



FIRST QUANTUM
MINERALS LTD.

CORPORATE SUSTAINABILITY REPORT

A balanced and focused
approach

2010

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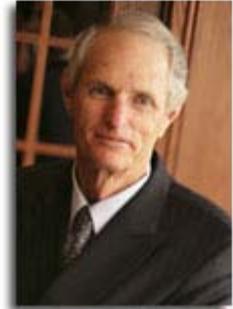
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Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development.

Definition of CSR, IFC, World Bank

First Quantum Minerals Ltd., (“First Quantum” or “the Company”) is a growing international mining and metals company engaged in mineral exploration, development and mining.

CEO LETTER



In our inaugural CSR report issued in 2009, I shared our commitment to the principles of corporate social responsibility, our approach, initiatives and impact on our host communities and countries. I also made a commitment to keep you informed of our progress in achieving more CSR targets.

In this update, I am pleased to report that despite the challenges brought about by the global financial crisis, the majority of our CSR program continued unabated. To mention just a few – the building and equipping of the Kansanshi Clinic was completed and began operations; renovation and upgrade of the Solwezi Hospital progressed; provision of clean water supply to several rural communities continued; the *Jatropha* Out Grower Scheme was expanded; and the scholarship program that enables students to attend degree courses in mainly mining-related disciplines at Universities in Zambia, South Africa and Mauritania continued. In addition, our HIV/Aids outreach program was expanded with the addition of Health Road Shows to sensitize the communities on HIV/AIDS and other ailments, such as malaria, cholera and sexually transmitted diseases. In total we invested over \$6.8 million in social programs within our host communities. In terms of the total economic value added, the contribution was almost 4% in the countries in which we operate. In Zambia alone, where our primary operations are situated, we contributed almost 4.5% of the total economy. These numbers are of course much higher when the indirect and induced economic contribution multiplier effect is factored in.

The investment in the Democratic Republic of Congo (“DRC”) would have been greater however had it not been for the inexplicable actions taken by that country’s government to cancel our Kolwezi Project in August, 2009. This resulted in the loss of 700 local jobs in the Kolwezi area, loss of tax revenues to the government and the shutdown of several community projects. In 2010 the government also closed our other operations in the DRC, Frontier and Lonshi. These unfortunate actions taken by the government have a very real and lasting human impact, which we frankly cannot make sense of.

On a more positive note, in 2009 we started construction on the Kevitsa Project in Finland. The local economy in Lapland is beginning to benefit from this investment and the infrastructure is developing quickly to accommodate the mine, which will start production in 2012. In addition, in 2009 we announced the acquisition of the Ravensthorpe Project in Western Australia. We are in the process of modifying that facility, which was closed in early 2009 by its previous owner. The recommencement of operations at Ravensthorpe is expected in late 2011 and we are confident that it will also generate many benefits to the regional economy over its life time.

We recognize that the needs and therefore our CSR contribution to our new host communities in Finland and Ravensthorpe are different to those of Zambia and Mauritania and we will adjust our activities in those communities accordingly. We will keep you updated on these new programs as well as those in our existing communities in our future CSR reports.

Philip K. R. Pascall

Chairman & CEO

OUR CSR HIGHLIGHTS

- ✓ Economic viability is of paramount importance to CSR, without which, we would not be in a position to mitigate environmental impacts and contribute to our social stakeholders. The recent global recession had a major impact on the mining industry, but due to the wide ranging initiatives we implemented, the Company's economic viability remained intact. As a result of those initiatives and our strategy to invest in high quality assets and maintain a relatively low cost of production, First Quantum emerged strongly as economic conditions improved. Despite the economic downturn, we maintained our commitment to CSR.
- ✓ We made substantial social and environmental investments in 2009, amounting to approximately US\$6.84 million or 1.47% of net earnings after tax. These investments ranged from securing water supplies, improving health care, agriculture and road infrastructure for our communities, to implementing various environmental standards and management systems for our operations.
- ✓ We have created over 6,314 direct jobs at our operations with substantially more jobs created through the multiplier effect. This is a significant number as the unemployment rate in many of our host communities is staggeringly high. We invest considerable time, money and effort in the education and training of our employees and members of the community. Our employees acquire skills which can be transferred within the Company or used elsewhere.
- ✓ Our social license to operate remains intact with very few incidents of industrial action, governmental fines or community discontent in our community labour areas.
- ✓ The health and safety of our employees is of vital importance. Our approach focuses on training and leadership, full investigation of safety incidents, regular inspection of workplaces, raising awareness amongst employees and contractors, and tool box meetings. In 2009, 18 lost time injuries were reported at our operations. Unfortunately, it is with deep regret that we also have to report five fatalities. The Company's goal is to reduce the number of lost time injuries and attain zero fatalities.
- ✓ From an environmental perspective, we continue to improve our environmental responsibility management and we comply with most CSR best practices. In 2009, no Level 3 (significant) environmental incident was reported at the Company's operations. However, 305 minor Level 1 environmental incidents and four Level 2 environmental incidents were reported across the Company. The causes of all incidents were investigated under the ISO 14001 based environmental management system procedures. Remediation measures were carried out as quickly as possible and recommendations made to prevent recurrence are followed up as part of the continual improvement process Plan – Implementation – Check – Review.
- ✓ In 2009, we had a 47.3% renewable energy footprint due to the use of hydroelectricity at its DRC and Zambia operations. The Company is in an enviable position where the bulk of the electricity used in our operations (91%) is renewable hydro-electricity.
- ✓ Our economic contributions to the communities in which we operate in are considerable. We estimate that in total we contribute 4% on average to the combined GDP's of Zambia, the Democratic Republic of Congo (DRC) and Mauritania. In Zambia alone, we contribute almost 4.4% of gross national income. These quantities reflect only our direct impacts. The indirect impacts, through procurement and downstream enterprise development, are also considerable.

PROFILE OF OPERATIONS

A GROWING MINING AND METALS COMPANY

First Quantum was launched in 1996 by Philip Pascall, Martin Rowley and Clive Newall to develop the Bwana project in Zambia. Since then, First Quantum has grown into a significant international mining and metals company engaged in mineral exploration, development and mining. The Company produces LME grade “A” copper cathode, copper in concentrate, gold and sulphuric acid.

First Quantum	
• Primary brands, products, and/or services.	Copper, gold and sulphuric acid.
• Operational structure.	Flexible and autonomy to the lowest level.
• Location of headquarters.	Vancouver, Canada.
• Names of countries where the organization operates.	Zambia, Mauritania, Australia and Finland.
• Nature of ownership and legal form.	Public company with full listing on the Toronto and London Stock Exchanges.
• Markets served including geographic breakdown, sectors served, and types of customers/beneficiaries.	Products sold mainly via international metals traders but also direct to customers.
• Scale of the organization (2008).	Employees: 6,500 Tonnes copper: 373,900 Ounces gold: 193,000 Revenue USD 1,903 million
• Awards received in the reporting period.	Top 10 strongest publicly traded company in British Columbia.

CSR GOALS AND STRATEGY

EXTERNALLY DEVELOPED CHARTERS SUBSCRIPTION

Externally developed Charters and Sets of Principles guide our CSR Goals and Strategy; hence in addition to complying with all the National Laws of our Host Countries, we have also voluntarily subscribed to the Charters and Sets of Principles listed below.

Charter / Principles	Year of Subscription
Universal Declaration of Human Rights	2007
The Voluntary Principles on Security and Human Rights	2007
Equator Principles	2007
International Labour Organization's Declaration of Fundamental Principles and Rights at Work.	2008
Extractive Industries Transparency Initiative EITI	2008

FIRST QUANTUM'S CSR VISION

The Company's operating mines are currently in Africa and as such we are linked with the fortunes of the continent. For this reason, the social and economic wellbeing of the continent continues to be a large part of our CSR vision. The Company also have development projects in Australia and Finland, and while these countries are developed nations, much of our CSR vision will apply here as well.

Vision

- Through sustainable development practices, the Company contributes to making Africa an attractive investment destination.

Mission

- Through economic viability, the Company enhances social development and mitigates negative environmental impacts.

CSR STRATEGY

We are committed to taking positive steps towards CSR through:

- Economically viable investments;
- Technically appropriate operations;
- Environmentally sound practices; and
- Socially responsible actions.

This is achieved by:

- Implementing sound corporate governance practices.
- Operating in a responsible manner towards employees through fair and equitable practices managed with a well developed and implemented HR system.
- Caring for the well being of our employees by implementing Health and Safety management systems based on the OHSAS/BSI 18001 Standard.
- Minimizing environmental impacts through implementation of an ISO 14001 based environmental management system.
- Reducing negative health impacts through community development and HIV/Aids programs.
- Preventing and reducing health related impacts relating to the Company's activities by managing environmental risks at source.
- Monitoring potential risks posed by security contractors employed by the Company's operations.
- Transparent reporting on operations and activities.
- Implementing distinct and separate Environmental, Health and Safety, Human Resources, Community Development and Security systems which share synergies.

CSR FOCUS AREAS

Our CSR focus areas are:

Governance	Economics	Environment	Social	Labour
<ul style="list-style-type: none"> •Independent board members •Identification and management of risk •Monitoring and auditing our Code of Conduct •Implementation of external codes of practices 	<ul style="list-style-type: none"> •Profitable business •Local job creation •Contribution to fiscal and foreign exchange income •Access to mineral and capital resources 	<ul style="list-style-type: none"> •Impact assessment and mitigation management •Management procedures and systems •Scarce resource efficiency management •Biodiversity management •Effluent and emissions management 	<ul style="list-style-type: none"> •Effective community engagement and impact assessment •Facilitating broader poverty alleviation •Human rights management •Social infrastructure development 	<ul style="list-style-type: none"> •Talent retention •Training and development •Safety and occupational health •Wider community health •Staff motivation

THE FIRST QUANTUM APPROACH

The way we go about achieving our CSR goals differs from our peers. Our operating units are managed on a decentralized basis and sufficient flexibility is allowed for management to find cost-effective solutions for their operations. As a result, there is some variation in the management of CSR, with some operations opting to appoint full time CSR specialists (in various fields), while others may decide to take on the responsibilities themselves without appointing specialists. However, we are consistent in measuring our progress towards achieving our CSR goals. The style we follow in CSR is briefly outlined below.

As a first step in setting our direction, the needs of all our critical stakeholders - customers, shareholders, employees, communities and various levels of government - and the environment are incorporated into our corporate strategy. This dictates a **balanced and focused approach**.

First Quantum is managed on a **decentralized basis** with strategic leadership (planning, strategy, systems, governance and monitoring and control) set by the Executives and Board and operating managers charged with the implementation and management of initiatives.



At the operating level, our managers **leverage their knowledge of engineering and science** to ensure that the most effective solution is found to implement CSR mitigation and enhancement measures.

We have a **bias for action**, which means results are a high priority. Management are often involved in community projects that assist the Company in becoming a more productive business, such as road improvement, clean water for the workforce communities, improvement of medical services and many others.

Lastly, the Company does not compromise on **integrity**. We do not transgress our corporate ethics and, in Africa, where corruption can be an issue, we stand our ground to ensure fair and honest business conduct. Maintaining these ethics has come at considerable cost to the Company as a result of the events in the RDC, but we are committed to the long term and will not compromise our integrity.

Our style is therefore one of a focused and can-do culture, which has assisted greatly in getting our CSR initiative implemented.

GOVERNANCE AND RISK MANAGEMENT

The Company has taken steps to practice good governance and risk management by way of:

- maintaining and enforcing an *Employee Code of Conduct* that has been internalized throughout the organization, in which the Company outlines clearly the behaviours it expects from its employees.
- implementing a sustainable business through CSR.
- developing a wide range of risk management methodologies and deploying resources to undertake risk management in the Company's operations.
- implementing and maintaining CSR policies and monitoring mechanisms to track our performance.

The board of directors (the "Board") believes that sound corporate governance practices are essential to the well being of the Company and its shareholders, and that these practices should be reviewed regularly to ensure that they are appropriate.

The Board supervises the management of the affairs and business of the Company. The Board's principal responsibilities are to supervise and evaluate management, to oversee the conduct of the Company's business, to set policies appropriate for the business of the Company and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.

ECONOMIC CONTRIBUTION

AFRICAN CSR CONTEXT

Our African operations are in countries that experience acute poverty. In two of the countries of operation in 2009, Zambia and DRC, more than 59% of their respective populations live on less than 1.25 US \$ per day. First Quantum's operations make a major difference in the communities in which we operate. The table below shows that the Gross National Income per capita in our host countries is very low, where the DRC per capita income was USD 150 in 2008, with Zambia and Mauritania, averaging around USD 946. This compares to USD 45,000 in some high income OECD countries.

TABLE 1: ECONOMIC DEVELOPMENT STATISTICS BY HOST COUNTRY (2008)

	Zambia	DRC	Mauritania
GNI per capita, Atlas method (current US\$)	950	150	840
GNI, Atlas method (current US\$) (billions)	13.2	11.1	3.4
Life expectancy at birth, total (years)	45	48	57
Literacy rate, adult total (% of people ages 15 and above)	70.7%	66.6%	56.8%
Under-five mortality rate (per 1,000 live births)	148	199	118
Population undernourished (% of total population), 2003/05	45%	76%	8%
Probability at birth of not surviving to age 60 (%), 2005-10	63.4%	53.1%	37.9%
Share of income or consumption, poorest 20% (%)	3.3%	6.4%
% Population of less than 1.25 US\$ per day	64%	59%	21%
Population, total (millions)	12.6	64.3	3.2

SOURCE WORLD BANK STATISTICAL DATABASE

Although all our mines are situated in economically deprived areas, each community labour area has its own social challenges. Bwana/Lonshi is situated adjacent to Ndola, a large town in Zambia. Ndola is a relatively wealthier area than our other community labour areas and hence the urgency to find solutions for their socio-economic challenges is slightly less. Frontier and Kolwezi, on the other hand, are situated in the DRC and are affected by the turmoil and political instability that has befallen the DRC in the recent past. Both of these areas are therefore very under-developed and responding to the socio-economic problems is a very significant challenge. Nevertheless, Frontier was the main private sector employer with around 1,200 local employees.

Poverty alleviation in Akjoujt town, situated close to our Guelb Moghrein mine, is a major challenge as the area suffers from severe drought and food shortages. All economic activity in Akjoujt is dependent on the mine and there is insufficient water to develop commercial agricultural projects. The current local economy is substantially dependent on the mine.

Zambia has recorded positive GDP growth for the last ten consecutive years, particularly led by the mining, construction and services sectors. The 2008 decline in world commodity prices and demand hurt GDP but a rebound in copper prices and bumper maize harvest enabled Zambia to achieve estimated GDP growth of 4.5% in 2009 compared to 6% in 2008 and 6.2% in 2007.

Despite the recent progress, Zambia's poverty rates remain high. Income growth is limited by poor accessibility to domestic and international markets, inputs, extension services and

information. High indirect costs, most of which are attributable to infrastructure service-related inputs in production including energy, transport, telecom, water, insurance, marketing and professional services, undermine Zambia's competitiveness, limit job creation and therefore serve as a major constraint to growth.

Our Kolwezi, Frontier and Lonshi mines are situated in the DRC, which has the third largest population and the second largest land area in Sub-Saharan Africa. It is rich in natural and human resources, and is endowed with the second largest rain forest in the world, with fertile soils and ample rainfall. Historically, mining (copper, cobalt, diamonds, gold, zinc, and other base metals) and petroleum extraction accounted for approximately 75% of total export revenues and approximately 25% of the country's GDP. Despite the abundance of raw materials, the country's formal economy has virtually collapsed in the last few decades due to internal conflict. The GDP per capita is one of the lowest in the world. In the 1980s, it was a third of that in 1962, and it declined even further in the 1990s. Economic growth in 2009 slowed to 2.5% (from 6.2% in 2008) as a result of structural problems and the effects of the world economic and financial crisis. In 2009, the DRC was ranked 182 out of 183 countries according to the World Bank 'Ease of doing business index'.

Mauritania had a difficult time in 2009 after several years of growth. GDP shrank 1.2% in 2009 (compared with a 3.7% rise in 2008) due to a national political crisis and the global recession, which hit the demand for the country's minerals that generate most of its income. The price of iron fell 36% and copper by 28% between 2008 and 2009. Offshore oil production which started in 2006 was supposed to drive the economy into the future. However, recent projections for petroleum revenues are lower than originally expected, reflecting a decline in production. Non oil GDP growth was 4.1% in 2006, 5.9% in 2007, 4.1% in 2008 and -0.9% in 2009. The majority of the population still depends on agriculture and livestock for a livelihood, even though most of the Bedouin and many subsistence farmers were forced into the cities by recurrent droughts in the 1970s and 1980s. Mauritania has extensive deposits of iron ore, which account for almost 50% of total exports. With the current rises in metal prices, gold and copper mining companies are opening mines in the interior. The nation's coastal waters are among the richest fishing areas in the world, but overexploitation by foreigners threatens this key source of revenue. The country's first deepwater port opened near Nouakchott in 1986. In recent years, drought and a deficit in the balance of payments have resulted in a growth in foreign debt.

ECONOMIC IMPACT

Following from the above profiles and the need to assist with economic development in these areas, we regard our most significant CSR achievement to be our economic contribution to our host communities. From Table 2 First Quantum's Economic Impact below, it is evident that we contribute almost 4% of the total economic value added in the countries in which we operate. In Zambia alone, where Kansanshi, our primary operation is situated, we contribute 4.4% of the total economy. Our indirect and induced economic contribution is consequently much higher due to the multiplier effects of mining.

Table 2 First Quantum's Economic Impact

2009 USD Millions	Total	Zambia	DRC	Mauritania
First Quantum Economic Value Added	1 014	588	298	128
Gross National Income	25 596	13 263	9 645	2 688
% Direct Impact on Economy	3.96%	4.43%	3.09%	4.76%
Salaries and Wages	100.6	54.5	31.5	14.6

GNI SOURCE WORLD BANK STATISTICAL DATABASE

LABOUR (SAFE AND HEALTHY WORKPLACE)

TALENT ACQUISITION AND RETENTION

Our approach to talent acquisition and retention is to identify people with critical skills that will enable the organization to execute its overall business strategy. We adopted an approach of internal talent identification through performance management, succession planning, increased focus on developing local talent, and external searches to find specialized skills globally. Local citizens currently account for 90 - 95% of the workforce at the Company's operations.

The retention of talent is critical for the sustained performance and continued business results. To date, we have strived to maintain a culture that is conducive to high performance. In addition to the above, various remuneration and benefit schemes have been designed to retain existing employees. The remuneration and benefit schemes include those typically provided by the respected mining companies within the sector and include share ownership, life insurance, and medical care.

A key element of retention is creating and maintaining an environment where competent employees can achieve and advance their careers. The continued engagement of employees is one of the key success factors in organizational retention.

TO LEARN AND TO LEAVE A LEGACY

Oumar is a young metallurgist from Akjoujt in Mauritania. In 2007, he successfully applied for a month's industrial training at First Quantum's Guelb Moghrein copper gold mine. He then applied to Guelb Moghrein for a scholarship to enable him to complete his studies and gain a master's degree in metallurgy.

The Company decided to sponsor Oumar's studies as he had shown great ability and a willingness to learn more during the training he received at Guelb Moghrein. He successfully completed his master's degree in 2009 and joined Guelb Moghrein as a full time junior metallurgist. Oumar is working now as a local senior metallurgist in the Department of Metallurgy and performing metallurgical test work under the supervision of the senior metallurgist.

In 2009, Oumar was sent to South Africa for further training and is developing his work experience on site. He has a bright future within the organization and hopefully more young Mauritians will follow in his footsteps.



The Company is keen to train and develop the local workforce with the objective of reducing the number of expatriate workers. In addition to on-the-job training and short courses, we have operated a scholarship programme since 2006 to enable students to attend degree courses in mainly mining-related disciplines at Universities in Zambia, South Africa and Mauritania. In 2009, we had 18 students studying for degrees or post graduate qualifications in electrical engineering, chemical engineering, geology, metallurgy, mining, mine engineering, civil engineering and law.

OCCUPATIONAL HEALTH AND SAFETY

It is our policy to implement internationally accepted occupational health and safety standards and procedures throughout our operations. The Company complies with all national laws applicable to health and safety in creating safe workplaces at its operations. These laws are in line with International Labour Organization recommendations.

Our Environmental, Health and Safety Committee (the “Committee”) meets every quarter to review the EHS performance at the Company’s operations. The Committee comprising four Board Members is chaired by an Independent Director. The group environmental manager prepares a monthly report covering all sites and a quarterly report is provided to the Committee. These reports keep the Committee informed and up to date on environmental, health and safety performance at each site and form the basis for committee discussions. The group environmental manager participates in these meetings either in person or by conference call. Discussions usually centre around: ongoing environmental and safety issues across the Company; development and implementation of environment and health and safety systems; environmental and safety statistics for the previous quarter; how to further improve environmental, health and safety performance; health of the workforce and communities affected by operations; and CSR programs.

The mining industry is potentially a hazardous working environment if care and attention is not given to address the hazards. Open pit mining activities include: drilling and blasting; loading, hauling and storage of waste materials and ore using large mining fleets; and the operation of heavy equipment workshops. Processing plants and facilities include: mills and concentrators; electro-winning; acid plants; leach plants; gold plants; and tailings dams. All of these mine components present their own safety risks which must be assessed and the necessary management systems and procedures put in place to create a safer work place.

First Quantum’s operations utilize safety management systems based on BSI OHSAS 18001 2007 Standard. The systems are subject to continuous review and development. The overall aim is to develop a safety management system that is both practicable and straightforward to implement in order to achieve the objective of reducing risk and zero fatalities. The following tables show the Company’s safety performance for the 2006 - 2009 periods.

Site	Lost Time Injuries			
	2006	2007	2008	2009
Bwana	-	-	-	-
Lonshi	1	6	3	-
Kansanshi	18	9	4	9
Guelb Moghrein¹		3	-	2
Frontier²		5	7	3
Kolwezi³			2	3
Kevitsa⁴				-
Exploration	-	-	2	1
Totals	29	23	18	18
Copper production - tonnes	183 227	226 693	334 415	373 940
Indicator	First Quantum Group			
	2006	2007	2008	2009
LTIFR⁵	0.28	0.22	0.13	0.15
Severity Rate⁶	3.77	21.90	21.27	29.53
Fatalities	-	3	4	5

¹ Guelb Moghrein began commercial operations in October 2006

² Frontier began commercial operations in November 2007

³ Development of the Kolwezi project began in November 2007

⁴ The Kevitsa Nickel Copper Project was acquired in June 2008

⁵LTIFR = LTI x 200000 / hrs worked

⁶Severity rate = days lost x 200000 / hrs worked

The most common non Lost Time Injuries (LTI's) across the group involve cuts, bruising and fractures to the hands and feet. LTI's generally involve more severe injuries sustained as a result of accidents involving heavy mobile mining equipment as well as lighter vehicles, falls, and trapping of body parts. Near miss incidents are recorded and analyzed to ensure preventative measures are in place to avoid future LTI's.

Despite the annual increase in copper production and the number of employees at the Company's operations, the number of LTI's across the Company has been maintained at a relatively low number (18) with a decreasing LTIFR trend year after year since 2006. Unfortunately, the Company recorded five fatalities in 2009 at Kansanshi (2), Kolwezi (2) and Guelb Moghrein (1). These fatalities were tragic and the Company deeply regrets the impact on the families concerned. The Company's goal is always zero fatalities and the Board is committed to achieving this objective. As a result, the Company is continually reviewing safety practices and has recruited a new Group Safety Manager who reports to the CEO. The Group Safety Manager is based in Ndola but will be a regular visitor to all sites and projects to monitor and improve safety practices.

Employee health and occupational illness is a key focus area. In 2009, we continued to improve monitoring of occupational exposure to gas, dust and noise. At the same time, there has been a drive by safety departments to ensure employees wear the correct personal protective equipment (PPE) to mitigate any potential exposure.

The key potential occupational health risks that we manage for at the Company's operations are hearing loss at all operations and respiratory disease due to the potential presence of fibrous amphibole material in the ore at Guelb Moghrein. The noise from mining and process equipment used at mine sites may, over an eight hour working day, exceed the allowable 85 decibels. Employees are provided with appropriate ear protection to prevent hearing loss. Large-scale mining at Guelb Moghrein has taken place on and off since the 1960's and there have been no reported case of asbestos in the ex-workforce or local community. Guelb Moghrein introduced strict control measures to minimize worker exposure to fibrous amphibole material (FAM) including the strict enforcement of wearing of correct PPE. FAM levels across the mine site are monitored with reference to the Australian Standard of 100 fibres per litre air. The risk of developing silicosis is extremely low at all of our operations due to the open nature of the mining operations and relatively low level of silica oxide in the ore and waste materials.

We encourage improved hygiene amongst our employees by conducting hygiene awareness campaigns, including the posting of personal hygiene information on notice boards, in eating areas, clinics, rest rooms and change houses.

All employees who do not report for work or are sent home due to sickness are required to consult a doctor and obtain a doctor's note indicating the number of days off work. The employee cannot return to work until the doctor passes him or her fit for work.

All prospective employees undergo a pre-employment medical and an annual medical thereafter. Regular medical examinations are also required by law in Zambia, DRC, Mauritania and Finland.

Injured workers are encouraged to return to work on light duties as soon as possible subject to a doctor's report.

Our sites have canteen facilities where all employees can obtain meals and drinks. The canteens are operated by outside companies. Prices are subsidized and the quality and cleanliness of services are closely monitored.

SOCIAL CONTRIBUTIONS

OBJECTIVES

The overall objective of our socio-economic development program and projects is to improve the quality of life for our employees, their families and their immediate communities. This is pursued by:

- Improving health care through the provision of health facilities and service providers;
- Improving infrastructure and basic services in our communities, such as roads, housing, water, electricity, sanitation and other services;
- Improving education infrastructure and services; and
- Facilitating access to enterprise development opportunities for local entrepreneurs.

In addition to the above, our major socio-economic contribution includes our direct and indirect employment capabilities and contributions to government income.

OVERALL CSI ACTUALISATION IN 2009

The table below shows the overall corporate social investment areas that the Company had actualized for 2009. As the following table shows, health care, staff housing and infrastructure development were high priorities throughout all our operations:

TABLE 3: ACTUALISED PROJECTS PER OPERATING UNIT

Aspects	Bwana	Frontier	Kansanshi	Kolwezi	Guellu Moghrein
Health Care	H	H	H	H	H
Cholera Prevention	L	M	L	H	H
Clinic Development	H	H	H	H	H
HIV/Aids program	H	H	H	H	H
Malaria Control	H	H	H	H	M
Medical Facilities Development	H	H	H	H	H
Staff Housing	H	H	H	H	H
Enterprise Development	L	H	M	L	H
Agricultural Enterprise Development	L	H	H	L	H
General Enterprise Development	L	M	L	L	L
Infrastructural Development	M	H	M	H	M
Infrastructural Development	M	H	H	H	M
Water Supply Development	M	M	M	L	H
Education	M	M	H	M	H
Educational Facility Development	M	M	H	M	H
General Assistance	M	M	H	L	M
Forestation	L	L	L	L	L

(H) High (M) Medium (L) Low

COMMUNITY PROFILING

It is recognised by the Company that all of our mining operations should have a good understanding of the local populations within which they work, the level of impact the project has on local communities and the level of local change that occurs during the life of mine.

Our Zambia, DRC and Mauritania operations have recently undertaken socio-economic surveys in the communities that surround the projects to update the data collected during the original project environmental impact assessments.

For example, Kansanshi has surveyed over 1500 households on a range of topics including: household demographics, education, health, food security, agriculture income and expenditure and household assets.

It is anticipated that the results of the survey will not only assist Kansanshi in analysing the changes that have occurred over the last six years, but will also help to ensure that opportunities for contributing to economic and social development are well targeted and account for local complexities relating to poverty and inequality.

PERFORMANCE BY SOCIO-ECONOMIC DEVELOPMENT THEME

COMMUNITY HEALTH

Community health is inextricably linked with occupational health. Illnesses in our employees' communities have a detrimental impact on workforce and hence we have embarked on a program of providing a broad range of health care services to our local communities.

KANSANSHI

- At Solwezi, building and equipping the Kansanshi clinic was completed and clinic operations have started. The focus and scope of this facility is mainly to provide good quality primary health care services in an outpatient setting to the mining community. The services currently provided include emergency, dental, radiological pharmacological and micro-biological services. We have also embarked on sexually transmitted infections (STI), TB, malaria and rabies prevention programs. The sexually transmitted disease programme, implemented in 2008 at Kansanshi, has been a success. The STI infection rates were reduced within the first year and a downward trend has continued to date. The programme was been rolled out to Frontier mining site and the Sakania community. The clinic was managing both the pre- antiretroviral treatment and antiretroviral treatment for employees and their families. The employees on pre- ART registers are supported by providing them with regular medical checkups, prompt treatment of infections and information on positive living. The employees and their families on antiretroviral treatment are provided with drugs and regular medical checkups.
- We also conduct HIV/Aids outreach programs in the Solwezi – Kansanshi area supported by USAID and the local district health board. Through the mobile units, the vulnerable groups especially women and children in remote areas have access to both primary health care and HIV services. This is made possible by the private public partnership that exists between the Company, USAID and the Ministry of Health. Currently there are 552 people accessing antiretroviral therapy through the mobile units. The mobile unit has this year increased the number of outreach sites from eight to 12. This will enable more people in the remote areas to access services. Plans are underway to introduce another mobile unit that will support the Rural Health Centres that we will renovate. This year's plan is to renovate one health facility each quarter. The renovation work will be done by the employees of Kansanshi on a "volunteer day".

- Upgrades and renovations to the Solwezi General Hospital are underway. The project is in response to the added demand of health care services at Solwezi General Hospital. A plan has been drawn up to give Solwezi General Hospital a facelift at an estimated cost of \$3.5 million. The facility will include a new emergency area and outpatient department, new building of mothers and mourners shelter with new ablution blocks. The expansion of the road from a single lane to a double lane will also be undertaken. These renovations will be undertaken by the Kansanshi Foundation.

BWANA/LONSHI

- The Company has recently renovated and upgraded the Mary Begg Memorial Clinic, which is providing accessible high quality health services to the Ndola community. The services being provided are; emergency, paediatric and obstetric and gynaecological services. The administration of First Quantum's HIV/AIDS program is being done through Mary Begg Clinic with an extension to the community.
- The Company is in the process of sourcing a grant from ZNAN on behalf of Mary Begg for laboratory equipment, top up salary for doctors, nurses and counsellors and salaries for a pharmacist, laboratory technologists and antiretroviral drugs support. The support will enable Mary Begg to live up to its expectation of being a community hospital by opening doors to more community members in need of comprehensive HIV care. The Company is currently covering the costs of the community members who have been initiated on antiretroviral drugs through Mary Begg.
- The Company has also sourced support on behalf of Mary Begg from JHPIEGO to support the male circumcision programme which is one of the prevention tools that is being promoted by the World Health Organisation for countries with high HIV incidence rates. First Quantum's Special Health Projects Co-ordinator, Gertrude Musunka, explained that "the company would like to see the clinic linked with good organisations that will add value to the service being provided to the community".

"FROM DREAM TO REALITY"

The renovation of Mary Begg Memorial Clinic was just a dream two years ago but today is a reality thanks to First Quantum. The New Mary Begg Clinic servicing the Ndola and wider community opened in 2009.



The old Mary Begg provided medical services to about 250 clients per month but the new clinic is already seeing on average 900 - 1000 clients a month. Due to the quality of the service, the clinic is attracting people from as far away as Kitwe (60km). The employees are more motivated and productive than before as even with the increased

work load they are keen to attend training courses to further their skills development. "We encourage a more multi disciplinary team approach to medical cases which is helping to achieve excellence in health care" explained Tanya Carstens, the clinic administrator. Mary Begg has also developed good relationships with other medical facilities and medical specialists in the area, which allows a better referral system in order to ensure the best care. The operating theatre will hopefully be up and running in 2010. This will bring needed

relief to the Ndola Central Hospital for routine procedures.

The clinic will continue to receive support from First Quantum. This well managed institution has attracted three insurance companies and more companies have expressed interest. So far, the general comment from community members is “this clinic has been sorely needed in Ndola and it is so great that there is a medical facility of this quality now available”.



FRONTIER

- Frontier began construction of its company clinic in 2008 for employees and their families. The clinic opened in 2009. The clinic was able to provide antiretroviral drugs to employees and their families.
- We recently trained health care providers at Frontier and Lonshi in the management of antiretroviral drugs with the help of PNLs, the State HIV/Aids coordinating body. The training was extended to the staff from Sakania Hospital.
- A malaria control program and an extensive HIV Voluntary Counselling and Treatment programme were also in place at Frontier.
- Frontier assisted the Sakania Hospital (l’Hôpital Général de Référence) with a number of upgrades and refurbishments including the operating theatre, emergency room and mortuary. Much of the rehabilitation work was carried out by local Congolese companies with supervision from the mine. Since its construction in 1947, the Sakania Hospital has never had a cold room. To support the Provincial Mortuary Programme, Frontier constructed a new mortuary building equipped with a cold room to accommodate the six-tray freezer provided by the Provincial Government. As this is the only hospital in the district, it plays an important role in preventing and curing diseases. The renovations were completed in 2009 and Frontier sourced the necessary medical equipment for the hospital to properly function.
- A community health clinic was constructed and equipped in Kimfumpa village, which was resettled in 2006 at the time of project construction. The clinic was operated under a partnership between Frontier and the Sakania Catholic Sisters. The clinic treats an average of 127 patients per month from Kimfumpa and surrounding villages. The most common ailments treated at the clinic are malaria, coughing and diarrhoea. The new clinic has reduced the travel distance to a medical facility. More serious illnesses are referred to the Sakania Hospital.

KOLWEZI

- An agreement was made with the Kamimbi and Tshala villages to rebuild their clinics to an agreed design. The Clinics have been built with the community providing manpower and the bricks and the rest provided by the Kolwezi operations.
- Construction of the Kolwezi mine clinic had also been commenced.

SUPPORTING RURAL HEALTHCARE

Mulengwa Amnanzo is the daughter of local Pastor Mongwe Mullenwa and lives in Kabumba village close to Frontier mine. She is 20 years old and has nine brothers and sisters. Kabumba is a large village with 278 households but there is no health centre. In 2008/09, Frontier built and equipped a health centre in the neighbouring Kimfumpa village. This clinic is operated in partnership with the Catholic Sister's Health Centre in Sakania. The centre provides basic healthcare services to the people of Kabumba, Lalabati, Kaloko, Kandama, Mukula and Sosoliso villages.

In 2009, Miss Amnanzo felt very weak for over a month. Thinking she had malaria, she took a course of malaria tablets but her health deteriorated further and she could not walk. Amnanzo was advised by friends to see doctor Luc Mwini at Kimfumpa Health Clinic. She was immediately transferred to the main Health Centre in Sakania where she underwent blood tests. The diagnosis was typhoid fever and malaria. She received the correct treatment and within one week, she was well enough to go home. Amnanzo is very happy that Frontier built the Kimfumpa Health Centre and for the treatment she received. If it was not for the Health Centre and doctor Mwini's prompt action, she may not have survived.



MAURITANIA

IMPROVING MEDICAL FACILITIES

In May 2009, Guelb Moghreïn began extensive renovation and modernisation of the disused Akjoujt regional hospital. By December 2009, civil works were 60% complete. It is hoped to complete construction and be fully equipped to open the hospital by the end of 2010.



Moghrein.



In 2009, Guelb Moghreïn built a clinic in Bennichab, a small remote village situated 114km from Guelb Moghreïn and from where Akjoujt and the mine obtain their water supply. The clinic was equipped with beds, mattresses, tables and chairs. Drugs and electrical power are provided by Guelb

- In Mauritania, an investigation into implementing First Quantum's HIV/AIDS Policy is underway. In 2009, a two-day programme was organized by Guelb Moghreïn in

collaboration with government institutions, a local NGO, local doctors and elders. Guelb Moghrein representatives gave detailed explanations to the community in Arabic and French concerning HIV/AIDS, how it is transmitted and how to avoid this disease. It is worth noting that the HIV prevalence rate is much lower in Mauritania than in other African countries where the Company has operating mines.

- Guelb Moghrein met the cost of medical checks performed by a gynaecologist from Nouakchott who visits Akjoujt once a month and spends two days at the town clinic. The gynaecologist also carries out ultrasounds tests and trains midwives and local doctors. Since the start of this program, a significant improvement in women's health has been observed by doctors and no delivery-related death was reported in 2009.
- The Company is assisting in organizing children's vaccination campaigns against poliomyelitis, and other diseases in Akjoujt and Bennichab.
- Guelb Moghrein also assisted the Akjoujt community by providing a new and fully equipped ambulance.

HIV/AIDS MANAGEMENT

HIV/Aids has had a significant impact in the Southern African region and, as such, we believe that an HIV/Aids program is an essential component of our community health.

The HIV prevalence rate amongst 15 to 49 year olds is now 14.3% in Zambia (UNAIDS/WHO, 2009) and 4.0% in DRC in 2007 (Source: PNLS National Program for Control of AIDS and STI, 2008). Although there is no cure for HIV/Aids, the impact can be extensively reduced through preventative educational programs designed to inform, along with effective healthy living programs and antiretroviral treatment.

The Company's HIV/Aids Policy advocates a non-discriminatory approach to addressing the illness and provides for considerable HIV/Aids treatment support. We conduct health education programmes both at work and in the communities around our operations. We believe that what happens in the community has an impact on the workplace, hence the strong community orientation of our programmes.

ZAMBIA HIV/AIDS PROGRAM

- The Company has recently embarked on Health Road Shows since April 2009 to sensitize the communities on HIV/AIDS and other ailments, such as malaria, cholera and sexually transmitted diseases in Solwezi and Ndola. The Road shows have been an edutainment forum that allows for the active engagement of communities on a large-scale. Some activities undertaken during road shows are knowledge contests and drama performances. The network of peer educators and counsellors available at each show engages the participants in smaller groups for further clarifications and counselling and testing. To date, the response from the road shows has been overwhelming and the community's readiness to actively participate in the activity has been very encouraging. In the latest road shows in Ndola alone, 4267 people were sensitized and 1820 counselled and tested (42%). This is 27% higher than the national VCT rate that stands at 15%. However, the response rate to VCT at the work place remains a challenge. This year, the health road shows were rolled out to Sakania community with good response.
- The Company has also taken the initiative of door to door health checks in our areas of operations since March 2009 in Ndola and Solwezi, with the support of our cooperating partner CHAMP. The door to door health team include the community nurses, nurse counsellors and the peer educators. The household members are offered education

sessions, checking of vital signs, blood sugar tests, malaria tests and voluntary counselling and testing. The house members needing further management are referred to Ndola and Solwezi General Hospitals respectively.

- With the 693 trained peer educators and 57 Counsellors trained, we have been recording an average of 30,000 people sensitized and 3500 counselled and tested annually through the Company's HIV programme since 2005. Training has also been given to 102 orphans and vulnerable children and palliative care givers. We have recently embarked on refresher courses for peer educators to educate them on the changing infection dynamics and prevention strategies.
- The Company works closely with support groups and non-government organizations at all of its operations in care and treatment and also in the mitigation of the effects of HIV and AIDS.
- The Company supports a school feeding programme for 110 Orphans and Vulnerable Children at Hope Chapel Community School in Ndola.
- Payment of school fees for 12 orphans and vulnerable children that includes one handicapped girl.
- Educational programs, designed to inform employees and their families about HIV/Aids issues, sexually transmitted diseases, malaria, TB, potable water and general hygiene, are ongoing at all our operations. Free condoms (male and female) are also available to all employees and their spouses/partners. A peer education model is used in the dissemination of this information.
- Education programs are conducted by the HIV/AIDS Coordinators in their respective work areas on a weekly basis. Information is also disseminated through the Company's weekly safety bulletins and information education materials. All induction programs contain HIV/AIDS education materials.
- Independent counsellors regularly visit the business units to offer medical advice and conduct voluntary counselling and testing. These initiatives are well supported as they ensure the confidentiality of the participants.
- All employees and their spouses receive free medical treatment from the Company's medical provider on testing positive. This initially involves a medical check-up which includes an x-ray, CD4 count, and liver and kidney function tests. When a person's CD4 count is above a 350 he/she is offered advice on and participation in healthy living programs, and when it is below, the person is started on free antiretroviral treatment. Currently there are 98 people enrolled on the free antiretroviral program.

The major challenge faced by our HIV program across all of our business sites is getting employees to voluntarily undergo counselling and testing. It is only once a person's status is known that effective treatment can be administered.

DRC HIV/AIDS PROGRAM

In Kolwezi, the HIV program was in its development phase when work on the Kingamyambo Musonoi Tailings (KMT) Project stopped. At the time, a Foundation had been created and an HIV Coordinator employed. 71 peer educators were trained to spearhead our HIV/Aids program. Prior to the halt of project construction, 3,378 persons in the workplace and community had been sensitized. The HIV program in Kolwezi was suspended when project construction stopped.

Prior to the forced suspension of operations at Frontier and Lonshi, the HIV program were going to be rolled out at our Frontier and Lonshi mines in the DRC.

The results of the 2009 HIV/AIDS program (all sites) are summarized in the following table and include employees, family members and members of the community.

Results of 2009 HIV/AIDS Program (all sites)

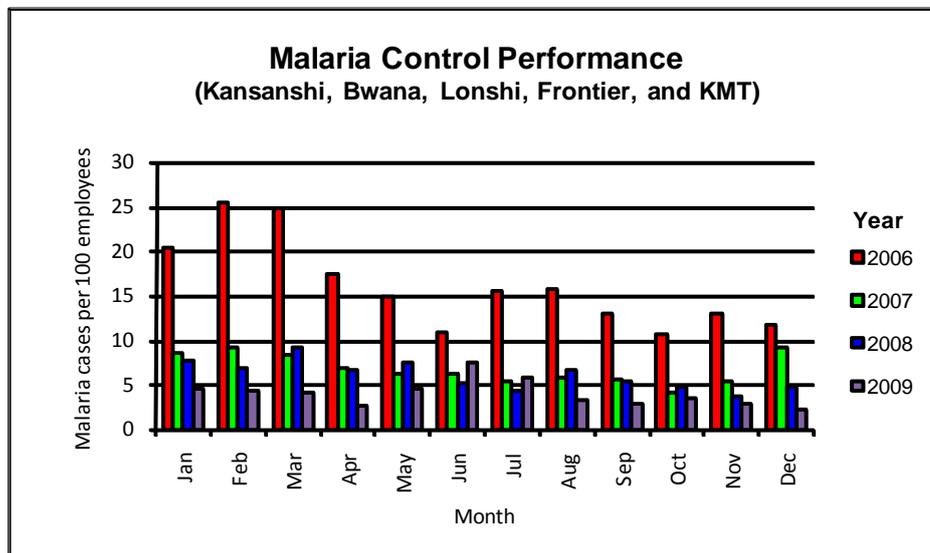
HIV/AIDS Program	2009		
	Male	Female	Total
Total Sensitized	24,943	5,913	30,856
Counseled and Tested	3,983	2,584	6,567
Negative Results	3,445	1,839	5,284
Positive Results	296	305	601
Indeterminate	2	1	3
Employees on ART	8	4	12

The figures show a low conversion rate from positive tests to ART recipients. One of the main objectives of the 2010 HIV/AIDS program is to get the positive results transformed into pre ART and ART registrations.

MALARIA CONTROL

Our malaria control performance has been one of our major achievements, with the malaria cases per 100 employees having decreased by 50% since 2006. This has been achieved through residual indoor spraying, use of insecticide treated bed nets, consistent awareness and educational campaigns amongst our employees, their families and communities.

GRAPH 1: MALARIA CONTROL PERFORMANCE



Despite concerted efforts by individuals and the Company, it is has not been possible to ‘immunise’ the Company from the effects, both health and financial, of malaria. In 2009, we recognized that a further meaningful reduction in malaria cases is unlikely because our employees and their families move outside of our malaria control areas. As a result, the Company has taken a lead role via the Comprehensive HIV/AIDS Management Program (CHAMP) in initiating and coordinating a multi faceted Public Private Partnership (PPP) including government, private companies, and NGO capacities and funding to combat malaria on a larger scale. The areas chosen for this program are cross border and relate to our main

operations in Zambia and the DRC (Solwezi, Ndola, Sakania, and Lonshi) but it is envisaged that this program of cooperation and coordination will spread to other areas if successful (via the NGO). The initial program is three years.

The vision is to optimize the capacities and funding available through private, government, and NGO's to deliver a well coordinated approach that is in keeping with the Zambian and DRC government and the WHO road maps to malaria control. This should result in the reduction in the malaria burden and also the intensity of the activities needed to control it.

The program is divided into various areas: a science component covering entomology, parasite prevalence studies, knowledge attitudes and practice surveys, monitoring and evaluation of chemicals; an environmental management component covering management of drains, waterways, and lavaciding or draining of stagnant water bodies; a personal protection components including indoor residual spraying and net distribution; and an educational component including schools, radio programs and information dissemination through existing HIV networks.

Implementation is done through high level initiatives (government) and low level initiatives (community, schools etc.). Private entities are encouraged to take on activities within each area and their efforts are coordinated by the program coordinator with existing activities within the NGO and government sectors.

First Quantum has committed to funding the 'science' and coordination roles for the initial year of the project. It is envisaged that the Company will continue to fund these aspects as the program develops. The initial costs are approximately US\$200,000. This represents approximately 15% of the overall program budget of US\$1,333,000.

The Company has received positive local press for this initiative. Government bodies are aware of our contributions and good links have been established with the government and community. The initial parasite prevalence studies and entomology studies have commenced. In Zambia, progress has been made in drawing in other partners from the private industry including Barclays, Boart Longyear, Lafarge, CEC, and Zambia Sugar.

COMMUNITY SAFETY AND EMERGENCY RESPONSE

Community safety and emergency response is a priority at all of the Company's operations. The Kansanshi Mine has recently initiated an Awareness and Preparedness for Emergencies at Local Level (APELL) programme to improve emergency response preparedness amongst the mine stakeholders and, in particular, affected communities. The programme, originally designed by the United Nations Environment Programme, in conjunction with other major mining companies, is thought to be leading best practice and helps encourage companies to do more to prevent mine site accidents and to ensure that contingency planning, awareness and communication reduces their impact.

Experience has shown that a fast and effective response to an emergency situation is dependent upon open and informed communication between emergency response partners and that a timely local response to an incident can be the most important factor in limiting injury to people as well as damage to property and the environment.

As a first step, Kansanshi engaged with local stakeholders to explain the potential emergencies that could arise as a result of Kansanshi Mining Plc activities, as well as emergencies that could occur indirectly through the transportation of hazardous materials. Kansanshi sought stakeholder input to help determine the most appropriate response from the different stakeholders in the event of an emergency at Kansanshi.

Kansanshi then incorporated stakeholder feedback into a draft offsite emergency response plan and distributed this plan for comment. Kansanshi is now at the stage of incorporating further feedback and will then be embarking on a local level emergency response information

dissemination campaign. Particular emphasis will be placed upon developing community awareness and preparedness in the event of an emergency.

INFRASTRUCTURAL AND WATER SUPPLY PROJECTS

Our infrastructural development projects are widespread and include the following:

Mine	Project
<p>Guelb Moghreïn</p>	<p>Water Availability: In 2008/09, Guelb Moghreïn successfully constructed and commissioned a water pipeline from the Bennichab fresh water aquifer situated 114 kilometres west of Akjoujt town and the Guelb Moghreïn mine. This aquifer is the mine’s and the community’s only potable water source in the arid desert environment of Mauritania. This water resource is finite and would have been depleted over the life of the mine, but now the fresh water used in the process is being partially replaced with water from a saline aquifer developed by Guelb Moghreïn, also situated close to Bennichab. This will preserve the fresh water aquifer for human and life stock consumption at Bennichab and Akjoujt town, and the local mineral water bottling industry. The changeover to saline process water began in October 2009. Currently, about 50% of the process water is coming from the saline aquifer and it is hoped to increase this figure to 65% with the addition of a further three wells. The cost of developing the saline aquifer was approximately US\$12 Million.</p> <p>Recently, the Company financed a hydro geological investigation in remote areas where Bedouins need access to water. This work has identified two promising locations where we plan to drill water wells.</p> <p>Guelb Moghreïn supplies clean water from Bennichab to the entire population of Inchiri Province.</p> <p>Guelb Moghreïn provides water free of charge to the Bennichab community and Bedouins living along the 114km pipeline, much of which is used to water camels and grow vegetables sold in Nouakchott, the capital of Mauritania. We also provide water bladders in areas of Akjoujt that have no water reticulation system. The bladders are regularly filled with clean water.</p> 

	<p>In January 2008, Guelb Moghrein signed a road maintenance agreement for the Nouakchott Akjoujt highway with the Mauritanian Ministry of Transport and paid a first contribution of US\$1.6 million towards the works. However, the project did not start and the money remained in a holding account. In 2009, under the directive of the Government, this money was used to pave the main roads in Akjoujt Town. This has resulted in much improved environment for the population of Akjoujt due to reduced dust from vehicle traffic. Guelb Moghrein has since agreed to carry out the full rehabilitation of the 255km Nouakchott Akjoujt paved highway. Work is expected to start on this project in 2010 and be completed over several years.</p> 
Bwana	<p>General: We have drilled boreholes and supplied pumps in rural areas for clean water supply, upgraded schools and provided electricity, desks and blackboards and provided financial assistance for cultural ceremonies across the country.</p>
Frontier	<p>Electricity: On behalf of the local electricity supplier (SNEL), we offered to install a brand new 315 KVA distribution transformer in the Mission Quarter of Sakania to replace an old and broken transformer. A 110 KVA transformer was repaired by Frontier and reinstalled in the Selenge Quarter of Sakania. This transformer supplies electricity to the Marie Auxilliatrice Health Center which was without electricity for several months.</p> <p>Roads and dust: We used our graders and trucks to improve the condition of the main arterial routes in Sakania and also undertook dust-suppression initiatives by applying molasses to the roads.</p> <p>Storm water drainage: We employed a local contractor to construct a drainage system in the Frontier employees camps Sakania to avoid flooding.</p> <p>Clean water supply and electricity distribution: We engaged consultants to study the water supply in villages around Sakania and electricity supply in Sakania town. The reports were received and the recommendations were being considered.</p>
Kansanshi	<p>Road maintenance and safety: Kansanshi has committed itself to maintaining key stretches of road around the mine area and the main road from Solwezi to Chingola. Kansanshi is also working to make roads safer by placing rumble strips in populated areas and working with the local police to enforce speed limits.</p>

Two of our projects that we are particularly proud of is sourcing saline water as a replacement for the finite fresh water at our Guelb Moghrein mine in Mauritania and improvements to rural education facilities close to Kansanshi mine in Zambia.

BEDOUIN ACCESSES WATER POINTS THROUGHOUT THE YEAR

Guelb Moghrein has provided free access to water in Bennichab and at 21 water distribution points installed along the 114km pipeline. This initiative has allowed Bedouins to rear animals and set up small agricultural projects.

A number of Bedouins live along the 114 kilometre pipeline route between Akjoujt and Bennichab, the former being close to the mining site and the latter the only source of fresh

water in the area. Mohamed Hmiyada lives 32 kilometres from Akjoujt with one of his children, 12-year-old Hamade. Here they have grown a vegetable garden using water provided by Guelb Moghreïn at one of the 21 water points along the pipeline route. The area typically receives only around 50 millimetres of rainfall a year.



The 70-year-old Bedouin grows beans which are nutritious and high in protein and other plants such as acacias, which are used to create a wind-break for his settlement. Mohamed was born in Akjoujt, but has been a nomad roaming the Sahara for most of his life. He served in the military during the Sahara war of 1975-1978 and has raised seven children.

The Akjoujt Department of Water Affairs gave the mine approval to provide free water to this Bedouin community. The development of the saline well field at Bennichab to supply the mine's needs has made more fresh water available for rural desert communities. This will help Nomadic people like Mohamed to make a better living.

IMPROVED EDUCATION FACILITIES

At Kansanshi Mine, a considerable amount of money has been invested in local infrastructure development, particularly in the education sector. In 2009, Kansanshi and the local communities began to feel the full benefit of that infrastructure development.

In 2007, the village of Kabwela located next to Kansanshi mine, had a small community school that had been constructed by the residents themselves. The school was able to cater for Grades 1 to 6 and teaching was carried out by an untrained community member. In 2008/09, Kansanshi built for the community a formal school classroom block, the community was then able to register the school with the local government and in 2009, a government trained teacher, Mr Lubelenga Wisamba, was allocated to the school.



Mr Wisamba is able to note many improvements in village level education over the last year.

'Before the classroom block was built we were only able to run two classes, but now we have seven and can cater to Grade 7. The majority of children were shunning the Kabwela school before and would have to travel to another village instead. The school had few textbooks and the parents also used to have to pay a small amount in kind towards the upkeep of the community teacher, this was a deterrent. Now this is a government registered school, education is free and we receive many textbooks. Many more children have enrolled and the children are now serious and want to pass their exams so they can support themselves in life. We are very happy.'

Kansanshi continues to support the development of the Kabwela school and is about to embark upon a community/company partnership to build two teachers houses so that the school can reduce the class sizes and cater for even more grades.

Rural villages can often have difficulty attracting and retaining school teachers. The community usually takes on the responsibility of finding accommodation for the teachers that are sent to the school. If accommodation is not provided, many teachers will often leave

and seek a position elsewhere.



In Kyafukuma, a rural village that lies on the perimeter of the Kansanshi mine lease area, the school was fortunate enough to have a number of teachers; however the teachers had a severe shortage of housing. The community, realising that they may lose some of their teachers if homes were not constructed for them, began to build a house. However, they soon ran out of funds and building stopped. Kansanshi stepped in to assist the village with completion of the house. The building is now at the final stages and will soon be handed

over to one of the teachers. It is hoped that the completion of this house will keep teachers at the school for many years into the future.

ENTERPRISE DEVELOPMENT

Enterprise development is an effective form of job creation and poverty alleviation. Our significant enterprise development projects are listed below:

Mine	Project
<p>Guelb Moghrein</p>	<p>Agricultural Development: Guelb Moghrein assisted agricultural cooperatives by providing water, electrical pumps, seeds, agricultural equipment etc. This has allowed Bennichab and Akjoujt communities to improve their production.</p> <p>New technologies have also been introduced by Guelb Moghrein (green houses with drip feed system). This has shown good results and we plan to encourage locals to use this technology in the future. In fact, the greenhouse technology has two main advantages: low water consumption and ability to produce vegetables along the whole year.</p> <div style="display: flex; justify-content: space-around;">   </div>
<p>Frontier</p>	<p>Agricultural Development: 325 women organised themselves into 13 Furaha groups of 25 women each. Each group holds four literacy and savings meetings per month in Sakania and surrounding villages. So far, the women have saved US\$3,945 and started up small businesses such as grain storage, maize cultivation, and sale of food and sundry articles. To-date, 81 of these women have participated in the Frontier maize credit scheme. To reward these innovative and hard working women, Frontier purchased 3 x 20 hp grinding mills to enable them to set up small-scale milling enterprises at harvest time.</p>

Mine	Project
	<p>Agricultural Development: We assisted 161 local Congolese farmers to cultivate 489 hectares of maize, peanuts, beans and cassava in the 2008/09 growing season. The farmers received loans from Frontier in the form of technical training, seeds, fertilizer and mechanical ploughing, harrowing and sowing which they pay back in maize equivalent following the harvest. We also donate grain bags, gloves, dust masks and insecticide to secure the harvest which was very successful in 2009, with up to 5 metric tonnes of maize per hectare. We were planning on increasing the area under cultivation to 550 hectares in 2010.</p> <p>Small Business Development: We were assisting seven small enterprises to produce eggs. Currently, 6,100 eggs per week are produced for sale at the Sakania market. Most of the egg production is bought by the mine.</p> <p>Small Business Development: We were training 10 local breeders on poultry management, which includes farming methods such as feeding, vaccinations, hygiene management and marketing.</p>
Kansanshi	<p>Small Business Development: Kansanshi initiated a local beekeeping programme in 2005. Kansanshi began by providing training for 25 people in beekeeping. The Company also provided the materials for hives. A further two beekeeping groups have been trained and provided with materials. The groups were also linked with a local honey processing business.</p>

A case study in enterprise development is outlined below:

SEWING THE SEEDS OF GROWTH



Alphonsine Kunda is a Congolese mother of eight and lives in Sakania, a town in the south of the Democratic Republic of Congo close to First Quantum’s Frontier mine. Alphonsine is 42 years old, married and a participant in the Company’s agricultural extension programme primarily aimed at improving food security, job creation and income generation. Through the Company maize credit scheme, participating farmers receive loans in the form of seed and fertilizer. The loans are repaid at harvest time. Prior to the Company maize credit scheme, Alphonsine produced 6.3

metric tonnes of maize on 7 hectares of land and could store 3.6 metric tonnes. In 2009, after only two years in the maize credit scheme, her production had increased to 29.4 metric tonnes on 6 hectares of land and she now stores 7 tonnes of maize. Her family no longer experiences food shortages and Alphonsine is easily able to repay the input loan. She also plants peanuts and beans. With the proceeds from the sale of her maize, Alphonsine has built an eleven room house in Sakania town. She also provides employment for 18 local people during planting and harvesting. She plans to build a six room house next year and purchase a vehicle to transport her maize to market. Alphonsine and her husband are pioneering the corn train project to transport 195 tonnes of maize from Sakania to



the larger market of Lubumbashi, the capital of Katanga Province. Alphonsine is one of 161 farmers participating in the maize credit scheme in and around Sakania. The total area under cultivation is 489 hectares and this figure was expected to increase again in 2010.

Frontier assisted farmers in Kabumba village with technical knowledge and materials to construct a 100 metric tonne maize depot. The depot which was handed over in April 2009 has enabled farmers to safely store their harvest and obtain a better price for their produce at market. By September 2009, the depot contained 59 tonnes of maize corn in bags. Construction work had started on a second maize depot in Sakania for 2010.

Frontier was also assisting vegetable growers and poultry farmers in Sakania. Garden tools,



wheel barrows, seeds, fertilizer, pest control chemicals and spraying equipment have been provided to vegetable growers. A 600 capacity hen house has been constructed in Sakania. Most of the vegetable and egg production was bought and consumed by Frontier.

Workshops were organised by Frontier to provide farmers with technical knowledge to improve farming methods and maximise production. Agriculture is a remarkable success story in Sakania which Frontier had hoped to continue to support.

SOCIAL EXPENDITURE

The following table summarizes the social expenditure at the Company's operations in 2009. Social expenditure for the year was US\$6,841,961 or 1.47% of net earnings after tax.

2009 Social Expenditure

First Quantum Site	Social Expenditure US\$
FQMO Ndola	1,816,438
Bwana Mkubwa Mine	150,428
Kansanshi Mine Negative	763,832
Frontier Mine	484,192
Lonshi Mine	246,813
Kolwezi Tailings Project	2,506,000
Guelb Moghrein	874,258
Total	6,841,961

Social expenditure is expected to increase in 2010.

ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENTAL RISKS AND MITIGATION MANAGEMENT

Category	Risk Level	Description of Potential Risk	Mitigation Management
Bio-diversity	VH	Biodiversity disturbances due to mining & tailings placement.	Limit areas of disturbance to absolute minimum.
Reagents	VH	Storage and spill risks due to volumes at remote operations.	Correctly size storage facilities and containment. Employee training on handling of reagents, spill prevention and clean-up.
Hazardous Waste	H	Disposal risks from hazardous waste due to lack of hazardous waste disposal facilities.	Reduction in volumes of hazardous waste and recycling of waste oil.
Tailings	H	Possible seepage, spillage, dust and visual impact associated with tailings disposal.	Operational monitoring of tailings dams. Re-vegetation of tailings dams.
Hydro-carbons	M	Spillage of diesel, petrol and oil during handling, storage and transport to site.	Construction of containment facilities for storage. Implementation of handling procedures to prevent spills.
Water	M	1) Dewatering of ground water resources. 2) Pollution of surface and ground water from accidental releases and seepage.	Clean and dirty water separation on sites with containment facilities. Provision of alternative waters supply where mine dewatering impacts on the water supply.
Air	M	Greenhouse gas emissions such as carbon dioxide and nitrous oxides by the mining operations. Dust emissions from tailings storage areas and haul roads. Fibrous Amphibole Material in association with ore bodies.	Maintenance schedules for mobile equipment. Vegetation establishment on tailings slopes and spraying molasses on haul roads. Enclosure of milling and crushing facilities.
Industrial waste	M	Challenges faced by operations to implement recycling in the absence of established recycling markets in countries of operation.	Investigate and establish recycling markets and commercial community ventures.
Energy	L	Wastage of energy.	Investigate ways to save energy as well as use alternative energy sources.
Communities	L	Health risks posed to communities due to air emissions and accidental discharges.	Develop an environmental management system to prevent accidental releases and control air emissions.

Risk Level: very high (VH), high (H), medium (M) or low (L)

ENVIRONMENTAL INCIDENTS

In 2009, no Level 3 (significant) environmental incidents were reported at the Company's operations. However, 305 minor Level 1 environmental incidents and 4 Level 2 environmental incidents were reported across the Company. The causes of all incidents are investigated under the ISO 14001 based environmental management system procedures. Remediation measures are carried out as quickly as possible and recommendations made to prevent recurrence are followed through as part of the continual improvement process Plan – Implementation – Check – Review.

ENVIRONMENTAL RESPONSIBILITY

MATERIALS

We make every effort to minimize our use of materials in the production of oxide and sulphide copper ore from our open pit mines. The bulk materials used in the mining operations are fuels, lubricants, explosives and mill balls. The copper ores are processed to produce a copper concentrate and LME grade 'A' copper. The oxide ore is processed in leach solvent extraction electro winning plants. The main chemicals used in the process are sulphuric acid, lime and organic materials. The sulphuric acid is produced in on-site sulphur burning acid plants or purchased from off-site smelters that capture the sulphur dioxide off gases and convert to H₂SO₄. The main chemicals used in our acid plants are bulk sulphur and vanadium pent oxide. The sulphide ore is processed in a conventional concentrator circuit. The chemicals xanthate, frother and flocculants are used in the flotation circuit. Cyanide is also used in the gold process at Guelb Moghrein and the flotation process at Frontier mine.

ENERGY

We are pleased to report that, in 2009, the Company had a 47.3% renewable energy footprint due to the use of hydroelectricity at its DRC and Zambia operations. The bulk of the electricity used in our operations (91%) is renewable hydro-electricity purchased from the Zambian and Democratic Republic of Congo state electricity generating corporations. Direct energy input into our operations includes electrical energy generated at Guelb Moghrein mine in Mauritania and hydrocarbon based fuels such as diesel, heavy fuel oil and petrol. No indirect energy is used at the Mauritania operation as all electricity is generated at the Guelb Moghrein power plant using heavy fuel oil.

WATER

Kansanshi and Frontier are located in areas with plentiful water resources while Guelb Moghrein is located in an arid desert environment. Industrial and potable water supply at the Company's operations is mainly abstracted from ground water resources, either directly from the open pits or from dewatering bores drilled around the mine sites.

At Guelb Moghrein, potable and industrial water is abstracted from the Bennichab freshwater aquifer and pumped over 114 kilometres across the desert to the mine. In 2007, hydro-geological studies were carried out and ground water models developed to predict the effect on the aquifer of abstracting 7,000 cubic metres per day of water over the life of mine. Results indicated that the water resource would be depleted, but abstraction volumes of 2,000 cubic metres per day to supply water to communities and the local water bottling industry was sustainable. In order to preserve this finite fresh water resource for future generations, the mine decided to develop a saline well field close to Bennichab which would supply the mine with over 5,000 cubic metres per day of saline process water. The saline well field was completed in late 2008 and commissioned in October 2009 following construction of a new freshwater pipeline. In December 2009, saline water accounted for 47.2% of the process

water and general water usage at the mine. The aim is to achieve 60% saline water usage by mid 2010.

Dewatering is carried out at all of our mines to ensure safe working conditions within the pits. Clean water that is surplus to potable and industrial requirements at our Zambia and DRC operations is discharged to surface water. The abstraction of large volumes of water from the mines creates draw down cones in the groundwater table which can result in the drying out of community water wells. In such cases, the Company is committed to provide an alternative clean water supply to the community. At Lonshi, a clean water supply is provided to Lonshi village following the contamination of the water wells by human waste. At Kansanshi and Frontier, settlements are too far away from the mining operations to be affected.

Efficient water usage is practised at all of the Company's operating mines. Recycling of process water via the tailings storage facilities is maximised at Kansanshi and Guelb Moghrein to preserve clean water. At the Frontier mine, there is currently no recycling of process water from the tailings storage facility. Recycling of dam water is planned to start in 2010.

BIODIVERSITY

In 2009, the Company's concessions in Zambia, the DRC, Mauritania and Finland covered an area of approximately 67,014 hectares. This area excludes the exploration concessions which are not reported in this report, as the Company has no direct control over these areas.

Approximately 4,234 hectares or 6.32% of the total mining concession areas are disturbed by mining activities. In 2009, this disturbed footprint increased by approximately 805 hectares. The increase was mainly due to the extension of open pits, mine waste dumps and construction of a new tailings storage facility at Guelb Moghrein in Mauritania. Although no operations occur within International Union for the Conservation Nature and Natural Resources (IUCN) protected areas categories I to III, world heritage sites or biosphere reserves, sensitive areas such as wetlands are encountered within the Zambian and DRC mining concessions and conservation areas adjacent to the Kevitsa mining concession in Finland.

Rehabilitation of disturbed land is being undertaken at Lonshi where the five waste rock dumps are being rehabilitated following exhaustion of the oxide ore reserves. The Frontier mine and Kolwezi concessions are severely degraded due to previous small-scale farming activities. At these operations plans were being developed to re-establish some of the natural vegetation over the life of mine.

WILDLIFE CONSERVATION

The Company has successfully set up a game management area within the Kansanshi mining concession. The mine lease is surrounded by a 45km electrified fence. Over the last three years Giraffe, Zebra, Wildebeest, Waterbuck, Sable Antelope, Lechwe, Puku, Impala, Reedbuck, Kudu, Ostrich, Warthog and Eland have been introduced into the concession. The Impala are breeding the fastest. We introduced 54 Impala in 2007 and we estimate there are now over 400 on the property. A wildlife census is planned for 2010. A number of animals have returned to the protected area on their own and are thriving. These include: Leopard, Jackal, Vervet Monkeys, Civet, Cerval, Pangolin, Duiker and Grysbok. Birdlife is also thriving and some rare species including parrot and turraco have established themselves. A small amount of poaching is occurring and so we have started a community based wildlife conservation program. The program directly involves the community in protecting the natural fauna and flora in the area. The response has been excellent and some poachers have been identified and arrested.



The success of the program at Kansanshi mine led to the successful introduction of six buck species (puku, waterbuck, reedbuck, impala, kudu and bushbuck) at Frontier mine. This was the first introduction of wildlife into the DRC since the 1960's.

EMISSIONS, EFFLUENTS, AND WASTE

The three main gaseous emissions associated with the Company's operations are: carbon dioxide due to diesel used in the mining and the transport of waste, ore and final products; nitrous oxide due to the use of explosives in the open pit mines; and sulphur dioxide from the four acid plants at Bwana (2) and Kansanshi (2). The main impact of the gaseous emissions is in the area of climate change due to nitrous oxide and carbon dioxide emissions. The

Company issues an Annual Greenhouse Gas Emission Report which is disclosed on the Company website. The Company also participates in the Carbon Disclosure Project.

We recorded a year-on-year reduction in carbon dioxide emissions from 308,739t in 2008 to 294,977t in 2009. The decrease in carbon dioxide emissions in 2009 was due to the cessation of open pit mining at Lonshi, placing of the Bwana Mkubwa copper plant on care and maintenance, and cost cutting and optimization of operations at Kansanshi and Frontier following the severe copper price drop in late 2008. However, carbon dioxide emissions are expected to rise in 2010 as a result of increased ore production and waste stripping in response to a rising copper price and a recovery of the global economy. Nitrous oxide emissions per tonne copper produced decreased 26% between 2008 and 2009. Copper production (tonnes) versus greenhouse gas emissions (tonnes) increased from 1.07 in 2008 to 1.33 in 2009. Sulphur dioxide emissions decreased in 2009 due to reduced acid production and this trend is likely to continue into 2010. The Company's three single contact single absorption acid plants complied with the EU directive of maximum 3% sulphur loss and the one double contact double absorption acid plant at Kansanshi complied with the IFC guideline of 2kgSO₂/tonne acid produced. A fifth acid plant is to be built at Kolwezi.

A methodology to capture supply chain emissions is currently under development. All of our operations are in countries with little or no capacity to manufacture bulk chemicals and materials. These materials are shipped to the operations directly from Europe, America and Asia. Information collected on supply chain emissions will allow us to report the total inventory of our direct and indirect emissions.

CASE STUDY - Kansanshi Combating Climate Change

In 2009, Kansanshi Mining Plc (KMP) expanded its *Jatropha* Out Grower Scheme as part of its contribution towards the fight against climate change. In the short term, a small-scale community bio-fuel project is envisaged but the long-term goal is to team up with a bio-diesel producer and other organisations in the Solwezi area and the North Western Province of Zambia to produce commercial quantities of bio-diesel for use in the mining industry. One of the diesel pickup trucks in the environmental department at KMP has been running on a blend of 5% bio-diesel for over two years with no engine problems. At the end of 2009, 130,000 *Jatropha* trees had been planted inside the mining license and a further 700,000 *Jatropha* trees planted as part of the Out Grower Scheme.

The Out Grower scheme has so far focussed on the Mushitala and Kabwela communities living close to the mine. The aim is to improve livelihoods and reduce poverty through a sustainable project that will reduce CO₂ emissions from the burning of fossil fuels. The *Jatropha* seed will be purchased from the program participants by the mine and processed in a seed press to produce oil. The residue (green charcoal) will be returned at no cost which will assist in controlling deforestation in the Kansanshi area. The oil will be sold to recover the cost of buying the seed and continue funding the program. It is worth noting that the *Jatropha* tree begins producing seed after three years and remains productive for 50 years.





Mr Backson Chababa is one of many Out Grower participants registered in the Kabwela settlement. He joined the scheme with experience as a peasant farmer dating back to 1974 when he used to farm on a part time basis in addition to his full time job as a Cleaning Services Supervisor at Solwezi General Hospital until he was retrenched in 1997. Backson cultivated an area of 9 hectares in 2009. When asked about his interest in *Jatropha*, he explained that it emanated from a documentary he watched on television that triggered his curiosity. When he heard about the KMP Out Grower Scheme, he made sure he was one of the first to register. Backson planted 4,800 *Jatropha* trees on 3 hectares in 2009 and he intends to continue expanding.

Some people have argued that *Jatropha* is a speculative crop to invest so much time and energy into. However, Backson believes that the crop provides hope for a better future for him and his family. The crop will provide additional income which will enable him to educate his seven children and support his extended family.

Backson is also thankful that KMP has continued to render support to participants in the Out Grower Scheme in the form of maize seed and fertilizer. As a result of this support, he has increased his maize production from 7.5 tonnes in 2007/09 to 9.5 tonnes in 2008/09. This means that his household is food secure and at the same time he has surplus maize to sell to the Food Reserve Agency and markets in the Democratic Republic of Congo (DRC). The increased income has enabled him to construct a four bedroom house, an achievement he is immensely proud of.



With plans to expand his *Jatropha* field, Backson was asked whether this would compromise his food security. He quickly pointed out that he intends to inter-crop his *Jatropha* trees with groundnuts and sweet potatoes and at the same time increase his maize hectares.

He attributes his success to dedication and hard work. He begins preparing his fields in August of each year so that by the onset of the rains he is ready to plant his maize. In addition, he has created a fire break around his fields to protect his crops and *Jatropha* trees from bush fires. At times he sleeps in the fields to protect his investment, **'I have to protect my *Jatropha*; its holds the key to the future.'**

AIR QUALITY

The ore body at Guelb Moghrein mine in Mauritania contains approximately 2% fibrous amphibole material (FAM). This asbestos-like material has the potential to pose risks to the health of our employees in the absence of appropriate management controls. Strict safe working practices were introduced from the start of mining operations in 2006 in order to minimize personal exposure to FAM. In addition to wearing correct personal protective equipment in high risk areas, the Company has taken other practical measures to contain the ore dust. These include enclosing the primary crusher and installing water sprays to suppress dust, enclosing all conveyors and containing the ore stockpile within a dome structure to prevent the liberation of fibres, and hosing down of mining equipment and cleaning of cabs at the end of each shift.

Access to high risk areas such as the stockpile dome and the concentrate shed is strictly controlled and only employees wearing appropriate respirators are allowed entry into these areas. All high risk areas were declared strictly non smoking as international studies indicate there is a direct correlation between smoking and FAM related diseases.

Monitoring for airborne fibres is carried out across the mine site on a monthly basis and at sampling stations in the neighbouring town of Akjoujt. Guelb Moghrein has adopted the Australian Guideline of 100 fibres per litres air. Copper concentrate and personal dust samples are sent to external laboratories for analysis of fibre content. The results of these analyses are used to confirm samples processed at the onsite Fibrous Amphibole Material Laboratory.

The Company's commitment to International Standards necessitates reporting of the acid plant emissions against European Union and World Bank/IFC standards for single and double contact acid plants. For the reporting period 2007 and 2008 both the single (3) and double (1) contact acid plants performed within the limits as prescribed by the two international standards.

The installation of continuous stack monitoring equipment in the acid plants has increased the control over emissions as real time emission data is now available to the operators.

Sulphur dioxide emissions are only associated with Kansanshi and Bwana Mkubwa where the four acid plants are situated. The production of sulphuric acid is limited to these two operations where the sulphuric acid is used to leach the oxide ore. All four acid plants were on care and maintenance for most of 2009 due to the high cost of elemental sulphur and relatively low cost of sulphuric acid supplied from the copper smelter on the Zambian Copperbelt.

Excessive emissions of sulphur dioxide to the environment may have an immediate and direct impact on the health of surrounding communities. At Kansanshi, communities live in close proximity to the mining and processing operations, and downwind of any sulphur dioxide emissions from the acid plants. As the communities surrounding most of our operations are classified as impoverished to extremely impoverished, any impact from sulphur dioxides emissions will be amplified. Managing the emissions from the acid plants is therefore of utmost importance and effective controls are in place to ensure the efficient operation of the acid plants, which is supported by a regular maintenance schedule.

DUST FALL OUT

Dust at our operations is mainly generated from the blasting of ore and waste rock in the mines, the subsequent transport of waste rock and ore on gravel roads, and from milled ore stockpiles and tailings storage facilities. The primary source of dust from the operations is the mine haul roads and plant access roads. With the exception of Guelb Moghrein, all of our

operations are situated in areas with distinct wet and dry seasons. In Zambia and the DRC, dust generation is elevated during the dry season, which lasts from May to early November, and is low in the wet season from late November to April.

We pioneered the use of molasses at our mines to prevent dust generation on mine roads. In Zambia, molasses is readily available due to the well established sugar industry. Molasses has proven to be a cost effective and efficient method of dust control with a low environmental impact. Our Zambia and DRC operations use molasses during the dry season to suppress dust. Molasses is imported into Mauritania from Senegal for use at Guelb Moghrein.

Dust management in Mauritania is challenging as the mine is situated in a desert and the dust generated from the surrounding desert masks dust originating from the mine. To reduce dust generation, Guelb Moghrein is planting thorn trees on its boundary to act as wind breaks.

Total and respirable dust is routinely measured in the workplace and dust settlement gauges are installed around our mining licenses to monitor any impact of dust generated by mining activities on local communities.



EFFLUENTS WATER

The Company's operations do not discharge process effluents directly into the environment. The only water discharged to the environment is groundwater pumped to surface directly from the open pit and from boreholes around the open pits. All dewatering water is channelled through a settlement system to prevent the release of solids into the surface water courses.

WATER QUALITY MONITORING

Water quality monitoring at the operations is geared to the early identification of contamination of water resources. To achieve this, the monitoring network at the various operations is structured around the risk posed by the operation.

The quality of water pumped from our mines is monitored on a monthly basis as the release of this water poses the main risk to surface water quality. The monitoring data from all the Company's operations indicates mine water released to surface water is of good quality.

MINERAL WASTE

Tailings and waste rock are the most significant wastes by weight and volume at our operations. The Company currently operates seven active tailings storage facilities at Bwana (3), Guelb Moghrein (2), Kansanshi (1) and Frontier (1). In 2010, Kansanshi will carry out a site investigation for a second tailings storage facility. In 2009, tailings production was Kansanshi 20.51 Mt, Guelb Moghrein 1.88 Mt and Frontier 7.76 Mt. Tailings stored at 31st December 2009 was Kansanshi 59.6 Mt, Frontier 15.6 Mt, Bwana 11.5 Mt and Guelb Moghrein 5.5 Mt.

The increase in the volume of tailings from 2008 to 2009 is the result of additional treatment of lower grade stockpile material at Kansanshi and a mine expansion at Guelb Moghrein. At Frontier, tailings production changed little year on year. The Bwana Mkubwa copper plant remained on care and maintenance throughout 2009. Risks associated with the tailings dams include dust generation and seepage which has the potential to affect ground water quality.

In the unlikely event of failure, two tailings dams are considered a potential risk to local communities who live downstream.

Waste rock is produced at all operations except Bwana Mkubwa and Kolwezi. All waste rock dumps are active except those at Lonshi mine which have been decommissioned and were under an active rehabilitation program to ensure long-term stability and establishment of a sustainable indigenous vegetation cover. The local community was trained to propagate indigenous trees in nursery gardens and the seedlings purchased by Lonshi mine. Rehabilitation of the five waste rock dumps at Lonshi commenced in 2006 and slope re-profiling is 67% complete and re-vegetation 44% complete. Geochemical analysis of the



waste rock materials at all the Company's operations has indicated a low risk of acid rock drainage.

Our tailings disposal facilities are designed by specialists and subject to independent statutory inspections and reporting. Internally, the operations carry out daily, weekly and monthly inspections of all dams to assess operational risk. Surface water, groundwater and air quality is regularly monitored and emergency response plans are in place.

NON-MINERAL WASTE

In Zambia and the DRC, waste oil is collected by the supplier and recycled. Ammonia nitrate and fuel oil (ANFO) explosives are used at the operations as this is a stable and cost effective binary explosive. In Mauritania, about half of the waste oil generated is used in the manufacturing of explosives for use in the mine. The remaining waste oil (approximately 1 million litres) is currently stored on site in drums as there is no waste oil recycling facility in Mauritania. In 2010, Guelb Moghrein plans to export the waste oil by road tanker to Senegal where the oil will be recycled and the product sold to international oil companies for resale.

Due to the remote nature of our mining operations, opportunities to recycle industrial and domestic waste produced on site are limited. Scrap metal is recycled and reused, but no reliable figures are presently available for reporting purposes. The operations are implementing an environmental management system, which include management plans to improve reporting on waste volumes and recycling.

Most of the countries in which we operate do not have licensed hazardous waste disposal sites. This poses a challenge for mining operations that wish to dispose of hazardous wastes in an environmentally responsible manner. The main hazardous waste materials generated at the Company's operations include waste oil and grease, medical waste, reagent containers and packaging, and batteries. Medical waste is currently incinerated in hospital medical waste incinerators where available. In the future, the control over medical waste at

operations will improve as the clinics established on site and within the communities are equipped with medical waste incinerators.

With the exception of Bwana Mkubwa, process plant, domestic and industrial waste is managed and disposed of on-site due to the absence of appropriate waste management facilities close to the mining operations.

Waste disposal sites were identified and established at all our operational units during the project construction and early operational phases. The suitability of these sites is continually under review and management plans are developed to progressively reduce the environmental risk.

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SHARES LISTED

First Quantum common shares are listed on the Toronto Stock Exchange under the symbol “FM” and also trade on the London Stock Exchange under the symbol “FQM”. Equity options of the Company are listed on the Montreal Exchange under the root symbol “FM”. First Quantum is a member of the Standard & Poor’s/Toronto Stock Exchange Composite Index.

GEOGRAPHICAL COVERAGE

First Quantum currently has operations and projects in the following countries: Zambia; the Democratic Republic of Congo; Mauritania and Finland.

