance – end of year	987.4	523.8
Accumulated other comprehensive income		
Balance – beginning of year	-	
Change in accounting policy (note 2b)	(2.5)	
Increment in fair value of available-for-sale securities, net of realized gains	205.1	
Balance – end of year	202.6	
Retained earnings and accumulated other comprehensive income	1,190.0	523.8

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

For the years ended December 31, 2007 and 2006

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

	2007 **$**	**2006** **$** *restated – note 2*
Cash flows from operating activities		
Net earnings for the year	520.3	399.4
Items not affecting cash		
Depletion and amortization	81.2	56.1
Minority interests	131.4	62.9
Unrealized foreign exchange loss	4.0	4.6
Future income tax expense	21.6	16.6
Stock-based compensation expense	9.8	6.7
Unrealized derivative instruments (gain) loss	(1.6)	5.6
Other	5.1	12.3
	771.8	564.2
Change in non-cash operating working capital		
Increase in accounts receivable	(136.1)	(81.8)
Increase in inventory	(106.9)	(99.1)
Increase in accounts payable and accrued liabilities	15.3	12.5
Increase in current taxes payable	17.2	94.0
Long term incentive plan contributions (note 14b)	(21.3)	(15.6)
	540.0	474.2
Cash flows from financing activities		
Proceeds from long-term debt	125.0	307.0
Repayments of long-term debt	(55.7)	(251.5)
Payment of financing fees for long-term debt	-	(10.8)
Proceeds on issuance of common shares	11.5	3.5
Dividends paid	(51.7)	(20.1)
Deferred premium obligation paid	(9.1)	(9.2)
Other	-	(5.5)
	20.0	13.4
Cash flows from investing activities		
Restricted cash	(7.5)	5.2
Payments for property, plant and equipment	(319.6)	(264.3)
Acquisition of Adastra Minerals Inc. (note 5)	-	(27.8)
Acquisition of investments - net	(283.2)	(33.9)
	(610.3)	(320.8)
Effect of exchange rate changes on cash	0.8	(0.2)
(Decrease) increase in cash and cash equivalents	(49.5)	166.6
Cash and cash equivalents - beginning of year	249.5	82.9
Cash and cash equivalents - end of year	200.0	249.5

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

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

1 Nature of operations

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

2 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 retrospective 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 by $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 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. As the Company previously 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 a cumulative adjustment to increase other liabilities by $8.2 million, decrease retained earnings by $5.0 million, decrease future income tax liabilities by $2.0 million and decrease minority interest liability by $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 previously did not apply hedge accounting and has elected not to apply hedge accounting to its current portfolio of derivatives and therefore there is no impact of adoption of this standard.

Section 1530, Comprehensive income, requires the presentation of comprehensive income and its components. Comprehensive income comprise net earnings 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.

3 Future changes in accounting policies

Effective January 1, 2008

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The company will adopt the requirements commencing in the quarter ended March 31, 2008 and is considering the impact this will have on the company's financial statements.

Section 1535, Capital disclosures, establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.

Section 3031, Inventories, provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862, Financial instruments – disclosures, requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company's financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

Effective January 1, 2009

The CICA has issued a new standard which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2009. The company will adopt the requirements commencing in the quarter ended March 31, 2009 and is considering the impact this will have on the company's financial statements.

Section 3064, Goodwill and intangible assets, establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27, Revenues and Expenses during the pre-operating period. As a result of the withdrawl of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

4 Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Principles of consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. The principal operating subsidiaries are First Quantum Mining and Operations Limited ("FQMO") which includes Bwana Mkubwa ("Bwana"), Compagnie Minera De Sakania SPRL ("Comisa"), Kansanshi Mining Plc ("Kansanshi"), Mauritanian Copper Mines SARL ("Guelb Moghrein"), Frontier SPRL ("Frontier"), and Kingamyambo Musonoi Tailings SARL ("Kolwezi")

The Company also consolidates entities that are subject to control on a basis other than ownership of a majority of the voting interests, or variable interest entities. The Company established an independent trust to purchase the common shares necessary to satisfy the Company's long term incentive plan. The Company consolidates the trust as it constitutes a variable interest entity.

Estimates, risks and uncertainties

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

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including ones related to reserve and resource estimation; future copper, cobalt, sulphuric acid and gold prices; estimated costs of future production; future costs of asset retirement obligations; changes in government legislation and regulations; estimated future income tax amounts; the availability of financing and various operational factors.

Foreign currency translation

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. It excludes cash subject to restrictions under long term debt facilities.

Inventory

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

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

Investments

The Company's investment in Carlisa Investment Corp. ("Carlisa"), a privately held entity, has been designated as available-for-sale. This investment is measured at cost as the fair value is not readily determinable.

Marketable securities have been designated as available-for-sale and are recorded at fair value. Fair values for available-for-sale investments are determined by quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale marketable securities are recognized in other comprehensive income. If a decline in fair value is deemed to be other-than-temporary the loss is recognized in net earnings. Available-for-sale investments are recorded as non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

Mineral properties and mine development costs

General exploration and associated costs are expensed in the period incurred. Significant property acquisition, exploration and development costs relating to specific properties 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 increase future output by providing access to additional reserves, are deferred and depleted on a units-of-production basis over the reserves to which they relate.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depletion and amortization. Costs recorded for plants under construction include all expenditures incurred in connection with the development and construction of the plants. Interest and financing costs that relate to the project and are incurred during the construction period are capitalized. No amortization is recorded until the plants are substantially complete and ready for use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are amortized over the estimated lives of the assets on a units-of-production or straight-line basis as appropriate.

Pre-production costs

Production costs and revenues related to development projects are deferred until the project achieves commercial production. These deferred costs are amortized over a 5 year period from the commencement of commercial production. The Company considers commercial production to be achieved when between 65% and 70% of design capacity has been achieved continuously for a period of at least one week and recoveries are approaching expected levels.

Asset impairment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows for a mine or development project are calculated using estimated future prices, mineral resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of a mine or development project are recorded to the extent the net book value 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.

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

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 related long-lived asset and amortized over the expected useful life of the asset.

Long-term debt

Long-term debt instruments are initially recognized at fair value, net of debt issue costs incurred. Debt instruments are subsequently valued at amortized cost. Debt issue costs are included in the balance of the underlying debt and amortized using the effective interest rate method.

Revenue recognition

The Company produces copper cathode, copper in concentrate, gold and acid. Copper and gold 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. Gold revenue results from the sale of gold bullion and gold contained in copper concentrate. Acid revenue is recorded when title has passed to the customer.

Derivatives and hedging

The Company periodically enters into derivative instruments to mitigate exposures to copper and gold commodity prices, foreign exchange rates, and interest rates. The Company does not apply hedge accounting. Derivative financial instruments, including embedded derivatives, are held-for-trading and recorded on the balance sheet at fair value with realized and unrealized gains and losses recorded in net earnings. Fair values for derivative instruments held for trading are determined using valuation techniques. Valuations use assumptions based on market conditions existing at the balance sheet date. Realized gains and losses are recorded as a component of operating cash flow.

Income taxes

Current income taxes are recorded based on estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities using substantively enacted tax rates for the period in which the differences are expected to reverse. The amount of future tax assets recognized is limited to the amount that is more likely than not to be realized.

Stock-based compensation

The Company grants stock options under its stock option plan and performance stock units ("PSUs") and restricted stock units ("RSUs") under its long-term incentive plan to 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, 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.

Earnings per share

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

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

5 Acquisition of Adastra Minerals Inc. ("Adastra")

In 2006, the Company acquired 100% of the outstanding shares of Adastra in a two step transaction. Adastra was an international mining company currently developing the Kolwezi Copper-Cobalt Tailings Project in the DRC.

The acquisition of Adastra was accounted for as an asset purchase. The total purchase cost was $273.3 million comprising:

	$
Issuance of common shares (a)	234.9
Cash	35.0
Transaction costs	3.4
	273.3

a) The Company issued 3.5 million common shares at CA$ 55.87 per share for the initial acquisition of Adastra and a further 1.2 million common shares at CA$ 57.41 per share for the second step acquisition of Adastra. The measurement of the common share component of the consideration was based on the average share price of the Company's common shares immediately before and after the date of acquisition.

b) The cash paid to acquire Adastra including transaction costs less the cash received was $27.8 million.

The allocation of the total purchase cost was as follows:

Assets	**$**
Cash	10.6
Restricted cash	3.0
Accounts receivable	0.7
Property, plant and equipment	387.6
Liabilities	
Accounts payable and accrued liabilities	10.1
Other liabilities	9.0
Future income tax liability	109.5
Net assets acquired	273.3

6 Inventory

	2007 **$**	**2006** **$** *restated – note 2*
Ore in stockpiles	104.9	50.7
Work-in-progress	7.1	4.9
Finished product	41.4	41.0
Total product inventory	153.4	96.6
Consumable stores	126.0	70.7
Total inventory	279.4	167.3

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

7 Investments

	2007 $	2006 $
Carlisa Investment Corp. (a) – at cost	9.5	9.5
Equinox Minerals Limited (b) – at fair value (2006 – at cost)	543.0	35.7
Other available-for-sale investments – at fair value	4.9	-
Asset-backed commercial paper (c) – at fair value	9.6	-
	567.0	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 in Zambia. As Carlisa is a privately held entity, the fair value of this investment is not readily determinable.

b) The Company has a 17.3% interest in Equinox Minerals Limited ("Equinox") which is developing the Lumwana copper mine in Zambia. The Equinox investment had a fair value of $32.7 million at December 31, 2006.

c) The Company holds a face value of $11.3 million of asset backed commercial paper ("ABCP"), which matured in August 2007. 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 recognized an impairment loss of 15%. At December 31, 2006, the ABCP balance was included in cash and cash equivalents.

8 Property, plant and equipment

	Cost	Accumulated amortization	2007 Net $	Cost	Accumulated amortization	2006 Net $
Plant and Equipment	927.3	(211.0)	716.3	520.9	(133.4)	387.5
Capital work-in-progress	142.0	-	142.0	264.2	-	264.2
Mineral properties and mine development costs	482.0	(31.9)	450.1	441.0	(24.6)	416.4
Total	1,551.3	(242.9)	1,308.4	1,226.1	(158.0)	1,068.1

a) During 2007, $5.4 million (2006 - $2.2 million) of interest and financing costs were capitalized.

b) The Government of the Democratic Republic of Congo ("DRC") announced during 2007 a review of over 60 mining agreements entered into over the last decade with foreign companies. The Kolwezi mining convention was included in this review and on February 19, 2008 formal notification of the outcome of the review was received by the Company. The notification lists a number of conditions to be met by the Company. The Company has advice that the convention is valid and binding and that KMT has complied with all its terms. The convention provides a dispute resolution mechanism through international arbitration. The Company will liaise with its financially contributing partners the IFC and IDC and, as invited by the Minister, will through KMT respond to the letter shortly and arrange to meet with him in due course. The current carrying value of the Kolwezi mineral property is $404.2 million.

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

9 Other assets

	2007 **$**	**2006** **$** *restated – note 2*
Prepaid power	12.1	9.9
Deferred finance fees (note 2b)	-	10.0
Fair value of derivative instruments (note 18)	6.6	2.6
Future income tax asset (note 13)	3.2	2.5
Other	11.5	6.8
Total other assets	33.4	31.8
Less: Current portion	(12.7)	(10.1)
	20.7	21.7

10 Long-term debt

	2007 **$**	**2006** **$**
Drawn debt facilities		
Corporate revolving credit and term loan facility (a)	298.4	225.0
Kansanshi subordinated debt facility (b)	43.1	44.7
Kansanshi project completion facility (c)	19.5	25.0
Other	0.2	0.2
Total long-term debt	361.2	294.9
Less: Current portion	(73.7)	(57.7)
	287.5	237.2
Undrawn debt facilities		
Corporate revolving credit and term loan facility (a)	95.0	175.0

The scheduled future minimum repayments are as follows:

	$
2008	73.7
2009	89.8
2010	90.3
2011	85.6
2012	5.4
Thereafter	16.4
	361.2

a) Corporate revolving credit and term loan facility

The Company entered into a $400.0 million corporate revolving credit and term loan facility in October 2006 to restructure 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%.

The corporate revolving credit and term loan facility has a principal amount outstanding of $305.0 million. The carrying amount is net of issue and transaction costs of $6.6 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 $22.5 million was recorded as restricted cash.

b) Kansanshi subordinated debt facility

Kansanshi entered into a 34.0 million Euro subordinated debt facility in December 2003 to finance the Kansanshi project. This facility is repayable in nine equal annual payments commencing October 31, 2007. Interest is calculated annually, within a range of 3.2% to 13.2%, based on the average LME cash copper price for the preceding calendar year. The interest rate is at its lower limit at a realized copper price of less than $1,300 per tonne and increases incrementally until the copper price reaches its $2,200 per tonne upper limit. 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 18).

The Kansanshi subordinated debt facility has a principal amount outstanding of 30.2 million Euros (2006 – 34.0 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 18), with changes in fair value recorded as a component of net earnings.

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 $19.5 million which is equal to its carrying amount.

d) Corporate revolving loan facility

Subsequent to year-end, the Company finalised, but has not drawn, a $250.0 million loan facility for general corporate purposes and to provide financing in relation to the Equinox investment (note 7). The facility is secured by a first ranking mortgage over Equinox shares owned by the Company and will mature in January 2009. Interest will be calculated at LIBOR plus 2.50%.

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

11 Other liabilities

	2007 $	2006 $
Unrealized fair value of derivative liabilities (note 18)	36.5	26.6
Deferred premium obligation (note 18)	-	8.5
Kolwezi deferred payment (a)	7.9	7.9
Asset retirement obligations (note 12)	8.2	5.0
Other	11.0	9.7
Total other liabilities	63.6	57.7
Less: Current portion	(23.5)	(19.4)
	40.1	38.3

a) Kolwezi deferred payment

The Company holds a 65% controlling interest in the Kolwezi project. Under the terms of the Contract of Association with the DRC, the owners of the Kolwezi project must pay $15.0 million as consideration for the Tailings Exploration Rights ("TER"), of which $5.0 million was paid in May 2004. The remaining $10.0 million will become due and payable upon drawdown of the financing arrangements for the Kolwezi project. The Company's share of the TER is $7.9 million. Financing arrangements are expected to be completed in 2008.

12 Asset retirement obligations

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. The following table summarizes the movements in the asset retirement obligation for the years ended December 31, 2007 and 2006:

	2007 $	2006 $
At January 1	5.0	4.2
Obligations incurred	2.5	0.6
Expenditures	(0.1)	(0.1)
Accretion expense	0.8	0.3
At December 31	8.2	5.0
Less: Current portion	(0.9)	(0.4)
	7.3	4.6

The asset retirement obligations have been recorded initially as a liability at fair value, assuming a credit adjusted risk-free discount rate between 7.5% and 9.0% and an inflation factor between 3% and 4%. The liability for retirement and remediation on an undiscounted basis before inflation is estimated to be approximately $13.8 million. Payments are expected to occur over a period exceeding 20 years.

As a result of the expansion of the Kansanshi processing facilities, an additional asset retirement obligation of $2.5 million was recognized during the year.

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

13 Income taxes

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before provision for income taxes due to the following:

	2007		**2006** *restated – note 2*	
	Amount $	**%**	**Amount $**	**%**
Earnings before income taxes and minority interest	834.5		623.4	
Income taxes at statutory rates	283.7		212.0	
Difference in foreign tax rates	(107.9)		(55.1)	
Non-deductible expenses	3.2		4.4	
Tax losses recognized and other	3.8		(0.2)	-
Taxation expense	182.8		161.1	
Income tax expense				
Current income taxes	161.2		144.5	
Future income taxes	21.6		16.6	
	182.8		161.1	

The significant components of the Company's future income tax liability are as follows:

	2007 $	**2006 $** *restated – note 2*
Property, plant and equipment	220.3	177.6
Fair value of investments	36.7	-
Operating loss carry-forwards	(16.4)	-
Other	(16.2)	(10.3)
Net future income tax liability	224.4	167.3

The significant components of the Company's future income tax asset are as follows:

	2007 $	**2006 $** *restated – note 2*
Operating loss carry-forwards	3.2	17.1
Other	-	2.5
Valuation allowance	-	(17.1)
Net future income tax asset	3.2	2.5

a) Guelb Moghrein is subject to a five year tax holiday agreement with the Mauritanian government. Guelb Moghrein will be subject to Mauritanian income taxes on income earned subsequent to February 2012.

b) The Government of the Republic of Zambia ("GRZ") announced in January 2008 a number of proposed changes to the tax regime in the country, particularly in relation to mining companies. These changes, if enacted as proposed and if applicable to the Company, could result in higher tax payments in that country, which may be material at current commodity prices. The Company has entered into Development Agreements with GRZ on existing operations which provide for stability in the regulatory environment, including taxation, and rights of independent arbitration in the event of any dispute. The impact of the changes announced on the Company is uncertain and the Company is seeking resolution of this issue.

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

14 Capital Stock

a) Common Shares

Authorized
Unlimited common shares without par value

Issued

	Number of Shares (000's)
Balance as at December 31, 2005	61,674
Stock options exercised (note 15a)	930
Shares issued on acquisition of Adastra (note 5)	4,687
Balance as at December 31, 2006	67,291
Stock options exercised (note 15a)	817
Balance as at December 31, 2007	68,108

b) Treasury shares

The Company established an independent trust to purchase, on the open market, the common shares pursuant to the long-term incentive plan (note 15b). The Company consolidates the trust as it constitutes a variable interest entity. Consequently, shares purchased by the trust to satisfy obligations under the long-term incentive plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

	Number of Shares (000's)
Balance as at December 31, 2005	-
Shares purchased	282
Balance as at December 31, 2006	282
Shares purchased	277
Shares vested	(57)
Balance as at December 31, 2007	502

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

15 Stock based compensation

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

	2007 $	2006 $
Share stock option expense (a)	3.6	4.1
Long term incentive plan expense (b)	6.2	2.6
	9.8	6.7

a) Share stock options

The Company has a stock option plan whereby it may grant up to 6.0 million options to directors and employees.

		2007		2006
	Number of shares (000's)	Weighted average exercise price CA$	Number of shares (000's)	Weighted average exercise price CA$
Outstanding - beginning of year	1,996	18.69	3,104	13.41
Granted	-	-	148	44.41
Exercised	(817)	14.62	(930)	4.20
Cancelled	(48)	23.25	(326)	20.86
Outstanding - end of year	1,131	20.49	1,996	18.69

There were no stock options granted during the current year. The Company has recorded stock option expense of $3.6 million (2006 - $4.1 million) during the year.

At December 31, 2007, the following stock options were outstanding:

Number of shares (000's)	Exercise price range CA$	Weighted average exercise price CA$	Weighted average remaining life (months)
599	$5.10 - $17.44	14.05	17
426	$20.88 - $29.25	23.67	31
106	$37.41 - $59.00	44.13	40
1,131		20.49	24

Stock options vest over a three year period. At December 31, 2007, 599,000 stock options were vested and exercisable, all of which are in the exercise price range of $5.10 - $17.44 per option.

The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. Stock option pricing models require the input of highly subjective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The following assumptions were used in the Black-Scholes option pricing model to calculate compensation expense:

Risk-free interest rate	2.02% to 4.38%
Options expected life	3.5 to 4.5 years
Expected volatility	43% to 46%
Expected dividend	1%

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

b) Long-term incentive plan

The Company has a long-term incentive plan (the "Plan"), which provides for the issuance of PSUs and RSUs in such amounts as approved by the Company's Compensation Committee.

Under the Plan, each PSU entitles participants, which includes directors, officers, and employees, to receive one common share of the Company at the end of a three year period if certain performance and vesting criteria, which are based on the Company's performance relative to a representative group of other mining companies, have been met. The fair value of each PSU is recorded as compensation expense over the vesting period. The fair value of each PSU is estimated using a Monte Carlo Simulation approach. A Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes, called simulations, based on normally distributed random variables and highly subjective assumptions. This model generates potential outcomes for stock prices and allows for the simulation of multiple stocks in tandem resulting in an estimated probability of vesting.

Under the Plan, each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. Current RSU grants will vest in equal tranches over a three year period. The fair value of each RSU is recorded as compensation expense over the vesting period. The fair value of each RSU is estimated based on the market value of the company's shares at the grant date.

	2007	2006
	Number of shares (000's)	**Number of shares (000's)**
Performance stock units		
Outstanding - beginning of year	108	-
Granted	91	108
Vested	-	-
Cancelled	(10)	-
Outstanding - end of year	189	108
Restricted stock units		
Outstanding - beginning of year	177	-
Granted	90	178
Vested	(57)	
Cancelled	(31)	(1)
Outstanding - end of year	179	177

The following assumptions were used in the Monte Carlo Simulation model to calculate compensation expense in respect of the PSUs granted, which amounted to 21.9% of issue value for 2007 (2006 – 24.2%):

	2007	2006
Risk-free interest rate	4.59%	4.45%
Vesting period	3 years	3 years
Expected volatility	50.2%	46.1%
Expected forfeiture per annum	4%	5%
Expected dividend	0%	0%
Weighted average probability of vesting	24.7%	28.5%

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

16 Other expenses/income

	2007 $	2006 $
Derivative instrument losses	(8.7)	(58.2)
Foreign exchange losses	(3.2)	(8.0)
Interest and sundry income	10.8	8.8
Gain on sale of investments	0.8	1.8
Other	(1.7)	-
	(2.0)	(55.6)

17 Segmented information

The Company's reportable operating segments are individual mine operations and the reportable segments are Kansanshi, Bwana/Lonshi, Guelb Moghrein, Frontier and Corporate. Each mine is managed and reports information separately to the chief operating decision maker.

The corporate segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. It includes the Kolwezi project, which is in the pre-construction phase, the Connemara gold mine in Zimbabwe, which is currently on a care and maintenance basis, and other strategic investments.

For the year ended December 31, 2007, segmented information is presented as follows:

						2007
	Kansanshi $	Bwana/ Lonshi $	Guelb Moghrein $	Frontier $	Corporate $	Total $
Segmented revenues	1,128.7	204.4	227.5	16.1	17.5	1,594.2
Less inter-segment revenues	-	(37.5)	-	-	(17.5)	(55.0)
Revenues	1,128.7	166.9	227.5	16.1	-	1,539.2
Cost of sales	(339.4)	(137.3)	(62.8)	(4.8)	-	(544.3)
Depletion and amortization	(48.6)	(15.6)	(15.6)	(1.4)	-	(81.2)
Operating profit	740.7	14.0	149.1	9.9	-	913.7
Interest on long-term debt	(7.9)	(0.2)	(9.6)	(1.9)	(9.3)	(28.9)
Other	(21.1)	(8.8)	(1.0)	(0.2)	(19.2)	(50.3)
Segmented profit (loss) before undernoted items	711.7	5.0	138.5	7.8	(28.5)	834.5
Income taxes	(181.5)	(1.3)	-	(2.3)	2.3	(182.8)
Minority interests	(105.0)	-	(26.4)	-	-	(131.4)
Segmented profit	425.2	3.7	112.1	5.5	(26.2)	520.3
Property, plant and equipment	519.0	42.8	104.9	232.5	409.2	1,308.4
Total assets	840.3	212.5	227.4	298.4	1,104.1	2,682.7
Capital expenditures	156.9	9.0	12.3	121.7	25.3	325.2

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

For the year ended December 31, 2006, segmented information is presented as follows:

						2006 *restated – note 2*
	Kansanshi **$**	**Bwana/ Lonshi** **$**	**Guelb Moghrein** **$**	**Frontier** **$**	**Corporate** **$**	**Total** **$**
Segmented revenues	745.7	374.4	7.2	-	14.7	1,142.0
Less inter-segment revenues	-	(32.8)	-	-	(14.7)	(47.5)
Revenues	745.7	341.6	7.2	-	-	1,094.5
Cost of sales	(172.9)	(111.9)	(3.8)	-	-	(288.6)
Depletion and amortization	(31.4)	(23.6)	(1.1)	-	-	(56.1)
Operating profit (loss)	541.4	206.1	2.3	-	-	749.8
Interest on long-term debt	(30.7)	(0.7)	(0.6)	-	(0.7)	(32.7)
Other	(63.0)	(13.3)	(1.4)	-	(16.0)	(93.7)
Segmented profit before undernoted items	447.7	192.1	0.3	-	(16.7)	623.4
Income taxes	(115.2)	(49.2)	-	-	3.3	(161.1)
Minority interests	(62.9)	-	-	-	-	(62.9)
Segmented profit	269.6	142.9	0.3	-	(13.4)	399.4
Property, plant and equipment	411.3	49.1	106.0	116.4	385.3	1,068.1
Total assets	633.3	155.3	145.2	122.8	663.1	1,719.7
Capital expenditures	111.0	2.4	44.9	106.5	384.6	649.4

Capital assets and revenues by geographic segment

The Company’s capital assets, including plant and equipment, capital work-in-progress, mineral properties and mine development costs, are located primarily in Africa. Specifically, the Company has capital assets of $561.2 million in Zambia (2006 - $442.4 million), $640.8 million in the DRC (2006 - $516.2 million), and $104.9 million in Mauritania (2006 - $106.0 million).

The Company’s revenues by country of origin, are $1,295.6 million from Zambia (2006 – $1,087.3 million), $227.5 million from Mauritania (2006 – $7.2 million) and $16.1 million from the DRC (2006 – nil).

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

18 Financial instruments

a) Derivative instruments

The Company periodically enters into derivative instruments to mitigate exposures to copper and gold commodity prices, foreign exchange rates, and interest rates. The Company does not currently apply hedge accounting and all derivatives, including embedded derivatives, are designated as held-for-trading and recorded on the balance sheet at fair value.

As at December 31, 2007, the following derivative positions were outstanding:

	2008	2009	Total	Fair value 2007 $	Recognized 2006 $
Gold (i)					
Put options (oz)	24,060	38,028	62,088	-	-
Price ($/oz)	$350	$350	$350		
Forward Contracts (oz)	24,060	38,028	62,088	$(29.1)	$(26.6)
Price ($/oz)	$400	$400	$400		
Other (ii)					
Interest rate swaps – floating to fixed				-	$0.2
Cross currency swaps				$6.6	$2.4
Embedded derivative				$(7.4)	-

i) Gold

In 2004, the Company was required to enter into put option contracts related to gold production at the Kansanshi mine, to satisfy lending requirements. To cover the cost of these put option contracts, the Company has also entered into contingent gold forward contracts of the same volume.

ii) Other

The company has entered into cross-currency principal and interest rate swaps to hedge the Euro interest and principal payments on the Kansanshi subordinated debt facility. The embedded derivative associated with the Kansanshi subordinated debt facility had an unrecognized fair value of $(8.2) million at December 31, 2006 (note 2b).

iii) Copper

In 2004, the Company was required to enter into copper put option contracts related to its expected copper production at the Kansanshi mine, to satisfy lending requirements. Upon entering into these contracts, the Company assumed a premium obligation of $21.0 million, which was due and payable between January 2005 and December 2007. As at December 31, 2007, there were no copper put option contracts outstanding and the premium obligation was fully settled.

b) Fair values

As at December 31, 2007, the Company's carrying values of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, and financial instruments included in other liabilities approximate their fair values due to their short term to maturity. The Company's long-term debt approximates fair value due to the floating rate nature of debt.

c) Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions. The Company's future copper concentrate and cathode production has been committed to four customers on market pricing terms.

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

19 Supplementary cash flow information

Cash and cash equivalents at December 31 comprise the following:

	2007 **$**	**2006** **$**
Cash on hand and balances in bank	150.3	173.9
Short-term investments	49.7	75.6
	200.0	249.5

During the year ended December 31, 2007, the Company paid interest of $27.8 million (2006 - $24.0 million) and taxes of $154.5 million (2006 - $46.7 million).

20 Commitments

In conjunction with the development of Kolwezi, upgrades at Kansanshi, Frontier and other projects, the Company has committed to approximately $80.9 million in capital expenditures as at December 31, 2007.

Management Discussion and Analysis

Fourth Quarter Ended December 31, 2007

(expressed in US Dollars)

February 21, 2008

Key features for the quarter

- Net earnings of $135.3 million or $2.00 per share on record sales (after year end negative provisional pricing adjustment of $34.7 million (before tax and minorities) or approximately $0.34 in earnings per share)
- Record operating cash flow before working capital of $220.8 million or $3.26 per share
- Record copper production of 72,746 tonnes increases 56% compared to Q4 2006
- Kansanshi produces at an annualized rate of over 200,000 tonnes
- Record copper sales of 73,322 tonnes increases 77% compared to Q4 2006
- Cash operating costs (C1) 14% lower than Q4 2006
- Commercial production begins at Frontier on November 2, with 8,712 tonnes produced
- The Company announces the acquisition of 17.27% of the shares of Equinox Minerals Limited

Key features for the year

- Net earnings of $520.3 million or $7.72 per share, up 30% on last year
- Record operating cash flow before working capital of $771.8 million or $11.45 per share
- Record copper production of over 226,000 tonnes following expansions at Kansanshi, full year of operations at Guelb Moghrein and start-up at Frontier
- Record copper sales increases 30% to over 223,900 tonnes compared to 2006
- Net sales increase 41% compared to 2006

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.

Near term outlook

- Copper production for 2008 estimated to grow by 37% to approximately 310,000 tonnes
- Smelter and power capacity in Zambia likely to remain issues during 2008
- Q1 2008 results dependant on extent of power and wet season disruptions
- Resolution of current uncertainties being sought with the governments of DRC and Zambia

Longer term outlook

- Kansanshi expansion project and gold plant construction will drive further improvements in production
- Guelb Moghrein gold plant modifications underway will improve gold recoveries
- Kolwezi project approved and under construction
- Copper production profile over the five years 2009-2013 is expected to average 222,000 tonnes at Kansanshi, 43,000 tonnes at Guelb Moghrein and 81,000 tonnes at Frontier as a result of planned expansions

Key Group results

Fourth quarter (Q4)		**Q4 2007**		**Q4 2006 (Restated)**		**Q4 2005 (Restated)**	
			% of sales		**% of sales**		**% of sales**
Production	t Cu	72,746	99	46,531	112	42,220	105
Sales	t Cu	73,322	100	41,454	100	40,203	100
Net sales	USDM	443.3	100	216.4	100	176.9	100
Operating profit	USDM	249.0	56	111.8	52	115.9	66
Net profit	USDM	135.3	31	60.9	28	56.7	32
Basic EPS	USD	$2.00		$0.93		$0.92	

Full year (FY)		**FY 2007**		**FY 2006 (Restated)**		**FY 2005 (Restated)**	
			% of sales		**% of sales**		**% of sales**
Production	t Cu	226,693	101	183,277	106	119,117	100
Sales	t Cu	223,907	100	172,485	100	118,602	100
Net sales	USDM	1,539.2	100	1,094.5	100	444.6	100
Operating profit	USDM	913.7	59	749.8	69	258.4	58
Net profit	USDM	520.3	34	399.4	36	154.5	35
Basic EPS	USD	$7.72		$6.14		$2.51	

Unless otherwise indicated, all comparisons of performance throughout this report are to the comparative period for the prior year.

Q4 2007 net sales

(After TC/RC charges)		Q4 2007 USD M	Q4 2006 USD M	Q4 2005 USD M
Kansanshi	- copper	305.2	131.0	119.5
	- gold	10.2	2.8	2.7
Bwana/Lonshi	- copper	37.1	75.4	54.7
	- acid	0.1	-	-
Guelb Moghrein	- copper	55.3	5.6	-
	- gold	19.3	1.6	-
Frontier	- copper	16.1	-	-
Net sales		443.3	216.4	176.9
Copper provisional pricing adjustment included above		(34.7)	(31.7)	6.0
Copper selling price		**USD/lb**	**USD/lb**	**USD/lb**
Current period sales		2.97	2.89	2.02
Prior period provisional pricing adjustment		(0.21)	(0.35)	0.07
TC/RC and freight parity charges		(0.20)	(0.22)	(0.12)
Realized copper price		2.56	2.32	1.97

Group net sales increase 105% to $443.3 million due to record copper production and higher copper price

Net sales increased due to an increase in the tonnes of copper sold (up 77% to 73,322 tonnes of copper) and an increase in the realized copper price recognized during the quarter. Group copper production achieved record levels, surpassing the prior quarter's record, and was 56% higher than the comparative quarter in 2006.

The higher realized copper price and the decrease in the tolling and refining charge (TC RC) rates also contributed to the record net sales. In addition, the decrease in the LME copper price from the prior quarter end was less than the decrease in the comparative quarter in 2006, which resulted in a lower negative provisional pricing adjustment per pound.

Kansanshi net sales increase 136% to $315.4 million on the back of record copper production

Net sales, compared to the same quarter in 2006, increased as a result of a 90% 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 51,012 tonnes. Copper production increased 76% compared to the same quarter in 2006 due, primarily, to an increase of 42% in oxide and 51% in sulphide ore processed as a result of the throughput expansions at Kansanshi. In addition, Kansanshi processed higher grade ore at improved recovery rates. With the high pressure leach system becoming operational during the previous quarter, the sulphide circuit contributed approximately 1,950 tonnes to cathode production. Total sales volume was higher than production at 51,966 tonnes primarily due to a drawdown in 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 component of refining cost.

Bwana/Lonshi net sales decrease 51% to $37.2 million as Lonshi mine nears end of life

Similar to the previous quarters of 2007, net sales fell compared to the same quarter 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. In addition to the effects of the mining delays during the first half of the year, the provincial government disallowed shipments of ore from the Lonshi mine to cross the border into Zambia effective November 28, 2007 until all issues raised by the government were addressed. As of the date of this report the border remains closed. In all, copper production in the quarter was down 53% compared to the same quarter in 2006.

Guelb Moghrein net sales of $74.6 million as stockpiles reduced

Since achieving commercial production in the comparative quarter in 2006, copper sales revenue increased 888% as sales restrictions were resolved and production achieved full capacity compared to the same period in 2006. Compared with the previous quarter, net sales revenue decreased 15%, although there was a 21% increase in the tonnes of copper in concentrate shipped, as the realized copper price declined period on period. The increased concentrate shipments were the result of a reduction in the copper in concentrate stockpile of 5,616 tonnes since the previous quarter end. Production decreased 12% to 7,158 tonnes of copper in concentrate from the previous quarter due to an 8% decrease in the tonnes of ore processed and the processing of lower grade ore. The reduction in ore throughput was primarily due to the planned maintenance shutdown of the plant during the fourth quarter. Despite the decrease in net sales, gold sales revenue increased by 37% over the previous quarter as the volume sold increased due to the increased concentrate shipments and, also, due to higher gold prices.

Frontier net sales of $16.1 million as commercial production achieved

Since the achievement of commercial production during the fourth quarter, Frontier produced 8,712 tonnes of copper in concentrate. Partly as a result of a temporary border closure which prevented the shipment of concentrates, Frontier shipped and sold only 2,684 tonnes of copper in concentrate before year end. The balance of production was stockpiled at year end.

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

Total net sales were reduced by $34.7 million or $0.21/lb as a result of negative provisional pricing adjustments. These adjustments reflect the quarter's final settlement prices for prior period copper sales at an average of $3.28/lb compared to the September 30, 2007 provisional forward average LME price of $3.68/lb.

As at December 31, 2007, there were 54,558 tonnes of contained copper that were provisionally priced at an average LME copper price of $3.04/lb. This revenue will be subject to future adjustments as a result of movements in the copper price. Of this amount, 27,496 tonnes had the final price determined in January 2008 at $3.21/lb resulting in a favourable provisional pricing adjustment of $9.8 million, 24,722 tonnes will be determined in February 2008, and 2,340 tonnes in March 2008.

Q4 2007 operating profit

	Q4 2007		Q4 2006 (Restated)		Q4 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Kansanshi	194.7	44	80.9	38	97.9	55
Bwana/Lonshi	0.0	0	28.6	13	18.0	10
Guelb Moghrein	44.4	10	2.3	1	-	-
Frontier	9.9	2	-	-	-	-
Total operating profit	249.0	56	111.8	52	115.9	65
Unit costs	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**
Cash costs (C1)	$0.98	38	$1.14	49	$0.71	36
Total costs (C3)	$1.19	47	$1.38	60	$0.88	45

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

Group operating profit increases 123% to $249.0 million on the back of significant sales increases

Group operating profit rose materially as a result of higher sales and lower cash costs than in the same quarter of last year. The profit margin benefited from the increased realized copper price and a reduction in the average cash unit cost of production (C1) to $0.98/lb, down 14%. Profit margin per pound of copper sold averaged $1.54/lb, which was 26% higher than the comparative quarter (2006: $1.22/lb). Cash unit costs benefited from the increase in the gold credit related to the increased concentrate shipments at Kansanshi and Guelb Moghrein and the lower contract TC RC rates compared to the same quarter in 2006.

Kansanshi operating profit increases 141% to $194.7 million on higher sales and reduced costs

Kansanshi's average cash unit cost of production (C1) decreased by 22% to $0.85/lb and the average total unit cost of production (C3) decreased by 32% to $0.86/lb compared to the same quarter in 2006. The decrease in the average cash unit cost was due to multiple factors; including the increase in production output, the lower TC RC rates (56% lower) and the increase in gold sales (100% higher). With copper production increasing 76%, of which copper in concentrate production increased 108%, processing costs decreased 15% per pound of copper compared to the same quarter in 2006. Improved efficiencies, along with the increased ore throughput and the processing of higher grade sulphides resulted in lower costs per pound of copper produced.

Bwana/Lonshi breaks even as lack of high grade ore impacts results

Bwana copper production continued to be significantly affected by the lack of available high grade ore for processing due to the mining delays related to the previous heavy rainy season, increases in oil based consumables, electricity and wage costs and the closure of ore exports through the DRC border. This resulted in an increase of the average cash unit cost of production (C1) by 142% to $2.45/lb and the average total unit cost of production (C3) by 123% to $2.81/lb as compared to the same quarter in 2006.

Guelb Moghrein operating profit increases to $44.4 million

Guelb Moghrein enjoyed a significant increase in operating profit compared to the same quarter in 2006, which was the mine's first operating period. Compared to Q3 2007, Guelb Moghrein's average cash unit cost of production (C1) increased by 42% to $0.37/lb and the average total unit cost of production (C3) increased by 38% to $1.05/lb. Overall, increased maintenance costs on the mining equipment and processing facilities negatively impacted mining and processing costs as the dry and dusty conditions of the site began to impact the equipment. This, combined with the processing of lower ore grades, resulted in a decrease in copper output, thus increasing mining costs by 66% and processing and administration costs by 59%. These increases were partly offset by an increase in the gold credit of 62% compared to the previous quarter, flowing from the increased concentrate shipments.

Frontier achieves operating profit of $9.9 million in first few months of operations

Since achieving commercial production, the average unit cost of production (C1) was $1.29/lb and the average total unit cost of production (C3) was $1.59/lb as the operation continues improving production processes to achieve optimal output.

Q4 2007 net profit

	Q4 2007		Q4 2006 (Restated)		Q4 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	249.0	56	111.8	52	115.9	66
Corporate costs	(10.9)	(2)	(8.1)	(4)	(4.3)	(3)
Derivative gains/(losses)	(5.0)	(1)	1.0	-	(12.7)	(7)
Gain on sale of investment	-	-	0.2	-	-	-
Exploration	(10.1)	(2)	(6.7)	(3)	(3.8)	(2)
Interest (net)	(5.4)	(2)	(10.7)	(5)	(8.8)	(5)
Tax expense	(46.8)	(10)	(15.4)	(7)	(19.7)	(11)
Minority interests	(35.5)	(8)	(11.2)	(5)	(9.9)	(6)
Net profit	135.3	31	60.9	28	56.7	32
Earnings per share						
- basic	$2.00		$0.93		$0.92	
- diluted	$1.97		$0.91		$0.89	
Weighted average shares outstanding						
- basic	67.7		67.3		61.6	
- diluted	68.6		68.7		63.4	

Group net profit increases 122% to $135.3 million on increased operating profit

This increase in net profit was the result of increased copper prices, record production at Kansanshi and the increased profitability of Guelb Moghrein. This was partially offset by correspondingly higher income tax charges and higher minority interest share of profit compared to the same quarter in 2006.

Derivative losses increase to $5.0 million on increasing gold price

The loss on derivatives was primarily due to the effect on outstanding gold contracts of higher gold prices this quarter than in the corresponding period last year.

Exploration costs increase 51% to $10.1 million due to increased exploration activities in Zambia

The Company increased its exploration activities in Zambia during the fourth quarter of 2007. Part of the increase was targeted at finding new oxide ore bodies to provide suitable feed to the Bwana processing facility.

Interest expense, net of interest income, decreases 49% to $5.4 million despite higher outstanding debt

The Company's net interest costs were lower than the same quarter in 2006 due to the comparative quarter's recognition of $8.7 million in deferred finance fees related to the repayment of outstanding debt facilities in that period.

Q4 2007 cash flows

	Q4 2007	Q4 2006 (Restated)	Q4 2005 (Restated)
	USD M	USD M	USD M
Cash flows from operating activities			
- before working capital	220.8	70.6	100.1
- after working capital	224.1	129.3	109.2
Cash flows from financing activities	50.6	53.1	15.1
Cash flows from investing activities	(297.3)	(122.8)	(104.7)
Net cash flows	(22.6)	59.6	19.6
Cash flows per share			
- before working capital	$3.26	$1.05	$1.62
- after working capital	$3.29	$1.92	$1.77

Cash inflows from operating activities increases 73% to $224.1 million on significant increase in net profit

Operating cash flows before working capital movements continued to benefit from the Company's operating results with an increase of 213% over the same quarter in 2006. Non-cash related expenses that were included in the operating results including depreciation, minority interests and future tax expense were significantly higher than the comparative quarter in 2006.

Operating cash flows after working capital movements for the quarter were impacted by a build up inventory of approximately $43.2 million offset by an increase in accounts payables of $26.8 million. Inventory was impacted by an increase in ore stockpiles and higher stores and consumables. The payables increase was due, primarily, to the timing of trade payments.

The increase in operating cash flows after working capital movements compared to the same quarter in 2006 was due to the increase in net cash earnings, which was partially offset by a negative change in working capital movements.

Cash inflows from financing activities decreases slightly to $50.6 million due to lower debt draw downs

Financing activities included a long-term debt draw down of $50.0 million on the corporate revolving credit and term loan facility, a repayment of $4.6 million on the Kansanshi subordinated debt facility and vested stock option proceeds of $7.4 million. These financing cash inflows were slightly lower than in the same quarter in 2006 due, primarily, to higher net debt facility draw downs of $55.0 million, net of financing fees, in the comparative quarter.

Cash outflows from investing activities increases 142% to $297.3 million on purchase of Equinox shares

Investing activities included the purchase of $194.3 million in shares of Equinox resulting in the increase compared to the same quarter in 2006. In addition, the Company invested $80.5 million in continued capital expansion related to the completion of the Frontier project, the Kansanshi sulphide circuit expansion, and initial expenditures on the Kolwezi project.

FY 2007 net sales

(After TC/RC charges)			FY 2007 USD M	FY 2006 USD M	FY 2005 USD M
Kansanshi	-	copper	1,102.7	727.2	252.8
	-	gold	26.0	18.5	6.7
Bwana/Lonshi	-	copper	166.5	341.2	181.4
	-	acid	0.4	0.4	3.7
Guelb Moghrein	-	copper	183.4	5.6	-
	-	gold	44.1	1.6	-
Frontier	-	copper	16.1	-	-
Net sales			1,539.2	1,094.5	444.6
Provisional pricing adjustment included above			(9.7)	30.9	-
Copper selling price			**USD/lb**	**USD/lb**	**USD/lb**
Current period sales			3.16	3.04	1.79
Prior period provisional pricing adjustment			(0.02)	0.08	-
TC/RC and freight parity charges			(0.17)	(0.30)	(0.13)
Realized copper price			2.97	2.82	1.66

Group net sales increase 41% to $1,539.2 million on record copper production and higher copper price

Sales volume increased (up 30% to 223,907 tonnes of copper) as a result of record copper production (up 24% to 226,693 tonnes of copper). Net sales further increased as a result of a higher average copper price for the year of $3.16/lb compared to $3.04/lb in the 2006 year. In addition, TC RC charges were lower under 2007 annual contract terms. However, provisional pricing adjustments to prior period sales had a negative impact in the current year 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 resulted from Kansanshi's capital expansions, a full year of commercial production at Guelb Moghrein in 2007, and the achievement of commercial production at Frontier in early November 2007. These increases were reduced by lower production at Bwana/Lonshi due to a lack of high grade ore for processing.

Kansanshi net sales increase 51% to $1,128.7 million as capital expansions result in record production

Net sales, compared to the 2006 year, rose as a result of increased copper production and higher copper prices. Record production increased (up 29% to 163,824 tonnes) due, primarily, to the 21% increase in oxide and 39% increase in sulphide ore processed as compared to the 2006 year. 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 37% to 163,864 tonnes, with the balance of the increased sales revenue coming from the higher average price received and lower TC RC 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 no longer included price participation as a refining cost.

Bwana/Lonshi net sales decrease 51% to $166.9 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. In addition, two DRC border closures in March/April and November/December restricted ore shipments to the Bwana SX/EW facility. To maintain throughput at the Bwana facility, its low grade ore stockpiles were fully utilized and additional ore from external vendors was purchased. This resulted in an equal decrease in copper cathode production and sales volume (down 50% to 25,402 tonnes) compared to the 2006 year.

Guelb Moghrein net sales of $227.5 million on first full year of operations

With the achievement of commercial production in October 2006, production reached its nameplate operating levels during the year. Through better engineering and maintenance, ore mill rates increased steadily resulting in total production for the year of 28,755 tonnes. Copper in concentrate sales volumes were 11% higher than production as concentrate shipments improved significantly due to sales agreements with new customers being concluded and continued improvements in shipping logistics. This allowed for a reduction in the copper in concentrate stockpile of 3,201 tonnes since the end of the 2006 year. Guelb Moghrein also benefited from higher concentrate shipments with a gold credit of $44.1 million during the year.

Frontier net sales of $16.1 million as commercial production achieved

Since the achievement of commercial production during the fourth quarter, Frontier produced 8,712 tonnes of copper in concentrate. Partly as a result of a temporary border closure which prevented the shipment of concentrates, Frontier shipped and sold only 2,684 tonnes of copper in concentrate before year end. The balance of production was stockpiled at year end.

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 $0.02/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.

FY 2007 operating profit

	FY 2007		FY 2006 (Restated)		FY 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Kansanshi	740.7	47	541.4	50	176.2	40
Bwana/Lonshi	14.0	1	206.1	19	82.2	18
Guelb Moghrein	149.1	10	2.3	-	-	-
Frontier	9.9	1	-	-	-	-
Total operating profit	913.7	59	749.8	69	258.4	58
Unit costs	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**	**USD/lb**	**% of sales[1]**
Cash costs (C1)	$1.04	33	$0.93	33	$0.64	39
Total costs (C3)	$1.27	40	$1.15	41	$0.84	51

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

Group operating profit increases 22% to $913.7 million

Operating profit at Kansanshi increased 37% compared to the 2006 year and Guelb Moghrein posted very strong results in its first full year of operation. The combined increase in operating profit was impacted, however, by the results from Bwana/Lonshi. The high unit costs of this operation contributed to an increase in average group cash unit cost of production (C1) by 12% to $1.04/lb compared to the 2006 year. Removing the impact of higher costs at Bwana/Lonshi, C1 costs for the other operations averaged $0.86/lb for the year. Across the Group average profit margin per pound of copper sold was $1.87, which decreased from the comparative year (2006: $1.97/lb) again reflecting lower volumes from Lonshi.

Kansanshi operating profit increases 37% to $740.7 million on increased profit margins

Kansanshi's average cash unit cost of production (C1) decreased by 5% to $0.90/lb and the average total unit cost of production (C3) decreased by 8% to $1.04/lb. The decrease was due to a decrease in TC RC's of 72%, which was offset by an increase in ore costs of 22% and an increase in processing unit costs of 14%. 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, as well as increased ore mining and processing costs. Increases in oil-based consumables, electricity and wage costs all contributed to the increased ore and processing costs.

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 two border closures during the year. This resulted in an increase of the average cash unit cost of production (C1) by 163% to $2.24/lb and the average total unit cost of production (C3) by 133% to $2.63/lb as compared to the 2006 year. Mining unit costs were significantly impacted by these problems resulting in a 191% increase.

Guelb Moghrein operating profit of $149.1 million as production reaches design capacity / lower unit costs

Guelb Moghrein copper in concentrate production achieved design capacity during the year with continued cost improvements since the beginning of the year. The average cash unit cost of production (C1) was $0.65/lb and the average total unit cost (C3) of $1.15/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.

Frontier achieves operating profit of $9.9 million in first few months of operations

Since achieving commercial production, the average unit cost of production (C1) was $1.29/lb and the average total unit cost (C3) of production was $1.59/lb.

FY 2007 net profit

	FY 2007		FY 2006 (Restated)		FY 2005 (Restated)	
	USD M	% of sales	USD M	% of sales	USD M	% of sales
Operating profit	913.7	59	749.8	69	258.4	58
Corporate costs	(32.9)	(2)	(27.2)	(3)	(7.0)	(2)
Derivative losses	(8.7)	(1)	(58.2)	(5)	(21.8)	(5)
Gain on sale of investment	0.8	-	1.8	-	16.1	4
Exploration	(20.3)	(1)	(18.9)	(2)	(7.5)	(2)
Interest (net)	(18.1)	(1)	(23.9)	(2)	(17.3)	(4)
Tax expense	(182.8)	(11)	(161.1)	(15)	(46.3)	(10)
Minority interests	(131.4)	(9)	(62.9)	(6)	(20.1)	(4)
Net profit	520.3	34	399.4	36	154.5	35
Earnings per share						
- basic	$7.72		$6.14		$2.51	
- diluted	$7.62		$6.01		$2.45	
Weighted average shares outstanding						
- basic	67.4		65.1		61.5	
- diluted	68.3		66.4		63.0	

Group net profit increases 30% to $520.3 million on higher operating income, lower derivative losses

The increase in net profit was attributable to increased operating income and lower derivative losses compared to the 2006 year. In addition, Guelb Moghrein's current tax exempt status results in a lower effective group tax rate. These were offset by a higher share of minority interests' profit compared to the 2006 year, due to the strong contributions from the partly-owned Kansanshi and Guelb Moghrein operations.

Derivative losses decrease significantly

The 2007 year's derivative losses were primarily related to the increasing gold price. Following the closing out of virtually all of the Company's copper based derivatives in 2006, the Company was no longer exposed to derivative losses resulting from an increasing copper price.

Exploration costs increase 7% to $20.3 million due to increased exploration activities in Zambia

The Company increased its exploration activities in Zambia during the fourth quarter. Part of the increase was targeted at finding new oxide ore bodies suitable as feed for the Bwana processing facility.

Interest expense, net of interest income, decreases 24% to $18.1 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. This, with an increase in interest income, resulted in the net decrease compared to the 2006 year.

FY 2007 cash flows

	FY 2007	FY 2006 (Restated)	FY 2005 (Restated)
	USD M	USD M	USD M
Cash flows from operating activities			
- before working capital	771.8	564.2	236.8
- after working capital	540.8	474.0	195.1
Cash flows from financing activities	20.0	13.4	13.6
Cash flows from investing activities	(610.3)	(320.8)	(175.8)
Net cash flows	(49.5)	166.6	32.9
Cash flows per share			
- before working capital	$11.45	$8.67	$3.84
- after working capital	$8.01	$7.29	$3.16

Cash inflows from operating activities increases 14% to $540.8 million due to operating results

Operating cash flows before working capital movements continued to be driven by the Company's operating results with a 37% increase compared to the 2006 year.

Operating cash flows after working capital movements for the year were impacted by an increase in accounts receivables of $136.1 million, inventory build-up of $106.9 million and contributions to the long term incentive plan of $21.3 million. The increase in accounts receivable was due to the increase in sales volume during the latter part of the year and an increase in the amount of provisionally priced copper tonnes outstanding at year end. In addition, an increase in income tax payments compared to the previous year contributed to the lower percentage increase in operating cash flows after working capital movements compared to the 2006 year.

Cash inflows from financing activities increases to $20.0 million due to increase in net debt facility draw downs

The increase in financing cash inflows was due to higher net long term debt proceeds as the Company had facility draw downs, net of repayments of $69.3 million compared to $44.7 million during the 2006 year. This, combined with proceeds on stock options vested and exercised of $11.5 million, was partly offset by an increase in dividend payments of $31.6 million compared to the previous year.

Cash outflows from investing activities increases 90% to $610.3 million on acquisition of investments

Investing activities included the purchase of $283.2 million in shares of publicly listed companies held for investment purposes, which was primarily the investment in Equinox. A further $319.6 million was invested in continued capital expansion related to the completion of the Frontier project, the Kansanshi high pressure leach project and sulphide circuit upgrade, and initial expenditure on the Kolwezi project.

FY 2007 balance sheet

	FY 2007	FY 2006 (Restated)	FY 2005 (Restated)
	USD M	USD M	USD M
Cash	200.0	249.5	82.9
Property, plant and equipment	1,308.4	1,068.1	471.3
Total assets	2,682.7	1,719.7	745.8
Long term debt	361.2	294.9	235.0
Total liabilities	1,096.7	799.9	434.7
Shareholders' equity	1,586.0	919.8	311.1
Net working capital	457.3	312.8	81.2
Net debt to net debt plus equity	9%	5%	33%

Group assets rise 56% to $2,682.7 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. In response to the current market conditions, the Company valued these investments at 85% of the original cost and a provision of $1.1 million, net of tax was recognized during the fourth quarter. The Company continues to monitor the restructure process and will review its position during the current quarter in the light of any proposals in which it is asked to participate.

Inventory balances increased due, mainly, to an additional $55.3 million in consumable stores and $54.2 million in ore stockpiles. The Company had stockpiles of approximately 18,300 tonnes of copper in concentrate at year end. Reductions in the Kansanshi and Guelb Moghrein stockpiles from the previous quarter end were offset by stockpiled production at Frontier. DRC related border issues resulted in the delay of Frontier concentrate shipments. The issues were resolved in December and shipments commenced, however, this delay contributed to the stockpiling of approximately 7,100 tonnes of copper in concentrate. Of the remaining 11,200 tonnes, approximately 8,300 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.

With the Company's continued investment in publicly traded company shares throughout the year, an additional $272.8 million of marketable securities were acquired bringing the total cost to $308.4 million at December 31. Included in this total was 17.27% of the total issued and outstanding shares of Equinox Minerals Ltd. ("Equinox"). Equinox is developing its 100% owned Lumwana copper mine located in the North Western Province of Zambia approximately 65 kilometres west of Kansanshi. The Company holds these Equinox shares for investment purposes and may acquire further Equinox shares or dispose of its holdings as investment conditions warrant. The Company recognized an additional $247.0 million of comprehensive income before tax due to the appreciation in the fair value of these investments for the year, resulting in a closing carrying value of $547.9 million.

Property, plant and equipment balances increased by $240.3 million, net of depreciation, as the Company completed the Frontier project and achieved commercial production on November 2. In addition, the Company continued capital investment in the Kansanshi high pressure leach project and sulphide circuit upgrade and began work on the Kolwezi project.

Group liabilities increase 37% to $1,096.7 million

Long-term debt increased by $66.3 million due to net draw downs during the year to assist in the funding of the Frontier project. Minority interests increased by $130.2 million due to the positive operating results at Kansanshi and Guelb Moghrein. In addition, future income tax liabilities increased by $57.1 million due, primarily, to the appreciation in fair value of the investments.

Subsequent to year-end, the Company finalised a $250.0 million loan facility for general corporate purposes and to provide financing in relation to the Equinox investment. The facility is secured by a first ranking mortgage over Equinox shares owned by the Company and will mature in January 2009.

Shareholders' equity increases 72% to $1,586.0 million

Positive earnings of $520.3 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 $202.6 million of accumulated other comprehensive income after tax, which was directly related to the appreciation of the investments in publicly traded securities.

As at February 21, 2008 the Company has 68,143,922 shares outstanding.

Growth activities

Kolwezi development in DRC

The Kolwezi Project received board approval in November, and the project has started. Detailed design is in progress and is approximately 25% complete. Construction works are underway on site for infrastructure items which include power supply, water supply, roads access, construction camp, site housing and site buildings.

A number of major equipment packages have been awarded, and construction contracts have been let for earthworks, concrete works and site erected tankage. Approximately $120 million of the project budget has been committed at year end. Significant work is being undertaken during this current wet season to prepare the site (especially in terms of availability of construction equipment and tools), to ensure that an efficient and effective start on process plant construction is made from commencement of the dry season 2008 (nominally April onwards).

Kansanshi high pressure leach (“HPL”) facility

Operation of the HPL facility continued during the fourth quarter and concentrated on Autoclave #1. This autoclave’s metallurgical performance is excellent and has exceeded its design expectation. Efforts were concentrated on obtaining steady state operating data, and to continue with mechanical improvements which will result in maximizing continuous and reliable run time. December’s availability and utilization was 27 days on the #1 autoclave; however, the mechanical (materials) failure of certain valves, seals, and ducting continues to reduce operating time between repairs. The replacement of components with exotic corrosion/erosion resistant materials continues. Autoclave #2 returned to service in January incorporating various component improvements. Both autoclaves are expected to be fully operational at a throughput capacity of 8,500 tonnes per month by the end of Q1. Actual throughput will be dependant on management decisions to optimise production in the light of electrowinning capacity and power availability.

Kansanshi sulphide expansion project construction continues

The construction works for the Kansanshi sulphide circuit expansion to an annual throughput in excess of 12 million tonnes are well progressed. Concrete works and structural erection are essentially complete, and the site focus is on mechanical installation, piping and electrical installation. The majority of the project equipment items have been received on site, and much of the equipment is installed. The main items outstanding are the crusher and specific mill components (which are en route to site). The completion of the project will occur following the SAG mill installation after delivery of the mill shell which is due on site during February 2008. The construction completion and commissioning is expected during the first half of 2008.

Kansanshi fourth 35,000 tonne per year electrowinning tank house

Kansanshi is proceeding with the construction of a fourth 35,000 tonne per year electrowinning tank house to bring electrowinning capacity to 140,000 tonnes of copper cathode per year. The new tank house is based on existing designs and the project estimated capital cost is $16 million. All detailed design drawings have been completed and issued, and almost all mechanical equipment has been procured. Site construction is underway with earthworks having been completed and site concrete works approximately 50% complete. Structural and mechanical installation works are scheduled to commence in February, and delivery of project equipment will allow continued erection from late February onwards. Construction completion is expected in the second half of 2008, with commissioning of the new tank house to occur approximately mid year. It is not expected that Kansanshi will utilize the full tank house capacity. It will, however, provide flexibility to make up for periods of power disruptions.

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 2008 is 310,000 tonnes

The Company expects to produce approximately 310,000 tonnes of copper in 2008. This expected production includes approximately 181,000 tonnes from Kansanshi, approximately 84,000 tonnes from Frontier, approximately 33,000 tonnes from Guelb Moghrein and approximately 12,000 tonnes from Bwana/Lonshi.

During January, total copper production was about 25,700 tonnes sourced as follows:

- Kansanshi – 18,300 tonnes;
- Bwana/Lonshi – 800 tonnes;
- Guelb Moghrein – 2,900 tonnes;
- Frontier – 3,700 tonnes.

The Company sold approximately 21,700 tonnes of copper in January.

Group copper production five-year estimate

The Company is investing significantly in additional capacity at its existing production facilities and as a result plans that these operations will achieve the following average production levels over the years 2009 to 2013:

- Kansanshi – up 22% on 2008 planned production to 222,000 tonnes;
- Guelb Moghrein – up 30% on 2008 planned production to 43,000 tonnes;
- Frontier – broadly in line with 2008 planned production at 81,000 tonnes.

Over this period the Company expects Group production will rise even further as a result of new operations being brought on stream.

Mufulira smelter had continued to experience operating difficulties

The Mufulira smelter continued to encounter operating constraints which limited its concentrate treatment capacity. These operating issues are expected to continue into 2008. The Company was advised by Mopani that it will be unable to treat all of the Company's anticipated concentrate production from Kansanshi and Frontier during 2008. Expansion projects underway on the smelter will increase throughput by mid-year to 1,850 tonnes per day of concentrate. Even then, the capacity of the Mufulira smelter after treating Mopani's own material will not be able to treat all the Company's concentrate. As a result, the Company will arrange to treat a considerable surplus of 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, the Company will process concentrates through the HPL at Kansanshi.

Power blackouts in Zambia causing disruptions

Power is a major problem in the whole Southern African region. Increased production capacity has been designed into the plants to help overcome the effects of power disruptions. Congolese supply is currently adequate. The Company is currently studying a number of initiatives in an attempt to mitigate long term disruption and supply constraints. Power supply in Zambia has recently improved, but risks to supply exist associated with load-shedding and new mine developments.

Zambian budget announcement

The Government of the Republic of Zambia (“GRZ”) announced in January 2008 a number of proposed changes to the tax regime in the country, particularly in relation to mining companies. These changes, if enacted as proposed and if applicable to the Company, could result in higher tax payments in that country, which may be material at current commodity prices, as well as to potentially discourage further investment in both new and existing projects. The Company has entered into Development Agreements with GRZ on existing operations which provide for stability in the regulatory environment, including taxation, and rights of international arbitration in the event of any dispute which the Company will pursue if necessary to protect its contractual position. The impact of the changes proposed on the Company is uncertain and the Company is seeking resolution of this issue.

Kansanshi focussed on HPL, sulphide expansion and gold plant commissioning

Activities at Kansanshi continue to focus on both the HPL facility, targeting steady state production from autoclave #1 and autoclave #2, and on construction of 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 began in November. 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.

The continued build-up of the mining fleet, the completion of a fourth 35,000 tonne electrowinning tankhouse and the completion of the sulphide expansion is expected to result in copper production of 181,000 tonnes in 2008.

Guelb Moghrein producing copper concentrates above design levels

During the fourth 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 first quarter in 2008 is expected to be approximately 2,700 tonnes of contained copper per month. The concentrate stockpile at site has been reduced to an operating level of about 2,500 tonnes of contained copper (approximately one month’s production).

The CIL gold circuit was taken off line at the beginning of January 2007 due to CIL tailings storage facility (TSF) constraints. The construction of a new CIL TSF is expected to be completed in the second quarter of 2008. At present, CIL feed is being stored in a temporary impoundment for future treatment. Gold production at Guelb Moghrein is expected to be approximately 100,000 ounces in 2008.

An NI 43-101compliant resource was published on February 12, 2008 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 mine to produce approximately 84,000 tonnes of copper in 2008

The Frontier mine start-up has performed in line with expectations and production should continue to improve into 2008 as the mine reaches steady state production levels. Production in the first quarter of 2008 is expected to be impacted by the rains because, at this early stage, limited opportunity has been available to pre-empt the affect of the wet season. With limitations on the smelter capacity of Mufulira, the current plan is to ship all of Frontier’s concentrate production for treatment elsewhere on the Copperbelt and for export overseas.

Bwana/Lonshi border issues continue to impact production

The DRC border has been closed for the export of copper ores and exploration core samples from the Lonshi mine into Zambia since November 2007. The Company has been working with the DRC authorities to resolve this issue. The mining operations at the Lonshi mine continued but as the ore body reaches its end, there will be retrenchment of personnel.

The Lonshi oxide reserve should be exhausted in mid 2008. It is anticipated that about 12,000 tonnes of cathode will be produced at Bwana during 2008. The Company continues to assess alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore is exhausted.

The study to construct a decline to assess the underground mining option at Lonshi is underway. If feasible, the aim would be to commence a decline development by the start of the dry season. Studies are also underway to modify the Bwana plant for use in metallurgical treatment of cobalt ores, and to build a roaster for copper concentrate.

Kolwezi tailings project construction commences

The Board of Kingamyambo Musonoi Tailings SARL (KMT) (owned by First Quantum 65%, La Generale Des Carrieres et Des Mines (Gecamines) 12.5%, Industrial Development Corporation of South Africa (IDC) 10%, the International Finance Corporation (IFC) 7.5% and the Government of the Democratic Republic of Congo 5% (RDC) committed to proceed with the development of the Kolwezi tailings project (Kolwezi). First Quantum with support from its contributing equity partners of KMT (IDC and IFC) will finance or procure third party debt project financing totalling up to $593 million. This satisfies the obligations of First Quantum, the IDC and the IFC under the Contract of Association to complete feasibility studies, carry out an environmental impact assessment, prepare an environmental management plan, and to obtain commitments with respect to the financing of the project.

Preparatory site works commenced to meet a schedule for commercial start-up in the first quarter of 2010. The plant will commence operations at 35,000 tonnes per year copper and 7,000 tonnes per year of cobalt hydroxide at a capital cost of $553 million. The plant will be designed and constructed such that its capacity can be doubled for an incremental capital cost of $40 million. The mine life is expected to be 22 years at an annual production rate of 70,000 tonnes of copper cathode per year. The future development of a cobalt metal facility and the expansion of copper and cobalt capacity will be considered in light of practical experience on site and on commodity market conditions.

The Government of the Democratic Republic of Congo (“DRC”) announced during 2007 a review of over 60 mining agreements entered into over the last decade with foreign companies. The Kolwezi mining convention was included in this review and on February 19, 2008 formal notification of the outcome of the review was received by the Company. The notification lists a number of conditions to be met by the Company. The Company has advice that the convention is valid and binding and that KMT has complied with all its terms. The convention provides a dispute resolution mechanism through international arbitration. The Company will liaise with its financially contributing partners the IFC and IDC and, as invited by the Minister, will through KMT respond to the letter shortly and arrange to meet with him in due course.

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	**2006 Q2**	**2006 Q3**	**2006 Q4**	**2007 Q1**	**2007 Q2**	**2007 Q3**	**2007 Q4**	**2007 FY**
(millions, except where indicated)								
Revenues								
Current period copper sales (1)	$295.9	$311.4	$243.7	$270.9	$315.7	$460.2	$448.4	$1,478.4
Prior period provisional copper adjustments (2)	60.4	11.7	(31.7)	(17.6)	22.6	3.2	(34.7)	(9.7)
Other revenues	6.2	5.3	4.4	8.0	12.5	20.4	29.6	70.5
Total revenues	362.5	328.4	216.4	261.3	350.8	483.8	443.3	1,539.2
Cost of sales (restated)	65.2	81.7	88.5	102.0	121.3	152.6	168.4	544.3
Net earnings (restated)	149.5	133.2	60.9	78.3	123.1	183.6	135.3	520.3
Basic earnings per share (restated)	$2.32	$2.00	$0.93	$1.16	$1.83	$2.71	$2.00	$7.72
Diluted earnings per share (restated)	$2.27	$1.96	$0.91	$1.14	$1.79	$2.66	$1.97	$7.62
Copper selling price								
Current period copper sales (per lb)	$3.14	$3.37	$2.89	$2.96	$3.28	$3.58	$2.97	$3.16
Prior period provisional adjustments (per lb)	0.57	0.11	(0.35)	(0.18)	0.23	0.02	(0.21)	(0.02)
Gross copper selling price (per lb)	3.71	3.48	2.54	2.78	3.51	3.60	2.76	3.14
Tolling and refining charges (per lb)	(0.19)	(0.19)	(0.08)	(0.06)	(0.03)	(0.05)	(0.06)	(0.05)
Freight parity charges (per lb)	(0.16)	(0.12)	(0.14)	(0.13)	(0.10)	(0.10)	(0.14)	(0.11)
Realized copper price (per lb)	3.36	3.17	2.32	2.59	3.38	3.45	2.56	2.98
Average LME cash copper price (per lb)	3.29	3.48	3.21	2.69	3.46	3.50	3.28	3.23
Realized gold price (per oz)	$631	$581	$628	$661	$629	$700	$736	$696
Average gold price (per oz)	$627	$622	$614	$650	$667	$681	$788	$697
Total copper sold (tonnes)(3)	48,094	46,302	41,454	44,315	45,366	60,904	73,322	223,907
Total copper produced (tonnes) (3)	49,180	45,480	46,531	46,403	49,979	57,565	72,746	226,693
Total gold sold (ounces) (3)	9,611	8,864	6,944	12,004	19,422	29,182	40,081	100,689
Cash Costs (C1) (per lb) (4) (5)	$0.89	$1.00	$1.14	$1.06	$1.12	$0.98	$0.98	$1.04
Total Costs (C3) (per lb) (4) (5)	$1.09	$1.23	$1.38	$1.30	$1.38	$1.22	$1.19	$1.27
Financial Position								
Working capital (restated)	$245.6	$308.0	$312.8	$246.7	$390.8	$464.8	$457.3	$457.3
Copper in concentrate inventory (tonnes)								
Kansanshi	8,389	7,242	9,046	7,102	10,578	9,733	8,325	8,325
Guelb Moghrein	-	2,345	6,068	10,182	10,897	8,483	2,867	2,867
Frontier	-	-	-	-	-	-	7,104	7,104
Total copper in concentrate inventory (tonnes)	8,389	9,587	15,114	17,284	21,475	18,216	18,296	18,296
Total assets (restated)	$1,398.1	$1,574.0	$1,719.7	$1,797.1	$2,035.4	$2,300.4	$2,682.7	$2,682.7
Weighted average # shares (000's)	64,564	66,615	67,287	67,318	67,531	67,681	67,689	67,394
Cash Flows from								
Operating activities								
Before working capital movements (restated)	$213.5	$176.3	$70.6	$118.9	$175.2	$256.9	$220.8	$771.8
After working capital movements (restated)	142.5	118.3	129.3	74.6	40.5	201.6	224.1	540.8
Financing activities (restated)	32.1	(58.6)	53.1	(25.8)	38.0	(42.8)	50.6	20.0
Investing activities (restated)	(91.8)	(60.1)	(122.8)	(102.0)	(114.8)	(96.2)	(297.3)	(610.3)
Cash Flows from Operating activities per share								
Before working capital movements (restated)	$3.31	$2.65	$1.05	$1.77	$2.59	$3.80	$3.26	$11.45
After working capital movements (restated)	$2.21	$1.77	$1.92	$1.11	$0.60	$2.98	$3.29	$8.01

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

	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2007 FY
Kansanshi Production Statistics								
Mining								
Waste mined (000's tonnes)	5,516	6,683	7,123	5,316	6,681	6,482	6,482	24,961
Ore mined (000's tonnes)	2,552	3,220	2,380	2,600	3,371	4,650	4,867	15,488
Ore grade (%)	1.4	1.4	1.4	1.5	1.6	1.6	1.8	1.6
Processing (3)								
Sulphide Ore processed (000's tonnes)	1,140	1,277	1,212	1,171	1,372	1,759	1,830	6,132
Oxide Ore processed (000's tonnes)	1,246	1,401	1,080	1,263	1,499	1,465	1,538	5,765
Contained copper (tonnes)	36,981	32,882	31,545	38,231	36,766	41,605	51,572	168,174
Sulphide ore grade processed (%)	1.6	1.2	0.9	0.8	1.1	1.0	1.3	1.1
Oxide ore grade processed (%)	1.5	1.2	1.6	1.8	1.4	1.7	1.6	1.7
Recovery (%)	94	95	92	93	99	99	99	97
Copper cathode produced (tonnes)	17,501	17,158	17,201	22,823	20,322	23,705	26,399	93,249
Copper cathode tolled produced (tonnes)	1,186	3,036	1,805	5,521	12,204	14,314	16,142	48,181
Copper in concentrate produced (tonnes)	16,924	11,984	10,015	7,056	3,727	3,140	8,471	22,394
Total copper production	35,611	32,178	29,021	35,400	36,253	41,159	51,012	163,824
Concentrate grade (%)	25.8	26.4	26.9	25.2	26.6	27.8	28.3	27.2
Combined Costs (per lb) (4) (5)								
Mining	$0.14	$0.23	$0.21	$0.20	$0.24	$0.24	$0.20	$0.22
Processing	0.44	0.50	0.62	0.54	0.59	0.59	0.53	0.56
Site Administration	0.04	0.04	0.04	0.03	0.02	0.03	0.03	0.03
TC RCs and freight parity charges	0.42	0.31	0.27	0.14	0.16	0.15	0.18	0.17
Gold / Acid credit	(0.08)	(0.07)	(0.05)	(0.06)	(0.06)	(0.07)	(0.09)	(0.08)
Combined Total Cash Costs (C1)	$0.96	$1.01	$1.09	$0.85	$0.95	$0.94	$0.85	$0.90
Combined Total Costs (C3)	$1.13	$1.23	$1.28	$1.05	$1.17	$1.13	$0.86	$1.04
Oxide Circuit Costs (per lb) (4) (5)								
Mining	$0.13	$0.19	$0.15	$0.16	$0.22	$0.19	$0.18	$0.18
Processing	0.52	0.54	0.70	0.56	0.68	0.64	0.64	0.63
Site Administration	0.01	0.02	0.04	0.03	0.02	0.03	0.03	0.03
Oxide Circuit Total Cash Costs (C1)	$0.66	$0.75	$0.89	$0.75	$0.92	$0.86	$0.85	$0.84
Oxide Circuit Total Costs (C3)	$0.84	$0.96	$1.05	$0.92	$1.12	$1.02	$0.86	$0.97
Sulphide Circuit Costs (per lb) (4) (5)								
Mining	$0.13	$0.20	$0.20	$0.28	$0.26	$0.32	$0.23	$0.27
Processing	0.35	0.45	0.52	0.45	0.48	0.52	0.39	0.45
Site Administration	0.02	0.02	0.04	0.03	0.02	0.03	0.03	0.03
TC RCs and freight parity charges	0.89	0.73	0.62	0.42	0.39	0.35	0.39	0.39
Gold / Acid credit	(0.17)	(0.16)	(0.13)	(0.18)	(0.14)	(0.17)	(0.20)	(0.17)
Sulphide Circuit Total Cash Costs (C1)	$1.22	$1.24	$1.25	$1.00	$1.01	$1.05	$0.84	$0.97
Sulphide Circuit Total Costs (C3)	$1.39	$1.47	$1.49	$1.25	$1.24	$1.29	$0.86	$1.13
Revenues ($ millions) (3)								
Copper cathodes	$142.3	$158.6	$110.9	$175.8	$249.1	$307.1	$268.0	$1,000.0
Copper in concentrates	109.6	65.3	20.1	42.6	6.9	16.0	37.2	102.7
Gold	6.0	5.2	2.8	4.8	4.7	6.3	10.2	26.0
Total revenues	$257.9	$229.1	$133.8	$223.2	$260.7	$329.4	$315.4	$1,128.7
Copper cathode sold (tonnes)	17,568	17,181	17,360	22,798	20,207	24,909	27,897	95,811
Copper tolled cathode sold (tonnes)	1,186	3,036	1,805	5,521	12,204	14,314	16,142	48,181
Copper in concentrate sold (tonnes)	15,692	13,131	8,215	9,000	250	2,696	7,927	19,873
Gold sold (ounces)	9,611	8,864	4,428	7,764	7,118	9,862	16,053	40,797

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2007 FY
Bwana/Lonshi Production Statistics								
Mining								
Waste mined (000’s tonnes)	5,607	5,915	4,081	2,105	3,425	2,992	1,732	10,254
Ore mined (000’s tonnes)	183	110	80	16	94	160	82	352
Ore grade (%)	10.7	11.9	10.4	7.5	6.1	6.8	6.1	6.5
Processing								
Oxide Ore processed (000’s tonnes)	314	322	294	242	327	353	355	1,277
Contained copper (tonnes)	15,625	15,011	13,037	5,007	7,653	9,819	6,787	29,266
Oxide ore grade processed (%)	5.0	4.7	4.3	2.1	2.3	2.8	1.9	2.3
Recovery (%)	87	89	96	91	87	85	86	87
Copper cathode produced (tonnes)	13,569	13,302	12,479	4,557	6,676	8,305	5,864	25,402
Acid produced (tonnes)	71,421	63,830	73,901	67,227	69,108	67,537	72,477	276,349
Surplus acid (tonnes)	910	508	8	586	1,483	11	-	2,080
Oxide Circuit Costs (per lb) (4) (5)								
Mining	$0.32	$0.50	$0.60	$1.49	$1.57	$1.04	$1.37	$1.34
Processing	0.35	0.38	0.43	1.05	0.81	0.65	0.90	0.82
Site Administration	0.10	0.10	0.07	0.20	0.15	0.21	0.35	0.23
Gold / Acid credit	(0.08)	(0.06)	(0.09)	(0.24)	(0.14)	(0.09)	(0.17)	(0.15)
Oxide Circuit Total Cash Costs (C1)	$0.69	$0.92	$1.01	$2.50	$2.39	$1.81	$2.45	$2.24
Oxide Circuit Total Costs (C3)	$0.98	$1.18	$1.26	$2.92	$2.77	$2.25	$2.81	$2.63
Revenues ($ millions)								
Copper cathodes	$104.5	$99.2	$75.4	$22.1	$41.2	$66.1	$37.1	$166.5
Copper cathodes sold (tonnes)	13,648	12,954	12,766	4,664	6,369	8,471	5,898	25,402
Guelb Moghrein Production Statistics								
Mining								
Waste mined (000’s tonnes)	1,721	1,660	1,719	1,610	1,400	1,487	1,358	5,855
Ore mined (000’s tonnes)	144	179	400	462	539	674	650	2,325
Ore grade (%)	1.9	1.8	1.5	1.4	1.4	1.3	1.4	1.4
Processing (3)								
Sulphide Ore processed (000’s tonnes)	-	-	334	410	464	509	470	1,853
Contained copper (tonnes)	-	-	6,552	7,791	8,894	10,006	8,410	35,101
Sulphide ore grade processed (%)	-	-	2.0	1.9	1.9	2.0	1.8	1.9
Recovery (%)	-	-	78	83	79	81	85	82
Copper in concentrate produced (tonnes)	-	-	5,031	6,446	7,050	8,101	7,158	28,755
Gold in concentrate produced (ounces)	-	-	10,355	13,588	12,814	14,699	13,060	54,161
Sulphide Circuit Costs (per lb) (4) (5)								
Mining	-	-	$0.40	$0.21	$0.17	$0.12	$0.20	$0.18
Processing	-	-	0.77	0.56	0.52	0.47	0.64	0.56
Site Administration	-	-	0.08	0.07	0.06	0.07	0.22	0.11
TC RCs and freight parity charges	-	-	0.86	0.66	0.43	0.38	0.57	0.51
Gold / Acid credit	-	-	(0.15)	(0.21)	(0.48)	(0.78)	(1.26)	(0.71)
Sulphide Circuit Total Cash Costs (C1)	-	-	$1.96	$1.29	$0.71	$0.26	$0.37	$0.65
Sulphide Circuit Total Costs (C3)	-	-	$2.45	$1.66	$1.09	$0.76	$1.05	$1.15
Revenues ($ millions) (3)								
Copper in concentrates	-	-	$5.6	$12.8	$41.2	$74.1	$55.3	$183.4
Gold	-	-	1.6	3.1	7.6	14.1	19.3	44.1
Total revenues	-	-	$7.2	$15.9	$48.8	$88.2	$74.6	$227.5
Copper in concentrate sold (tonnes)	-	-	1,308	2,332	6,336	10,514	12,774	31,956
Gold sold (ounces)	-	-	2,516	4,240	12,304	19,320	24,028	59,892

Summary of Quarterly and Current Year to Date Results (unaudited) (continued)	2006 Q2	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2007 FY
Frontier Production Statistics								
Mining								
Waste mined (000's tonnes)	-	-	-	888	2,857	3,619	2,810	10,174
Ore mined (000's tonnes)	-	-	-	81	160	1,442	2,042	3,725
Ore grade (%)	-	-	-	1.1	0.9	1.0	1.2	1.1
Processing (3)								
Sulphide Ore processed (000's tonnes)	-	-	-	-	-	-	835	835
Contained copper (tonnes)	-	-	-	-	-	-	11,872	11,872
Sulphide ore grade processed (%)	-	-	-	-	-	-	1.4	1.4
Recovery (%)	-	-	-	-	-	-	73	73
Copper in concentrate produced (tonnes)	-	-	-	-	-	-	8,712	8,712
Sulphide Circuit Costs (per lb) (4)								
Mining	-	-	-	-	-	-	$0.41	$0.41
Processing	-	-	-	-	-	-	0.32	0.32
Site Administration	-	-	-	-	-	-	0.17	0.17
TC RCs and freight parity charges	-	-	-	-	-	-	0.39	0.39
Sulphide Circuit Total Cash Costs (C1)	-	-	-	-	-	-	$1.29	$1.29
Sulphide Circuit Total Costs (C3)	-	-	-	-	-	-	$1.59	$1.59
Revenues ($ millions) (3)								
Copper in concentrates	-	-	-	-	-	-	$16.1	$16.1
Copper in concentrate sold (tonnes)	-	-	-	-	-	-	2,684	2,684

(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.
(5) Mining costs included in cash and total costs have been restated to reflect the removal of the deferred stripping accounting policy and the retroactive restatement of prior period balances.

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	361.2	73.7	89.8	90.3	85.6	5.4	16.4
Deferred payments	13.7	11.9	0.4	0.4	0.4	0.4	0.2
Commitments	80.9	80.9	-	-	-	-	-
Asset retirement obligations	8.2	0.9	-	-	-	1.4	5.9

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 December 31, 2007, the following derivative positions were outstanding:

	2008	2009	Total	Fair Value December 31, 2007
				USD M
Gold				
Put options (oz)	24,060	38,028	62,088	-
Price ($/oz)	$350	$350	$350	
Forward contracts (oz)	24,060	38,028	62,088	$(29.1)
Price ($/oz)	$400	$400	$400	
Other				
Cross currency swaps				$6.6
Embedded derivative				$(7.4)

Off-Balance Sheet Arrangements

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

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

The CICA has issued three new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008. The Company will adopt the requirements commencing in the quarter ended March 31, 2008 and is considering the impact this will have on the Company's financial statements.

Section 1535, Capital disclosures, establishes standards for disclosing information about an entity’s capital and how it is managed. Under this standard, the Company will be required to disclose quantitative and qualitative information about its objectives, policies and processes for managing capital.

Section 3031, Inventories, provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862, Financial instruments – disclosures, requires entities to disclose quantitative and qualitative information that enable users to evaluate (a) the significance of financial instruments for the Company’s financial performance, and (b) the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and management’s objectives, policies and procedures for managing such risks. The Company will be required to disclose the measurement bases used, and the criteria used to determine classification of financial instruments.

Critical Accounting Policies

<u>Mineral properties and deferred exploration costs</u>

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

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

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

Pre-production costs

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

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

Income taxes

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

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

Stock Based Compensation

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

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

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

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

Asset retirement obligations

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

Critical Accounting Estimates

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

Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the consolidated financial statements materially and involve a significant level of judgment by management. 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, 2007 under the supervision of the Company's Disclosure Committee and with the participation of management. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. Since the December 31, 2007 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, 2007 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 year ended

December 31, 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, changes in government regulations, 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 London Stock Exchange.