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February 23, 2006

Delivered

Mr. Naizam Kanji
Director, Take-Over Bids
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, ON M5H 3S8

Dear Mr. Kanji:

Re: Offer by First Quantum Minerals Ltd. (“First Quantum”) to Purchase all of the Outstanding Common Shares of Adastra Minerals Inc. (“Adastra”)

Application for Orders under Subsection 127(1) of the Securities Act (Ontario) (the “Act”) Respecting a Shareholder Rights Plan Entered Into Between Adastra and Computershare Investor Services Inc. on November 30, 2005 (the “Shareholder Rights Plan”)

Introduction

(a) Generally

We act as counsel for First Quantum. On February 2, 2006, First Quantum made an unsolicited formal offer (the “**First Quantum Offer**”) to purchase all of the outstanding Adastra Shares and the associated rights under the Shareholder Rights Plan (the “**SRP Rights**”) for consideration of one common share of First Quantum (a “**First Quantum Share**”) for every 17.5 common shares of Adastra (the “**Adastra Shares**”). The First Quantum Offer will expire on March 10, 2006, being 36 days from the date on which it was made.

As described in greater detail below, the First Quantum Offer was the culmination of a lengthy process that began in early October 2005 when First Quantum and Adastra began to hold discussions concerning a potential business combination between the companies. These discussions continued throughout November 2005 and culminated in First Quantum providing its estimate of Adastra’s value to Adastra by letter dated November 30, 2005 together with a term sheet in which First Quantum offered to make a share exchange offer to acquire all of the Adastra



Shares on the basis of one First Quantum Share for each 15 Adastra Shares. First Quantum attempted to deliver this letter on November 30, 2005 but telephone calls to Adastra were not returned. The letter was received on December 1, 2005. On November 30, 2005, Adastra's board of directors adopted the tactical Shareholder Rights Plan in issue on this application in anticipation of First Quantum's proposal. On December 2, 2005, Adastra consulted its financial advisor, NM Rothschild & Sons Limited ("**Rothschild**") regarding First Quantum's offer and had already formed the view that First Quantum's offer significantly undervalued Adastra. Adastra had retained Rothschild prior to December 1, 2005 in connection with the financing of, and potential sale of, a minority interest in Adastra's principal mining project.

All this occurred two months before the First Quantum Offer was formally commenced on February 2, 2006. Nevertheless, Adastra has not been able to solicit a competing change of control transaction that it is prepared to recommend to Adastra Shareholders.

(b) The Directors' Circular and Mitsubishi Transaction

Adastra's board of directors has essentially adopted a "just say no" approach to the First Quantum Offer in its directors' circular dated February 17, 2006 (the "**Directors' Circular**") on the basis that Adastra could finance the development of its principal mining project in the absence of a change of control transaction. One of the principal bases for Adastra's board of directors' recommendation that Adastra Shareholders not tender their Adastra Shares is that, on January 10, 2006, Adastra had reached an agreement with Mitsubishi Corporation ("**Mitsubishi**"), which would allow Mitsubishi to acquire a minority stake in Adastra's principal mining project, the Kolwezi tailings project (the "**Kolwezi Project**"), provide project financing on behalf of Adastra and to enter into long-term copper and cobalt off-take arrangements (the "**Mitsubishi Transaction**"). According to the Directors' Circular, if completed, the Mitsubishi Transaction would result in Adastra obtaining the equity funding required to cover most or all of its equity requirements to implement the Kolwezi Project, based on the current assessment of the likely levels of project debt financing. Also according to the Directors' Circular, Adastra is advancing the debt financing of the Kolwezi Project and is scheduled to sign project loan agreements and start construction by the end of 2006 but acknowledges that there can be no assurance that such financing will be available on acceptable terms, in an amount sufficient to fund the development of the Kolwezi Project.

Adastra has been engaged in discussions with Mitsubishi since April 2005 and has had the financial advice of Rothschild in these negotiations. Nevertheless, the Mitsubishi Transaction remains subject to confirmatory due diligence, the negotiation of definitive agreements and the approvals of the boards of directors of each of Adastra and Mitsubishi. The highly conditional nature of the Mitsubishi Transaction is underscored by the fact that Adastra did not make any public disclosure of the Mitsubishi Transaction between January 10, 2006 and the filing of the Directors' Circular on February 17, 2006.

The Directors' Circular does not state that Adastra would be able to complete the Mitsubishi Transaction if the First Quantum Offer were to remain open for the 60-day period provided for in the Shareholder Rights Plan. In fact, as stated above, the debt financing of the Kolwezi Project,



which is related to the equity financing to be provided by Mitsubishi, is not to be completed until much later in 2006.

The Directors' Circular also makes brief reference to other parties who have "expressed an interest in pursuing alternative transactions" with Adastra since the commencement of the First Quantum Offer. However, the Directors' Circular fails to provide details of any specific transaction or the identity of any competing offeror. The Directors' Circular acknowledges that there can be no certainty that these initiatives will result in an alternative transaction. At this stage all that Adastra's board of directors is able to disclose as to the likelihood of an alternative change of control transaction is that "the Board believes that the Kolwezi Project is potentially very attractive to parties other than First Quantum."

The Mitsubishi Transaction will likely inhibit any auction process for Adastra insofar as potential purchasers (if any) will likely not desire to be bound by a 15-year exclusive off-take contract and Adastra's further reduced equity ownership in the Kolwezi Project. The benefit to Adastra shareholders of the Shareholder Rights Plan is called into question by the Mitsubishi Transaction which itself will discourage a further process to maximize shareholder value.

The First Quantum Offer will expire on March 10, 2006 and the shareholders of Adastra will be deprived of the opportunity to participate in the First Quantum Offer unless the relief sought on this application is granted.

Relief Sought

On behalf of First Quantum, we seek the following orders from the Ontario Securities Commission (the "**Commission**"):

- (i) an order under paragraph 2 of subsection 127(1) of the Act cease trading any securities to be issued under the Shareholder Rights Plan pertaining to the First Quantum Offer; and
- (ii) an order under paragraph 3 of subsection 127(1) of the Act that none of the exemptions provided for under Ontario securities law apply to any trades in securities by Adastra in relation to the First Quantum Offer.

Basis of the Application

The time has come for the Shareholder Rights Plan "to go" for a number of reasons, including the following:

- Adastra's board of directors has been aware of First Quantum's intention to acquire Adastra since at least early November 2005. Even prior to Adastra's receipt of First Quantum's original proposal on December 1, 2005, Adastra had retained Rothschild as financial advisor to Adastra in connection with the financing of, and the possible sale of a minority shareholding in, the Kolwezi Project. In connection with these activities, Adastra and



Rothschild would likely have also initiated contact with other mining companies and other parties for the purposes of canvassing the market respecting alternative financing or sale transactions. This process necessarily would have provided Adastra with a significant head start in terms of responding to the First Quantum Offer. Nevertheless no alternative offers have been made to date and there is no reason why any alternative bidder would require more time than the 36 days provided under the First Quantum Offer (and 50 days from the announcement of the First Quantum Offer on January 18, 2006) to assess its position. Accordingly, there is no reasonable basis for Adastra's board of directors to expect that the Shareholder Rights Plan is critical to encouraging an alternative transaction to the First Quantum Offer.

This is not the usual case where the target company can state that it is on the cusp of soliciting a competing bid.

- There are a very limited number of potential alternative bidders for the Adastra Shares due to the location and stage of development of Adastra's mining properties. The Mitsubishi Transaction further narrows the field of potential acquirors.
- The Directors' Circular provides Adastra Shareholders with detailed information regarding the Mitsubishi Transaction and management's plans for Adastra so as to permit them to make their own assessment of the First Quantum Offer. Given the duration of Adastra's discussions with Mitsubishi (since April 2005) and the lack of disclosure of any timetable regarding the completion of the Mitsubishi Transaction, there is no basis to conclude that the Mitsubishi Transaction would become more definitive if the First Quantum Offer were extended to remain open for the 60 day period provided for in the Shareholder Rights Plan.
- First Quantum has stated that it is disinclined to extend the First Quantum Offer beyond March 10, 2006.

In the circumstances, the public interest and the interests of Adastra Shareholders strongly favour the granting of the relief sought on this application.

Based on the verification statement set out below provided by Martin Rowley on behalf of First Quantum, the following are the relevant facts pertaining to this application. All information provided in this application relating to Adastra is derived from information contained in the Directors' Circular and other information contained in public filings made by Adastra with securities regulatory authorities in Canada or otherwise made publicly available by Adastra.

Factual Analysis**(a) Adastra**

Adastra is continued under the laws of the Yukon Territory and is a reporting issuer or the equivalent in Ontario, British Columbia and Alberta in Canada and in the United States. Headquartered in London, England, Adastra is a mining company that acquires, explores and develops mineral resource properties principally in the Democratic Republic of the Congo (the “DRC”) as well as in Zambia (adjacent to the Zambian-DRC border) and Angola. The Adastra Shares are listed and posted for trading on the TSX and the AIM Market operated by the London Stock Exchange plc (the “AIM”). Adastra had a market capitalization of approximately Cdn. \$139 million on January 17, 2006. For the fiscal year ended October 31, 2005, Adastra reported a net loss of approximately US \$2.6 million or US \$0.04 per Adastra Share on a fully diluted basis. Adastra is authorized to issue an unlimited number of common shares. As at January 23, 2006, 77,364,200 Adastra Shares were issued and outstanding. Adastra’s principal asset is the Kolwezi Project located in the Democratic Republic of the Congo (the “DRC”), which is in the development stage. Its other assets include the sub-surface exploration rights under the Kolwezi Project, the Kipushi mine in the DRC and a prospective exploration license in Zambia.

(b) First Quantum

First Quantum is an international mining company headquartered in Vancouver. First Quantum is currently engaged in the production of copper, gold and acid and undertakes related activities including exploration, development and processing. Like Adastra, First Quantum’s activities are focussed in the Zambian and DRC copper sectors. In Zambia, First Quantum owns and operates a solvent extraction/electrowinning facility and holds an 80 percent indirect interest in the Kansanshi copper mine. In the DRC, First Quantum owns and operates the Lonshi copper mine. First Quantum also holds a 100 percent interest in the Frontier copper project in the DRC and an 80 percent indirect interest in a gold-copper deposit in the Islamic Republic of Mauritania, both of which are in the development stage. First Quantum also holds a 16.9 percent interest in Mopani Copper Mines Plc which operates the Nkana underground copper mine and cobalt refinery and the Mfulira underground copper mine smelter and copper refinery in Zambia.

First Quantum is continued under the laws of British Columbia and is a reporting issuer in British Columbia, Alberta, Ontario and Quebec. Its common shares are listed and posted for trading on the TSX and on the AIM.

Neither First Quantum nor any of its officers, directors nor any of their affiliates or associates own, directly or indirectly, or exercise control over, any Adastra Shares.



(c) Genesis of the Offer

(i) Overview

Adastra has been aware of First Quantum's interest in a possible combination of operations since about October 5, 2005 and knew about First Quantum's intention to pursue a business combination between the two companies since about early November of 2005.

(ii) Rationale for the Offer

First Quantum is very well placed to acquire Adastra. First Quantum has many years of experience in mineral exploration and the development and operation of copper and cobalt mines in the DRC, Zambia and elsewhere in Africa. First Quantum has been active in the DRC since the mid-nineties and First Quantum has developed a strong relationship with the DRC authorities including, in particular, Gécamines, the mining arm of the DRC government. First Quantum is an active explorer of copper throughout the copper belt of the DRC and Zambia holding substantial exploration acreage around Adastra's Kipushi mine.

(iii) Discussions between First Quantum and Adastra

On October 5, 2005, Timothy Read, Adastra's Chief Executive Officer met informally with Clive Newall, First Quantum's President, at First Quantum's request, to discuss areas of mutual interest having regard to the fact that both companies were active in the mining sector in the DRC. At the conclusion of this meeting, it was agreed that Mr. Newall would contact Mr. Read again to advance the discussions.

On October 23, 2005, First Quantum's board of directors met to consider a possible transaction with Adastra including the possible acquisition of Adastra by First Quantum. It was agreed that First Quantum should attempt to proceed with discussions with Adastra and that the necessary due diligence be performed and a take-over bid circular be prepared in the event that First Quantum's board determined, assuming a friendly transaction could not be agreed upon, that it was appropriate for First Quantum to proceed with a bid for Adastra.

There was no further contact with Adastra apart from attempts to arrange for a conference call until November 3, 2005. On that date, Mr. Newall, Philip Pascall, First Quantum's Chief Executive Officer and Martin Rowley, First Quantum's Chief Financial Officer discussed the general terms of a possible merger with Mr. Read, as well as Adastra's Chief Financial Officer and Technical Director. No agreement could be reached in the course of this discussion regarding the definitive terms of a business combination but Adastra agreed that First Quantum could carry out due diligence on Adastra provided that First Quantum execute a confidentiality agreement to be prepared by Adastra.

By November 9, 2005 Adastra had not delivered a draft confidentiality agreement as discussed. On that date, Mr. Newall attempted to call Mr. Read but was told that he was travelling. The call was returned on November 11, 2005. During the course of this telephone conversation, Mr. Read



advised that First Quantum should provide an indication of its estimated valuation of Adastra before a draft confidentiality agreement would be provided.

Following a First Quantum board of directors meeting on November 21, 2005, Mr. Newall contacted Mr. Read to arrange a meeting to advance the negotiations. The meeting was held on November 24, 2005 and focussed on the value of Adastra and personnel issues that might result from a possible merger. There was a large disparity between First Quantum's estimate of value and Adastra's own estimate. Nevertheless, Mr. Newall agreed that First Quantum would provide Adastra with a written indication of its view of the estimated value of Adastra within the next few days.

In accordance with the commitment made at the November 24, 2005 meeting, on November 30, 2005, Mr. Newall attempted to deliver the written indication of First Quantum's estimate of Adastra's value to Mr. Read. The letter comprised an offer and term sheet for the acquisition of Adastra by First Quantum. On December 1, 2005, the letter was delivered to the personal assistant to Mr. Read with instructions that it be provided to Adastra's Chief Executive Officer at the earliest opportunity. As Mr. Read's response on December 2 acknowledged that he had reviewed the November 30 letter with the Adastra board of directors, it is clear that the Adastra board had the First Quantum letter at the time that the Shareholder Rights Plan was adopted.

(iii) Adastra Adopts Tactical Shareholder Rights Plan

On December 1, 2005, Adastra publicly announced that its board of directors had adopted the Shareholder Rights Plan on November 30, 2005. First Quantum was not advised in advance about Adastra's intentions in this regard. The Shareholder Rights Plan was plainly adopted for tactical purposes in response to a possible take-over bid for Adastra by First Quantum, which Adastra's board of directors would not support. In this regard, First Quantum was advised on December 2, 2005 that Mr. Read had received First Quantum's December 1, 2005 letter and on December 3, 2005, First Quantum received a response from Adastra unequivocally declining First Quantum's offer.

On December 2, 2005, Adastra formed a special committee of directors to advise in any change of control transaction (the "**Special Committee**") and expanded Rothschild's retainer for financial advisory services to include financial advisory services to the Special Committee.

According to the Directors' Circular, before December 2, 2005 Rothschild had already been acting as financial advisor to Adastra in connection with the financing of, and the possible sale of a minority shareholding in, the Kolwezi Project and was therefore intimately acquainted with the Kolwezi Project and its economics.



(iv) First Quantum Proceeds with Unsolicited Offer

In response to Adastra's December 3, 2005 rejection of First Quantum's proposed offer, First Quantum wrote to Adastra on December 6, 2005 advising that in view of Adastra's response there was no point in continuing discussions respecting a negotiated merger transaction.

At a First Quantum board of directors meeting held on January 17, 2006, the First Quantum board authorized management to issue a news release announcing First Quantum's intention to make the First Quantum Offer subject to confirmation of the exchange ratio after the close of markets in the United Kingdom and Canada on January 17, 2006. The news release was issued prior to the opening of markets in the United Kingdom and Canada on January 18, 2006.

The letter provided to Adastra on November 30, 2005 proposed an exchange ratio of 1 First Quantum share for every 15 Adastra Shares. Under the First Quantum Offer the exchange ratio has been changed to 1 First Quantum Share for every 17.5 Adastra Shares. The exchange ratio reflected in the First Quantum Offer takes into account the change in the relative trading prices of the First Quantum Shares and Adastra Shares that has occurred between November 30 and the date of the First Quantum Offer.

On January 24, 2006, Adastra publicly announced that it had formed the Special Committee (although as later disclosed in the Directors' Circular, the Special Committee had actually been formed on December 2, 2005) and confirmed that Rothschild had been retained to serve as its financial adviser respecting the proposed Offer (although as later disclosed in the Directors' Circular, Rothschild had been acting in this capacity since December 2, 2005). The Special Committee also retained legal counsel. The mandate of the Special Committee includes potentially eliciting an offer for Adastra that is superior to the First Quantum Offer.

(d) The First Quantum Offer and the Adastra Shareholder Rights Plan

Adastra has determined that the First Quantum Offer is not a Permitted Bid under the Shareholder Rights Plan because the First Quantum Offer remains open for acceptance for a period of 36 days (as accepted under the "Zimmerman Amendments") as opposed to the minimum 60-day period specified in the Shareholder Rights Plan.

(e) "The Time Has Come for the Pill to Go"

Rothschild and Adastra sought to arrange the financing of, and the possible sale of a minority shareholding in, the Kolwezi Project before First Quantum initially approached Adastra. In connection with these activities, Adastra and Rothschild would have prepared an evaluation of Adastra and likely assembled relevant due diligence documents which should be relatively straightforward for what is essentially a single asset company. Adastra and Rothschild would likely have also initiated contact with other mining companies and other parties for the purposes of canvassing the market respecting alternative financing or sale transactions. This process



necessarily would have provided Adastra with significant lead-time in terms of responding to the First Quantum Offer.

Nevertheless, no alternative offers have been made to date and there is no reason why an alternative bidder would require more time than the 36 days provided under the First Quantum Offer (and the 50 days from the public announcement of the First Quantum Offer) to commence a competing offer.

As stated, Adastra has been aware of First Quantum's intentions to acquire, or enter into a transaction with, Adastra since October 2005. Adastra formed the Special Committee and rejected First Quantum's proposal to consummate a "friendly" merger transaction on December 2, 2005. In fact, Adastra adopted the Shareholder Rights Plan on November 30, 2005 as a tactical measure to forestall or delay any unsolicited offer by First Quantum at that time. From early December, Adastra was, or ought to have been, identifying alternatives to maximize shareholder value. As of the date of this application, nearly three months have elapsed since December 2, 2005. In that time, Adastra's directors have reported only that a highly conditional agreement in principle had been reached almost a month ago (the Mitsubishi Transaction) and that an unspecified number of parties have signed confidentiality agreements and have visited Adastra's data room. The Directors' Circular does not disclose that there is any alternative change of control transaction pending.

Adastra carries on business exclusively in the mining sector and its principal operations are in the DRC. In view of the narrow focus of its business and the geographical region in which it carries on its activities, the number of potential competing offerors for Adastra is small and easily identified by Adastra and Rothschild. The market could and should have been canvassed in connection with the financing and sale of a minority stake in the Kolwezi Project so any further canvassing of the market in order to solicit an alternative to the First Quantum Offer could and should have been capable of completion soon after the First Quantum Offer was launched on February 2. Therefore, there is no reasonable basis for Adastra to deprive Adastra shareholders of the opportunity to tender their Adastra Shares to the First Quantum Offer in the hope that an alternative change of control transaction will become available in the short term. Adastra should be in the position to know whether this is possible by now.

The possible Mitsubishi Transaction is not a change of control transaction. Essentially, it has been put forward as part of the "just say no" approach to the First Quantum Offer set out in Adastra's Directors' Circular. Since the Directors' Circular discloses that Adastra has been in discussions with Mitsubishi since April 2005 and there is no disclosure as to when Mitsubishi might complete its due diligence and approve the Mitsubishi Transaction, Adastra's board of directors cannot and has not stated that a definitive Mitsubishi Transaction would be available during the currency of the First Quantum Offer even if the First Quantum Offer remained open for the 60 day period provided for in the Shareholder Rights Plan. Moreover, the Directors' Circular clearly states that the debt financing for the Kolwezi Project, which is highly conditional, is not scheduled to be completed until late 2006.

Adastra shareholders are capable of making their own assessment of the relative merits of the First Quantum Offer and the “just say no” approach advocated by Adastra’s board of directors. The Shareholder Rights Plan currently serves no legitimate purpose and is a wholly unwarranted restraint on shareholder choice.

Submissions

1. In its consideration of the propriety of any shareholder rights plan, the Ontario Securities Commission (the “Commission”) ought to have careful regard to the minimum deposit period provided for in the Securities Act (Ontario) (the “Act”). That period ought not to be extended by the operation of a shareholders rights plan unless there are compelling reasons in the public interest for the extension. The legislated minimum deposit period is particularly significant in view of the amendments to the Act extending the period from 21 to 35 days following the recommendations and findings of the report of the IDA Committee on Take-Over Bid Time Limits (the “**Zimmerman Report**”).
2. The Zimmerman Report concluded that the then existing 21 day period was sufficient to permit a target’s board to (i) analyze a bid and inform shareholders; and (ii) provide shareholders a reasonable period of time to assess the information provided and make a considered decision on the bid. The Zimmerman Report also found that the 21-day deposit period did not inhibit the development of auctions by targets’ boards. The Zimmerman Report nevertheless determined that, despite the 21-day period likely being sufficient, a modest extension of the minimum deposit period from 21 to 35 days would serve to balance the interests of targets and bidders. The balance sought in the Zimmerman Report has now been enacted in law by the legislatures of the common law provinces and has received the approval of this Commission (as well as the British Columbia and Alberta Securities Commissions) in *Re Royal Host Real Estate Investment Trust et al. (infra)*.
3. In National Policy Statement 62-202, the Canadian Securities Administrators (“CSA”) have advised participants in the capital markets that they will examine target company tactics if they become aware that they would likely result in the shareholders of the target being deprived of the opportunity to decide for themselves whether or not it was in their best interests to tender in response to a take-over bid. As a matter of public policy, the Canadian Securities Administrators consider that unrestricted auctions produce the most desirable results in a take-over bid.
4. The jurisdiction of the Commission lies in its obligation to protect the public interest. The Commission stated in *Canadian Jorex and Mannville Oil & Gas Ltd.* (1992), 15 O.S.C.B. 257 as follows:

For us, the public interest lies in allowing shareholders of a target company to exercise one of the fundamental rights of share ownership - the ability to dispose of shares as one wishes - without undue hindrance from, among other things,

defensive tactics that may have been adopted by the target board with the best of intentions, but that are misguided or, as here, have outlived their usefulness.”

The panel went on to say at page 267:

“...we have every confidence that the shareholders of a target company will ultimately be quite able to decide for themselves, with the benefit of the advice they received from the target board and others, including their own advisors, whether or not to dispose of their shares and, if so, at what price and on what terms. To us the public interest lies in allowing them to do just that.”

In the circumstances of the present case, shareholders of Adastra should be free to decide for themselves whether to obtain immediate liquidity by tendering to the First Quantum Offer or to follow the directors’ recommendation not to tender. The purpose of a shareholder rights plan is not to fetter shareholder choice by permitting a board to take the paternalistic position that it knows better than shareholders what is in their commercial interest.

6. It is clear from the decisions to date of the Canadian securities’ regulators that in the assessment of whether it is time for a shareholder rights plan “to go”, each case turns on its own specific facts.
7. In determining whether a shareholder rights plan should be set aside or whether it may still serve some legitimate function, the target company bears the initial burden of justifying the plan by proving that “there appears to be a real and substantial probability that, given a reasonable period of further time, the board of the target corporation can increase shareholder choice and maximize shareholder value”. It is only in circumstances where the target is able to discharge this burden of proof that the burden falls upon the applicant to show that the rights plan should go: *Re Samson Canada Ltd.* (1999), 8 A.S.C.S. 1791; *Re 1153298 Alberta Ltd.*, [2005] A.S.C.D. No. 1004.
8. In *Re Royal Host Real Estate Investment Trust et al* (1999), 8 A.S.C.S. 3674 (a decision of the Alberta, Ontario and British Columbia Securities Commissions) (the “**Royal Host Decision**”), after a detailed review of the relevant shareholder rights plan decisions to date, the concerned commissions held as follows:

“After reviewing these decisions and the fact patterns on which they were based, we have come to the conclusion that it is fruitless to search for the “holy grail” of a specific test, or series of tests, that can be applied in all circumstances. Take-over bids are fact specific; the relevant factors, and the relative importance to be attached to each, will vary from case to case. As a result, a test that focuses on certain factors to the exclusion of others will almost certainly be inappropriate in some of the cases to which we attempt to apply it”.

It was further stated that “all of the relevant factors” should be considered including the following:

- whether shareholder approval of the rights plan was obtained;
- when the rights plan was adopted;
- whether there is broad shareholder support for the continued operation of the rights plan;
- the size and complexity of the target company;
- the other defensive tactics, if any, implemented by the target company;
- the number of potential viable offerors;
- the steps taken by the target company to find an alternative bid or transaction that would be better for the shareholders;
- the likelihood that, if given further time, the target company will be able to find a better bid or transaction;
- the nature of the bid, including whether it is coercive or unfair to the shareholders of the target company;
- the length of time since the bid was announced and made;
- the likelihood that the bid will not be extended if the rights plan is not terminated.

Application of Royal Host factors to the Offer

(a) ***Adoption of the Rights Plan and Shareholder Approval:*** As stated, the Shareholder Rights Plan was adopted by Adastra’s board of directors in anticipation of the First Quantum Offer. Shareholder approval for the Shareholder Rights Plan has not yet been obtained (it will be sought at Adastra’s annual general meeting on March 9, 2006 immediately prior to the expiry of the First Quantum Offer). It is submitted that the fact that the Shareholder Rights Plan is a tactical poison pill that has not received shareholder support and will not receive shareholder support throughout the pendency of the First Quantum Offer is an important factor warranting its early termination.

(b) ***Absence of Shareholder Support***

Adastra’s board of directors has not disclosed that it has received any Shareholder support for the Shareholder Rights Plan. The Directors’ Circular states that a majority of Adastra’s shareholders do not intend to tender their Adastra Shares to the First Quantum Offer. This is in effect an admission that Adastra shareholders are capable of making their own assessment of the First Quantum Offer and that the Shareholder Rights Plan serves no useful purpose.

(c) ***Size and Complexity of Issuer.*** Adastra is not a complex issuer insofar as it carries on business as the owner of mining properties in Africa (and only one principal asset) that are easily analysed and assessed by potential purchasers based on publicly available information. There are no operational intellectual property issues with which a potential



purchaser will need to contend. In addition, there is no Canadian or foreign competition issue that an alternative offeror would have to consider.

Adastra is relatively small in terms of its market capitalization, the value of its assets and its revenues.

- (d) ***Efforts to Find Alternatives:*** Although Adastra has been aware of First Quantum's intention to acquire Adastra since at least November 2005, Adastra has not disclosed that the Special Committee or Rothschild has yet engaged in negotiations respecting any alternative transaction involving Adastra or the Adastra Shares. Adastra's directors have not identified any other specific means of maximizing shareholder value in their Directors' Circular apart from the possible Mitsubishi Transaction, which Adastra shareholders can readily assess based on the existing disclosure. In the circumstances, it can be inferred that there are no reasonable prospects that an alternative offer could be achieved if the application of the Shareholder Rights Plan were to continue for 60 days from the date of the commencement of the First Quantum Offer.
- (e) ***Likelihood of Alternative Offers:*** As stated, given the nature of its mining business, the geographic location of its operations and the Mitsubishi Transaction, there are very few potential rival bidders for Adastra Shares. If no equivalent or superior competing offers have been received by the date of this application, it is submitted that the likelihood of this occurring in the immediate future is slim.
- (f) ***The Nature of the Bid.*** It is plain that the First Quantum Offer is neither coercive nor opportunistic. The First Quantum Offer affords those shareholders who wish to dispose of their investment with their first comprehensive opportunity to do so. Adastra Shares are very widely held and neither First Quantum nor any of its officers, directors or their affiliates or associates owns any Adastra Shares. No Adastra shareholders have entered into any agreement or made any other commitment to tender their Shares under the First Quantum Offer nor has First Quantum made this a condition of the First Quantum Offer. Accordingly, if the minimum condition of the First Quantum Offer is satisfied, a broad number of disparate Adastra shareholders will have determined that the terms of the Offer and the benefits of the combined business operations of First Quantum and Adastra are advantageous from a financial point of view.
- (g) ***Length of Time since Bid announced.*** The Adastra board of directors knew that Adastra was "in play" at least since on or about November 30, 2005. By the expiry date of the First Quantum Offer, Adastra will have had 100 days to explore and develop alternatives for maximizing shareholder value. Having regard to the minimum deposit period provided for under Ontario securities law and the findings of the 1996 Report of the Zimmerman Committee, plainly, "the time has come for the pill to go".
- (h) ***Likelihood of an Extension:*** There is no guarantee that First Quantum will proceed with the First Quantum Offer if the bidding process for the Adastra Shares is frustrated or



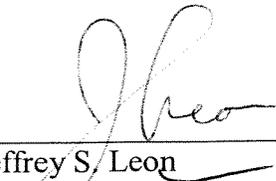
delayed. In this regard, First Quantum has noted that it would be disinclined to extend the First Quantum Offer.

Based on a consideration of the relevant factors as outlined in the *Royal Host* decision, First Quantum respectfully submits that the Shareholder Rights Plan must be cease traded to enable shareholders of Adastra the opportunity to accept the First Quantum Offer if they desire to do so prior to its expiry.

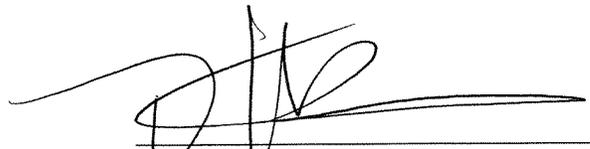
Procedural Matters

We enclose herewith 10 additional copies of this submission for each member of the Commission. As requested, we are providing copies of this submission to the attached distribution list. Should you have any questions or comments regarding this application, please contact us.

Yours very truly,



Jeffrey S. Leon



David A. Hausman

Encl.

- cc. J. Kellerman - *Stikeman Elliott LLP*
- J. Elliott - *Stikeman Elliott LLP*
- J. Scarlett - *Torys LLP*

VERIFICATION

TO: The Secretary of the Ontario Columbia Securities Commission

RE: Request by First Quantum Minerals Ltd. for orders under subsection 127(1) of the *Securities Act* (Ontario) in respect of a shareholder rights plan entered into between Adastra Minerals Inc. ("Adastra") and Computershare Investors Services Inc. on November 30, 2005

This is to confirm that the undersigned has authorized the making and filing of the attached application by Easken Martineau DuMoulin LLP to the Ontario Securities Commission, has reviewed the application and, subject to the qualification below, confirms the truth of the facts contained therein.

The information concerning Adastra contained in this the attached application has been taken from, or is based upon, publicly available documents or records on file with Canadian securities authorities and other public sources. The undersigned makes no representation or warranty as to the accuracy of any such information.

Dated at Perth, Western Australia, this 23rd day of February, 2006.

First Quantum Minerals Ltd.

Per: _____

Name: Martin Rowley

Title: Chief Financial Officer

M. Rowley

SCHEDULES

Schedule "A"	Adastra Minerals Inc. Annual Report on Form 20-F dated January 30, 2006	Tab A
Schedule "B"	First Quantum Minerals Ltd. Press Release dated January 18, 2006	Tab B
Schedule "C"	First Quantum Minerals Ltd. Offer to Purchase dated February 2, 2006	Tab C
Schedule "D"	Adastra Minerals Inc. Directors' Circular dated February 17, 2006	Tab D