



**FIRST QUANTUM**  
MINERALS LTD.

# NEWS RELEASE

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**FIRST QUANTUM REPORTS OPERATIONAL AND FINANCIAL RESULTS  
FOR THREE MONTHS AND TWELVE MONTHS ENDED DECEMBER 31, 2005**

(All figures expressed in US dollars)

**First Quantum Minerals Ltd. (the "Company") (TSE Symbol "FM", LSE Symbol "FQM")** is pleased to announce its results for the three months and twelve months ended December 31, 2005. The complete financial statements and management discussion and analysis are available for review at [www.first-quantum.com](http://www.first-quantum.com) and should be read in conjunction with this news release.

**Highlights – 2005 & the Fourth Quarter**

- Record net earnings of \$152.8 million or \$2.48 per share in 2005, an increase of 446% compared with 2004.
- Record net earnings of \$57.1 million or \$0.93 per share in the fourth quarter, an increase of 514% compared to 2004.
- Copper production in 2005 of 119,117 tonnes (263 million pounds), an increase of 187% compared with 2004.
- Cash flow from operating activities of \$101.0 million (\$1.64 per share) in the fourth quarter and \$236.1 million (\$3.84 per share) for 2005.
- Inaugural dividends of \$4.0 million paid to Company shareholders in 2005. Final dividend for 2005 of CA\$0.265 per share (26.5 Canadian cents) declared, payable to shareholders of record on April 19, 2006.
- Commercial production at Kansanshi commenced in April 2005. Fourth quarter production was 29,558 tonnes (65.1 million pounds) an increase of 28% over third quarter production.
- Detailed design of the Guelb Moghrein project in Mauritania is now complete and construction is progressing to completion.
- The Frontier project Environmental Impact Assessment and Environmental Management Plans were formally approved and the Exploitation permit granted by the Government of the Democratic Republic of Congo ("DRC"). Project activity has commenced.

**Financial Results (see attached financial statements)**

**2005 Fourth Quarter Results**

Fourth quarter revenues were \$176.9 million, which included copper revenues of \$174.2 million (\$119.5m Kansanshi and \$54.7m Bwana/Lonshi) and gold revenues of \$2.7 million. Copper revenues at Kansanshi comprised \$87.6 million from copper cathodes and \$31.9 million from copper concentrates. Copper revenues increased from the third quarter due to improvements in both the market price for copper and a 17% increase in copper production.

Copper production was 42,220 tonnes which included 29,558 tonnes from Kansanshi (18,324 tonnes cathode; 11,234 tonnes concentrate) and 12,662 tonnes from Bwana/Lonshi. The Company also produced 72,040 tonnes of acid, which represents a 102% increase over 2004 as a result of the start up of the Solwezi Acid Plant.

The realized copper price was \$1.97 per pound for the quarter. The significant increase from 2004 is principally due to the increased market price for copper. The average LME cash copper price for the fourth quarter was \$1.95 versus \$1.40 for the fourth quarter of 2004. The realized copper price is calculated by deducting treatment and refining charges ("TC/RCs") and freight parity charges from the selling price achieved before realization charges. The gross copper selling price, before realization charges, for the quarter was \$2.09 per pound, which was higher than the average LME cash price of \$1.95 per pound due to favorable contract pricing terms.

Gold revenues arise from the sale of gold contained in copper concentrates at Kansanshi. Each tonne of concentrate generally contains between 3 and 10 grams of gold for which a net credit is received by the Company after the deduction of the gold realization charges. For the fourth quarter, gold revenues totalled \$2.7 million for 5,766 ounces of gold.

Revenue from surplus acid sales has declined from previous years as a result of the increased internal acid consumption at Bwana/Lonshi and Kansanshi, needed for the increased copper production.

Cost of sales as a percentage of revenue decreased to 27% in the fourth quarter of 2005. Although unit costs have risen from 2004, the cost of sales has decreased as a percentage of revenue which is explained by rising copper prices and the addition of copper concentrates to the sales mix in 2005.

Group cash costs have increased from the fourth quarter of 2004 due to the start up of Kansanshi and increased costs at Bwana/Lonshi. Cash costs at Kansanshi were \$0.65 per pound and \$0.84 per pound at Bwana/Lonshi compared with average cash costs of \$0.48 per pound for the fourth quarter of 2004.

The cash inflow for the quarter from operating activities, before working capital movements, was \$101.0 million or \$1.64 per share. The cash inflow from operating activities, after working capital movements, was \$115.5 million or \$1.87 per share. The difference between the before and after non-cash working capital movements can be principally attributed to the increase in accounts payable.

Net earnings for the quarter increased to \$57.1 million or \$0.93 per share compared with third quarter net earnings of \$39.5 million or \$0.64 per share.

#### 2005 Annual Results

Operating revenues for the year ended December 31, 2005 were a record \$444.6 million; 97.6% being derived from the Company's core activity, copper mining. Copper revenues year on year increased significantly with the commencement of commercial production at Kansanshi and the improved copper production and realized copper price at the Bwana/Lonshi operation.

Copper production was 119,117 tonnes which included 69,579 tonnes from Kansanshi (41,521 tonnes cathode; 28,058 tonnes concentrate) and 49,538 tonnes from Bwana/Lonshi. The Company also produced 260,796 tonnes of acid, which represents an 86% increase over 2004 as a result of the start up of the Solwezi Acid Plant.

Copper revenues at Kansanshi for 2005 were \$252.7 million, which was composed of \$170.9 million for copper cathode and \$81.8 million for copper in concentrate. Kansanshi revenue figures only include revenues from the commencement of commercial production on April 19, 2005. Copper revenues at Bwana/Lonshi were \$181.4 million. For the purposes of financial reporting, TC/RCs and freight parity charges are recognized as a revenue deduction and are not included within the cost of sales.

The realized copper price was \$1.66 per pound for the year, which was a significant increase from last year due to the rising market price for copper. The gross copper selling price, before realization charges, for the year was \$1.79 per pound, which was higher than the average London Metal Exchange ("LME") cash price of \$1.67 per pound, due to favourable contract pricing terms. The favorable adjustments arise from sales contracts with a quotation period (final pricing basis) in future months plus premiums that the Company receives for its cathodes over LME cash prices. During this period of continually increasing copper prices this has been favorable for the Company.

Certain copper sales agreements entered into by the Company call for "provisional pricing" based on the average applicable cash copper price for a specified future month. Included within copper revenue as at December 31, 2005 was 28,491 tonnes of copper that has been provisionally priced using a provisional average LME copper price of \$2.06 per pound. This equates to approximately \$129.5 million worth of total revenue included within the 2005 results that may be subject to adjustment as a result of copper price fluctuations between January 2006 and July 2006. The average LME cash price for January 2006 was \$2.15 per pound and the average copper price for February 2006 was \$2.26 per pound.

Gold revenues represent a credit from the sale of copper concentrates at Kansanshi. Each tonne of concentrate generally contains between 3 and 10 grams of gold for which a net credit is received by the Company after the deduction of the gold realization charges. For the year, gold revenues totalled \$6.7 million for 14,266 ounces of gold.

Revenue from surplus acid sales fell from \$10.2 million in 2004 to \$3.8 million in 2005. This decrease was principally due to an increase in internal acid consumption at Bwana/Lonshi resulting from the increased copper production.

Cost of sales for 2005 increased by 182% to \$151.9 million, which is consistent with the 187% increase in copper production due to the commencement of commercial production at Kansanshi and the increased copper production from the Bwana/Lonshi operation.

Group cash costs have increased year on year as a result of the introduction of the Kansanshi operation as well as increased costs at Bwana/Lonshi. Cash costs at Kansanshi were \$0.63 per pound and \$0.68 per pound at Bwana/Lonshi for 2005 both higher than the group average of \$0.46 in 2004. Kansanshi's unit costs were higher than expected due partially to the requirement to transport concentrate further and use alternative smelters than those planned while a new smelter is being completed at Mufulira (part of Mopani). The new smelter is expected to be complete by mid 2006. At Bwana/Lonshi the increase in costs can be attributed to the revised strip ratio and increased costs associated with mining. Reference should be made to the segmented discussion for further discussion of segmented cash costs.

For 2005, the cash inflow from operating activities, before working capital movements, was \$236.1 million or \$3.84 per share. The cash flow from operating activities, after working capital movements, was \$201.8 million or \$3.28 per share. The difference between the cash flow before and after working capital movements can be attributed principally to the increase in both accounts receivable (\$44.5 million) and inventory (\$25.2 million). The large increase in both is due to the normal payment terms surrounding concentrate and cathode sales at Kansanshi coupled with the provisional revenue adjustments at year end. The increase in inventory stems from the Company's \$13.4 million investment in stockpiles at Kansanshi. The increase in accounts receivable and inventory has been partially offset by an increase in payables of \$35.5 million.

Net earnings for the year increased to \$152.8 million or \$2.48 per share, including a gain on the sale of the Company's interest in Anvil of \$16.1 million or \$0.26 per share.

## **Kansanshi**

### 2005 Fourth Quarter Results

During the quarter, 1,499,000 tonnes of ore and 5,240,000 tonnes of waste were mined. In the fourth quarter, the total material mined declined from the third quarter from a total of 7,685,000 tonnes to 6,739,000 tonnes. The 12% decrease can be attributed to the onset of the Zambian wet season coupled with an increased ore re-handling requirement, as Kansanshi differentiated between ore types to maximize the mill throughput. The previously reported fuel and tire shortages had minimal impact during the quarter. For the fourth quarter, contained copper production increased 28% to 29,558 tonnes, which although a substantial increase, fell just short of the revised target of 30,513 tonnes, principally due to a mill relining required in December, and disruptions in milling for "tie-ins" during the upgrade construction.

During the quarter, Kansanshi produced 18,324 tonnes of copper cathode at a cash cost of \$0.52 per pound and a total cost of \$0.63 per pound. Cathode costs were marginally higher than the previous quarter due to one-off accruals of duty and import charges. During the quarter, Kansanshi produced 11,234 tonnes of contained copper in the form of concentrates at a cash cost of \$0.87 per pound and a total cost of \$0.98 per pound. Concentrate costs were up on the previous quarter as a result of higher freight costs and a lower gold credit. The increase in the freight costs of approximately \$0.10 per pound is a result of selling a high component of concentrates to international smelters rather than domestic smelters as the smelter at Mopani (Mufulira smelter) does not have any spare capacity while its new smelter is being completed. The gold credit also fell \$0.08 quarter on quarter as a result of the lower ratio of concentrate sales to copper concentrate production. In the determination of the gold production credit, the gold sales figure is used, consequently as the sales increase so does the gold credit. The accrual of duties and import charges also impacted the concentrate side but were offset by other processing efficiencies. The combined cash cost for both concentrate and cathode was \$0.65 per pound with a total cash cost of \$0.76 per pound.

### 2005 Annual Results

In 2005, 7,288,000 tonnes of ore and 16,141,000 tonnes of waste were mined. The total waste mined was below the original targets principally as a result of the tire shortage in the first half of the year, late delivery of mining equipment and the additional rehandling requirements experienced in the fourth quarter. Notwithstanding, Kansanshi was still able to build stockpiles of 5.5 million tonnes of high and low grade ore with a copper content of approximately 1.8%. The strip ratio for the year was 2.2:1. As this exceeded the expected life of mine strip ratio, the Company deferred costs of \$6.5 million associated with mining at Kansanshi. As at the end of the year, Kansanshi had deferred a total of \$7.8 million in mining costs.

Copper production was 69,579 tonnes of which 41,521 tonnes were produced from copper cathode and 28,058 tonnes from concentrates. Excluded from the copper production figures for the year are 6,792 tonnes of copper in concentrate and 1,941 tonnes of finished copper cathode that were produced prior to commercial production being achieved in April.

The combined cash costs for both cathode and concentrate for 2005 was \$0.63 per pound with a total cost of \$0.79 per pound. The cash cost for cathode was \$0.54 per pound, which was comprised of ore costs of \$0.08 per pound; processing costs of \$0.42 per pound; and other costs of \$0.04 per pound. Total costs were \$0.70 per pound. The cash costs for concentrate was \$0.78 per pound, which was comprised of ore costs of \$0.08 per pound; processing costs including TC/RC and freight credits of \$0.77 per pound; and other costs of \$0.05 per pound offset by a \$0.12 per pound gold credit. The TC/RC costs were higher than expected due to the requirement to transport the concentrate further than planned and higher smelting charges as Mufulira was unable to process the planned production while the new smelter is being completed. The total costs for concentrate were \$0.94 per pound.

## **Bwana/Lonshi**

### 2005 Fourth Quarter

During the fourth quarter, approximately 209,000 tonnes of ore and approximately 5,918,000 tonnes of waste were mined from Lonshi. The strip ratio for the quarter was 28:1. Total material mined increased 22% despite two of the three months in the fourth quarter experiencing much heavier than average rainfall. The increase in material mined was principally due to the arrival of the remaining mining fleet acquired to address the requirements of the July 1st, 2005 revision to the strip ratio from 12:1 to 26:1. As with Kansanshi, both the fuel and tire situations improved during the quarter with no significant downtime experienced as a result of either of these two items.

During the fourth quarter, copper production was 12,662 tonnes, 4% below the record production achieved in the previous quarter. Cash costs were \$0.84 per pound and total costs were \$1.16 per pound of copper. Cash costs at Bwana/Lonshi increased \$0.10 over quarter three due to a \$0.06 increase in ore costs, a \$0.04 increase in processing costs, and a \$0.03 increase in administrative costs offset by an improved acid credit of \$0.02 per pound as a result of the increased sales from the Solwezi Acid Plant located at Kansanshi. The increase in ore costs can be attributed to the higher stripping ratio, higher fuel costs and higher transportation costs. The increase in processing costs can be attributed to the increased cost of oil based consumables.

Acid production increased to 72,040 tonnes, of which 34,988 tonnes were produced at Ndola and 37,052 tonnes at Solwezi. Of the total acid produced, 219 tonnes were sold externally, 35,754 tonnes consumed at Kansanshi with the balance consumed at Bwana/Lonshi.

### 2005 Annual Results

In 2005, approximately 981,000 tonnes of ore and approximately 17,246,000 tonnes of waste were mined from Lonshi. The strip ratio for the year was 18:1, which is less than the new mine life strip ratio established on July 1, 2005 of 26:1. As a result, \$1.7 million has been expensed or provided for during 2005. The Company recognized a deferred stripping liability of \$1.0 million as at December 31, 2005. The increased strip ratio combined with, the higher actual mining and transport costs in 2005, has meant that the ore costs have risen \$0.15 per pound compared with the same period last year.

Copper production increased to 49,538 tonnes in 2005. The 19% increase over the same period in 2004 was principally as a result of being able to operate the tankhouses at record high current densities.

Cash costs for 2005 were \$0.68 per pound and total costs were \$0.93 per pound. The increase in cash costs from 2004, can be attributed to the increase in ore costs (\$0.15 per pound) due to the increase in the life of mine strip ratio that occurred on July 1, 2005 and the increased cost of tires and fuel. This coupled with increased acid costs (\$0.04 per pound) due to the increased gangue acid consumption resulting from the higher levels of dolomitic ore. The increased

internal consumption of acid has also reduced the acid credit available from the Ndola plants. These costs have been slightly offset by the acid credit from the Solwezi acid plant of \$0.06 per pound.

Cash costs at Bwana/Lonshi for the year were composed of ore costs \$0.36 per pound and processing and other costs of \$0.38 per pound. These costs were offset by a \$0.06 credit for acid sales.

Acid production in 2005 was 260,796 tonnes, of which 134,633 tonnes were produced at Ndola and 126,163 tonnes at Solwezi. Of the total acid produced, 32,601 tonnes were sold externally and 85,330 tonnes were consumed at Kansanshi. Annual acid production capacity at Ndola and Solwezi is 146,000 tonnes per site.

### **Guelb Moghrein Copper-Gold Deposit, Mauritania**

Guelb is located 250 kilometres northeast of the nation's capital, Nouakchott, near the town of Akjoujt, in Mauritania. It consists of an open pit mineable copper/gold deposit. In January 2005, the detailed design and engineering contract was awarded with site establishment commencing in March 2005. Logistical and supply difficulties in Mauritania have delayed the commissioning from the first quarter of 2006 until the second quarter of 2006, with commercial production now expected in the third quarter of 2006. Production will be initially targeted at approximately 30,000 tonnes of copper in concentrate and 70,000 ounces of gold per year.

As at December 31, 2005, the Company had capitalized acquisition and development costs totalling \$66.0 million (2004: \$10.3m).

Detailed design is now complete. In 2005, a non-violent military coup in Mauritania has had no impact on the construction program and the new government has pledged to honour all existing agreements. Site civil works and structural steel erection are complete and final equipment installation is now in progress. During the fourth quarter, the Environmental and Social Impact Assessment ("ESIA") report was reviewed by the Ministry of Mines and Industry in Nouakchott and was found to contain no fatal flaws. A provisional mining license was issued in late-December, with final approval of the ESIA and a final mining license to be granted once a reclamation plan is submitted and bonding put in place.

### **Frontier Copper Deposit, DRC**

In May 2004, the Company announced the results of an independent copper-cobalt resource estimate completed at Frontier Project located in Haut Katanga Province, DRC.

As at December 31, 2005, the Company had spent \$9.9 million (2004: \$3.7m) on this project. The current scoping study envisages an average annual production of 80,000 tonnes of contained copper. In January 2006, the Frontier Environmental Impact Assessment and Environmental Management Plan were formally approved by the Congolese Ministry of Mines and the Exploitation Permit was granted in February 2006.

### **Kashime Copper Prospect, Zambia**

A preliminary inferred oxide resource has been completed by independent consultants, Digital Mining Services, and in February 2006, a program of combined reverse circulation and diamond drilling was initiated to improve definition. In March 2006, a programme of induced polarization will be carried out over the eastern and central portion of the target where significant copper sulphides have been intersected at depth in some holes.

During the year ended December 2005, the Company expensed \$7.5 million (2004: \$3.1m; 2003: \$0.6m) on other exploration targets that were predominantly located within the DRC and Zambia. Of this amount, \$2.6 million was related to the Kashime Copper Prospect. As at December 31, 2005, no costs associated with this exploration property have been deferred.

### **Investments –Carlisa**

The Company holds an 18.8% interest in Carlisa Investment Corporation ("Carlisa"), which holds a 90% interest in Mopani. The carrying value of this investment as at December 31, 2005 is \$9.5 million. There has been no movement in this investment since 2002. For 2005, Mopani produced approximately 132,000 tonnes of finished copper and 1,800 tonnes of cobalt. In a recent Reuters dispatch, Tim Henderson, Mopani's CEO forecasted "copper production to rise to 200,000 tonnes in 2006." The increase in forecasted copper production can be attributed to capital upgrades at the mine including the construction of a new smelter at Mufulira, which will increase its handling capacity from 420,000 tonnes to

650,000 tonnes of copper concentrate per year. The smelter is expected to be completed and operating during the middle of 2006. As at December 31, 2005, Mopani had total assets over \$700.0 million. As the majority owner of Mopani is a private company not registered in Zambia, only limited public information is available.

## Outlook

For the full year of 2006, the Company expects to produce about 200,000 tonnes of copper (a 68% increase over 2005 copper production) which includes 140,000 to 145,000 tonnes from Kansanshi, 45,000 to 50,000 tonnes from Bwana/Lonshi and 15,000 tonnes from Guelb Moghrein. In addition, the Company expects to produce 75,000 ounces of gold which includes 40,000 ounces from Kansanshi and 35,000 ounces from Guelb Moghrein. Group cash costs are expected to be in the range of \$0.72 to \$0.77.

During the period January to February, 2006, Kansanshi produced 19,226 tonnes of copper which included 10,338 tonnes of copper cathode and 8,888 tonnes of copper in concentrate. During February 2006, the recently completed four million tonne sulphide circuit expansion began commissioning. Name plate treatment capacity at Kansanshi now stands at eight million tonnes of sulphide ore per year, while oxide treatment capacity remains four million tonnes per year. Upon achieving design throughputs Kansanshi is expected to produce an average of 12,300 tonnes of copper per month which includes 6,000 tonnes of copper cathode and 6,300 tonnes of copper in concentrate. Cash costs for 2006 are forecast in the range of \$0.71 to \$0.77 per pound of copper.

At Kansanshi the Company is investing in a High Pressure Leach (HPL) facility to treat a portion of the increased copper concentrate production. The main components of HPL project are two autoclaves, an oxygen plant and an additional 35,000 tonne per annum solvent extraction and electrowinning (SX/EW) facility. The main equipment for the autoclave and oxygen plants has been successfully relocated from Turquoise Ridge in Nevada, USA and all of the equipment is now either on site or undergoing refurbishment in South Africa. Two autoclave vessels have been installed on their foundations at Kansanshi. Detailed design work for the HPL project has been completed, and construction is well underway. Site civil works for the project are essentially complete, with only a small amount of civil work outstanding for the oxygen plant. The majority of materials have been ordered and are currently arriving on site. The structural, plate work and mechanical installation associated with the new SX/EW plant are well progressed, and are also underway for the autoclave and oxygen plant areas. Piping and electrical installation for the project is expected to begin March 2006. Construction of the HPL project is expected to be completed such that pre-commissioning and commissioning will begin in the third quarter of 2006. One of the three high pressure autoclave vessels was damaged during transportation. An assessment of the damage is currently being undertaken but it will not slow the commissioning or hinder performance. The total capital cost is budgeted at \$87 million including an upgrade to the Zesco power supply and increased working capital.

The Bwana/Lonshi operation is forecast to produce in excess of 45,000 tonnes of copper cathode in 2006. During the very wet period January to February 2006, Bwana/Lonshi produced 7,311 tonnes of copper cathode. Cash costs for 2006 are forecast in the range of \$0.76 to \$0.83 per pound of copper. The Company is currently assessing the alternative and most beneficial uses for the Bwana processing plant after the Lonshi ore has been exhausted. In 2006, the Company also anticipates that it will process external ore purchased from third parties, to exploit the full production capacity at Bwana. This occurs for example during periods of heavy rain, and increases the ore costs.

It should be noted that the forecast cash costs are provided under current accounting practice. With the implementation of the proposed accounting change to deferred stripping, actual results may differ from these forecasts.

At Guelb, the detailed design was completed at the end of January. Logistical and supply difficulties in Mauritania have delayed the commissioning until the second quarter of 2006 and commercial production is expected to begin in the third quarter. The Company remains unable to release an engineering report as the Company is not treating the current resource statement as compliant with National Instrument 43-101.

At Frontier, the scoping study is complete and will be published shortly. Subject to a positive production decision, and board of directors approval, pre-stripping and construction of civil works will begin after the rains end in April 2006. At the Kashime prospect diamond drilling continues with an initial resource estimate expected once the assay results are available for the current program of drilling.

**On Behalf of the Board of Directors  
of First Quantum Minerals Ltd.**  
"G. Clive Newall"  
**G. Clive Newall**

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For further information visit our web site at [www.first-quantum.com](http://www.first-quantum.com)

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The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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

The preceding discussion and analysis and financial review should be read in conjunction with management's discussion of critical accounting policies, risk factors and comments regarding forward looking statements contained in the audited consolidated financial statements for the period ended December 31, 2005. The following discussion and analysis of the Company's results of operations should also be read in conjunction with the audited consolidated financial statements and related notes.

Summary of Quarterly Results (unaudited)								
Statement of Operations and Deficit (millions, except where indicated)	2004				2005			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total revenues	\$25.3	\$26.3	\$31.2	\$30.7	\$38.2	\$86.5	\$143.0	\$176.9
Cost of sales	12.1	13.1	14.1	14.5	16.2	35.0	53.8	46.9
Depletion and amortization	2.3	3.0	2.6	3.0	3.9	6.9	12.5	13.2
Exploration	0.4	0.6	1.1	1.0	1.0	1.1	1.5	3.8
General and administrative	1.1	1.5	1.4	2.2	2.1	2.2	2.5	2.9
Interest	0.6	0.9	0.8	0.7	0.8	3.4	5.8	9.3
Other expenses	(0.1)	0.6	(0.3)	(0.9)	(0.6)	(1.7)	5.9	13.5
Income taxes	2.6	2.6	3.7	2.0	3.7	7.2	14.8	19.9
Minority interests	-	-	-	-	-	3.3	6.8	10.2
Equity earnings	0.4	0.2	0.1	1.0	-	-	-	-
Net earnings	6.7	4.1	7.9	9.3	27.2	29.0	39.5	57.1
Basic earnings per share	\$0.11	\$0.07	\$0.13	\$0.16	\$0.44	\$0.47	\$0.64	\$0.93
Diluted earnings per share	\$0.11	\$0.07	\$0.13	\$0.15	\$0.43	\$0.46	\$0.63	\$0.90
Realized copper price	\$1.03	\$1.11	\$1.16	\$1.20	\$1.44	\$1.42	\$1.58	\$1.97
Total copper sold (tonnes) <sup>(2)</sup>	9,700	19,299	1,674	10,872	12,000	26,535	39,864	40,203
Total copper produced (tonnes) <sup>(4)</sup>	9,689	9,585	11,330	10,942	12,028	28,673	36,196	42,220
Total gold sold (ounces)	-	-	-	-	-	1,370	7,130	5,766
Cash Costs (C1) (per lb) <sup>(1)</sup>	\$0.39	\$0.48	\$0.45	\$0.48	\$0.58	\$0.60	\$0.64	\$0.71
Total Costs (C3) (per lb) <sup>(1)</sup>	\$0.53	\$0.67	\$0.68	\$0.59	\$0.75	\$0.80	\$0.87	\$0.89
<b>Financial Position</b> (millions)								
Working capital	\$40.2	\$28.0	\$51.8	\$33.9	\$61.4	\$47.1	\$32.2	\$76.2
Total assets	\$241.8	\$276.4	\$385.0	\$473.1	\$523.1	\$561.9	\$641.5	\$746.5
Weighted average # shares (000's)	58,568	59,434	60,668	60,942	61,267	61,499	61,583	61,639
<b>Cash Flows from</b> (millions)								
Operating activities								
Before working capital movements	\$12.1	\$11.5	\$12.9	\$9.8	\$19.7	\$43.0	\$81.1	\$101.0
After working capital movements	6.6	10.8	10.4	2.9	22.9	2.3	69.8	115.5
Financing activities								
Investing activities	(36.2)	(47.7)	(69.7)	(52.5)	(19.0)	(2.3)	(57.8)	(94.4)
<b>Cash Flows from Operating activities per share</b> <sup>(3)</sup>								
Before working capital movements	0.21	0.19	0.21	0.16	0.32	0.70	1.32	1.64
After working capital movements	0.11	0.18	0.17	0.05	0.37	0.04	1.13	1.87
<b>Kansanshi Production Statistics</b>								
<i>Mining:</i>								
Waste mined (000's tonnes)	-	-	1,175	2,857	1,651	3,185	6,064	5,240
Ore mined (000's tonnes)	-	-	-	1,346	2,119	2,050	1,621	1,499
Ore grade %	-	-	-	2.4	1.7	2.0	2.0	1.9
<i>Processing:</i>								
Ore processed (000's tonnes) <sup>(3)</sup>	-	-	-	-	-	1,129	1,461	1,619
Contained copper (tonnes) <sup>(3)</sup>	-	-	-	-	-	19,917	27,510	30,934
Recovery % <sup>(3)</sup>	-	-	-	-	-	86	84	96
Copper produced (tonnes) <sup>(3)</sup>	-	-	-	-	-	16,956	23,065	29,558
<i>Combined Cash Costs:</i>								
Cash Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.63	\$0.59	\$0.65
Total Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.80	\$0.80	\$0.76
<i>Cathode Cash Costs:</i>								
Cash Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.61	\$0.52	\$0.52
Total Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.80	\$0.73	\$0.63
<i>Concentrate Cash Costs:</i>								
Cash Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.65	\$0.71	\$0.87
Total Costs (per lb) <sup>(1)</sup>	-	-	-	-	-	\$0.81	\$0.90	\$0.98
<i>Revenue (000's)</i>								
Copper cathodes	-	-	-	-	-	29,165	54,116	87,624
Copper concentrates	-	-	-	-	-	15,309	34,668	31,850
Total revenues	-	-	-	-	-	44,474	88,784	119,474
Copper cathode sold (tonnes)	-	-	-	-	-	8,919	14,227	18,505
Copper concentrate sold (tonnes)	-	-	-	-	-	6,024	12,243	9,260

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**Summary of Quarterly Results (unaudited) (continued)**


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<b>Bwana/Lonshi Production Statistics</b>	<b>2004</b>				<b>2005</b>			
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
<i>Mining:</i>								
Waste mined (000's tonnes)	1,036	2,854	4,213	2,926	2,596	4,025	4,707	5,918
Ore mined (000's tonnes)	66	85	257	261	152	319	300	209
Ore grade %	5.4	5.2	4.7	6.4	5.3	5.5	3.9	6.1
<i>Processing:</i>								
Ore processed (000's tonnes)	209	237	278	256	264	328	363	397
Contained copper (tonnes)	10,904	10,813	12,908	12,824	13,804	13,354	15,003	14,262
Grade %	5.2	4.6	4.6	5.0	5.2	4.1	4.1	3.6
Recovery %	89	89	88	85	87	88	88	89
Copper produced (tonnes)	9,689	9,585	11,330	10,942	12,028	11,717	13,131	12,662
Acid produced (tonnes)	34,344	34,265	35,920	35,671	55,275	69,218	64,263	72,040
Surplus acid (tonnes)	20,763	19,149	16,884	9,664	49	14,939	7,120	219
Cash Costs (per lb) <sup>(1)</sup>	\$0.39	\$0.48	\$0.45	\$0.48	\$0.58	\$0.57	\$0.74	\$0.84
Total Costs (per lb) <sup>(1)</sup>	\$0.53	\$0.67	\$0.68	\$0.59	\$0.75	\$0.79	\$1.01	\$1.16
<i>Revenues (\$000's)</i>								
Copper cathodes	22,082	23,398	28,624	29,249	38,172	38,899	49,602	54,694
Copper cathodes sold (tonnes)	9,693	9,553	11,233	11,060	12,000	11,592	13,394	12,438

<sup>(1)</sup> For the definition of cash and total costs, reference should be made to section 7. <sup>(2)</sup> Copper sold does not include tonnes sold prior to pre-commercial production.

<sup>(3)</sup> Copper produced does not include tonnes produced prior to pre-commercial production.

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**Consolidated Balance Sheets**

As at December 31, 2005 and 2004

(expressed in thousands of US dollars)

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 19)	82,910	50,356
Restricted cash (note 10)	20,162	1,931
Accounts receivable and prepaid expenses	70,444	21,927
Inventory (note 5)	60,854	31,674
	<u>234,370</u>	<u>105,888</u>
<b>Investments</b> (note 6)	9,522	15,340
<b>Property, plant and equipment</b> (note 7)	471,294	319,222
<b>Other assets</b> (note 8)	31,325	32,611
	<u>746,511</u>	<u>473,061</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	63,492	33,474
Current taxes payable	16,055	3,248
Other current liabilities (note 9)	78,632	35,287
	<u>158,179</u>	<u>72,009</u>
<b>Long-term debt</b> (note 10)	176,767	191,661
<b>Other liabilities</b> (note 11)	34,340	37,048
<b>Future income tax liability</b> (note 13)	43,330	12,313
	<u>412,616</u>	<u>313,031</u>
<b>Minority interest</b>	22,454	2,190
	<u>435,070</u>	<u>315,221</u>
<b>Shareholders' Equity</b>		
<b>Equity accounts</b> (note 14)	166,592	161,776
<b>Retained earnings (deficit)</b>	144,849	(3,936)
	<u>311,441</u>	<u>157,840</u>
	<u>746,511</u>	<u>473,061</u>
<b>Commitments and contingencies</b> (note 21)		

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

For a copy of the notes visit the Company's website at [www.first-quantum.com](http://www.first-quantum.com).

**Consolidated Statements of Earnings and Deficit**

For the years ended December 31, 2005 and 2004

(expressed in thousands of US dollars)

	<b>2005</b>	<b>2004</b>
	\$	\$
<b>Revenues</b>		
Copper	434,100	103,352
Gold	6,715	-
Acid	3,799	10,171
	<u>444,614</u>	<u>113,523</u>
<b>Cost of sales</b>	151,904	53,770
<b>Depletion and amortization</b>	36,545	10,873
<b>Operating profit</b>	256,165	48,880
<b>Other expenses</b>		
Exploration	7,493	3,063
General and administrative	9,724	6,171
Interest on long-term debt	19,385	3,040
Other expenses (income) (note 16)	16,996	(725)
Gain on disposal of investment	(16,127)	-
	<u>37,471</u>	<u>11,549</u>
<b>Earnings before income taxes, minority interests and equity earnings</b>	218,694	37,331
Income taxes (note 13)	45,612	11,006
Minority interest	20,264	-
Equity earnings	-	1,685
<b>Net earnings for the year</b>	152,818	28,010
<b>Deficit – beginning of year</b>	(3,936)	(31,946)
<b>Dividends</b>	(4,033)	-
<b>Retained earnings (deficit) – end of year</b>	<u>144,849</u>	<u>(3,936)</u>
<b>Earnings per common share</b>		
Basic	\$2.48	\$0.47
Diluted	\$2.43	\$0.46
Weighted average shares outstanding (000's)	61,498	60,123

The accompanying notes are an integral part of these consolidated financial statements.  
For a copy of the notes visit the Company's website at [www.first-quantum.com](http://www.first-quantum.com).

**Consolidated Statements of Cash Flows**

For years ended December 31, 2005 and 2004

(expressed in thousands of US dollars)

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net earnings for the year	152,818	28,010
Items not affecting cash		
Depletion and amortization	36,545	10,873
Minority interest	20,264	-
Provision for deferred stripping	1,690	-
Unrealized foreign exchange gain	(7,744)	(1,180)
Future income tax expense	26,632	7,724
Stock-based compensation expense	2,656	1,227
Unrealized derivative instruments loss	14,890	-
Other	4,503	(391)
Gain on disposal of investment	(16,127)	-
	<u>236,127</u>	<u>46,263</u>
Change in non-cash operating working capital		
Increase in accounts receivable and prepaid expenses	(44,518)	(9,455)
Increase in inventory	(25,218)	(14,514)
Increase in accounts payable and accrued liabilities	35,451	8,397
	<u>201,842</u>	<u>30,691</u>
<b>Cash flows from financing activities</b>		
Restricted cash	(18,231)	(1,931)
Proceeds from long-term debt	68,023	179,455
Repayments of long-term debt	(39,819)	(17,401)
Issuance of common shares and warrants	2,159	46,983
Dividends paid	(4,033)	-
Deferred premium obligation and finance fees	(12,763)	(7,635)
	<u>(4,664)</u>	<u>199,471</u>
<b>Cash flows from investing activities</b>		
Property, plant and equipment	(180,195)	(193,245)
Investments	-	(1,023)
Prepaid power payments	-	(6,988)
Deferred exploration and stripping costs	(6,545)	(4,849)
Proceeds from sale of investments	21,944	-
	<u>(164,796)</u>	<u>(206,105)</u>
<b>Effect of exchange rate changes on cash</b>	172	707
<b>Increase in cash and cash equivalents</b>	32,554	24,764
<b>Cash and cash equivalents - Beginning of year</b>	<u>50,356</u>	<u>25,592</u>
<b>Cash and cash equivalents - End of year</b>	<u>82,910</u>	<u>50,356</u>

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

For a copy of the notes visit the Company's website at [www.first-quantum.com](http://www.first-quantum.com).

**Segmented Information**

For years ended December 31, 2005 and 2004

(expressed in thousands of US dollars)

For the year ended December 31, 2005, segmented information is presented as follows:

	<b>2005</b>					
	<b>KCO</b>	<b>BLO</b>	<b>GMP</b>	<b>CDA</b>	<b>Inter-</b>	<b>Total</b>
	\$	\$	\$	\$	segment	\$
					\$	
Revenues	259,448	198,777	-	11,986	(25,597)	444,614
Cost of sales	67,467	84,437	-	-	-	151,904
Depletion and amortization	14,987	21,443	-	115	-	36,545
Operating profit (loss)	176,994	92,897	-	11,871	(25,597)	256,165
Interest on long-term debt	16,140	2,865	-	380	-	19,385
Gain on disposal of investment	-	-	-	(16,127)	-	(16,127)
Other	19,159	6,468	-	8,586	-	34,213
Segmented profit before undernoted items	141,695	83,564	-	19,032	(25,597)	218,694
Income taxes	31,497	18,842	-	(4,727)	-	45,612
Minority interest	20,264	-	-	-	-	20,264
Segmented profit	89,934	64,722	-	23,759	(25,597)	152,818
Property, plant and equipment	323,194	71,488	65,991	10,621		471,294
Total assets	488,342	117,064	66,600	74,505		746,511
Capital expenditures	93,099	35,073	55,719	6,165		190,056

For the year ended December 31, 2004, segmented information is presented as follows:

	<b>2004</b>					
	<b>KCO</b>	<b>BLO</b>	<b>GMP</b>	<b>CDA</b>	<b>Inter-</b>	<b>Total</b>
	\$	\$	\$	\$	segment	\$
					\$	
Revenues	-	113,523	-	5,806	(5,806)	113,523
Cost of sales	-	53,770	-	-	-	53,770
Depletion and amortization	-	9,552	-	1,321	-	10,873
Segmented operating profit	-	50,201	-	4,485	(5,806)	48,880
Interest on long-term debt	-	2,803	-	237	-	3,040
Other	-	1,745	-	6,764	-	8,509
Segmented profit before undernoted items	-	45,653	-	(2,516)	(5,806)	37,331
Income taxes	-	11,006	-	-	-	11,006
Equity earnings	-	-	-	1,685	-	1,685
Segment profit	-	34,647	-	(831)	(5,806)	28,010
Property, plant and equipment	245,937	58,284	10,275	4,726		319,222
Total assets	304,284	107,739	10,475	50,563		473,061
Capital expenditures	204,923	19,038	10,275	3,689		237,925

Bwana / Lonshi Operation (“**BLO**”), Kansanshi Copper / Gold Operation (“**KCO**”), Guelb Moghrein Project (“**GMP**”), Corporate Development and Administration and Other (“**CDA**”)