

# Exploration

In late 2000, the First Quantum exploration team discovered the high grade Lonshi copper deposit which entered production in September 2001. In 2003, the Company announced the discovery of the Frontier copper deposit which will begin production in the fourth quarter of 2007. Both deposits are located in the south-eastward continuation of the Copperbelt from Zambia into the Congo Pedicle, an area that has received very little prior exploration.

On June 26, 2003 the Government of the DRC adopted a new mining code aimed at improving investment in the Country's mineral resource industry. The mining code, developed under the auspices of the World Bank, is based upon "best practice" examples from other countries, namely Chile and Zambia. The new mining code provides a transparent framework for the exploration, development and mining of mineral resources.



In December 2004, the Company announced positive results from a reverse circulation drill program at the Kashime prospect. Kashime is approximately 140 kilometres by paved and dirt road south east from Bwana. Highlights from the 13 hole drill program included 56 metres grading 2.08% copper, 55 metres grading 1.20% copper and 101 metres grading 0.92% copper. A preliminary inferred oxide resource was completed by independent consultants and in February 2006, a program of combined reverse circulation and diamond drilling was initiated to improve definition. Oxide resource drilling comprising totals of 9,100 metres of core drilling and 6,500 metres of reverse circulation was completed in July 2006. A new calculation of the oxide resource has been completed and a scoping study to determine the economics of this project is underway.

In March 2006 the Company announced a new discovery at the wholly-owned Kibamba Exploration Permit, located approximately 75 kilometres west of the town of Likasi, within the DRC portion of the Central African Copperbelt. The Company completed airborne magnetic and radiometrics surveys in 2004, and carried out soil geochemistry in 2004 and 2005 over the entire exploration permit. Four trenches were excavated at the Subo Prospect in 2004. 2005 drill highlights from Subo included 80 metres grading 2.20% copper and 0.25% cobalt, 75 metres grading 1.12% copper and 0.03% cobalt and 82 metres grading 1.88% copper and 0.12% cobalt. A follow up drill campaign was carried out in 2006 and further drilling is planned in 2007.

In 2006, a wide-ranging exploration program for new major copper deposits continued on wholly owned properties in Zambia and the DRC. The Company has prospecting licenses covering large areas within the Copperbelt. Drill programs are ongoing on several prospective targets.