



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Third Quarter – September 30, 2014

(unaudited)

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

First Quantum Minerals Ltd.
Consolidated Statements of Earnings

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended September 30		Nine months ended September 30	
		2014	2013	2014	2013
Sales revenues	11	885.2	885.4	2,720.8	2,655.9
Cost of sales	12	(644.8)	(582.3)	(1,906.2)	(1,841.5)
Gross profit		240.4	303.1	814.6	814.4
Exploration		(16.1)	(10.0)	(39.5)	(34.8)
General and administrative		(31.1)	(39.5)	(89.4)	(89.0)
Acquisition transaction costs	3	-	-	-	(29.5)
Other income (expense)		16.6	(0.7)	(6.8)	(11.0)
Operating profit		209.8	252.9	678.9	650.1
Finance income		8.0	7.7	26.0	21.6
Finance costs	13	(5.3)	(9.2)	(17.2)	(26.1)
Earnings before income taxes		212.5	251.4	687.7	645.6
Income taxes		(82.8)	(93.3)	(268.2)	(262.4)
Net earnings for the period		129.7	158.1	419.5	383.2
Net earnings for the period attributable to:					
Non-controlling interests		8.5	15.1	37.9	55.9
Shareholders of the Company		121.2	143.0	381.6	327.3
Earnings per common share					
Basic	10	0.21	0.24	0.65	0.59
Diluted	10	0.20	0.24	0.64	0.59
Weighted average shares outstanding (000s)					
Basic	10	591,244	587,625	588,220	551,222
Diluted	10	595,349	590,836	592,027	554,139
Total shares issued and outstanding (000s)	10	600,506	590,836	600,506	590,836

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

First Quantum Minerals Ltd.

Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Net earnings for the period	129.7	158.1	419.5	383.2
Other comprehensive income (loss)				
<i>Items that may be reclassified subsequently to net earnings:</i>				
Unrealized gain (loss) on available-for-sale investments	0.1	(1.1)	10.3	(19.0)
Reclassification to earnings of loss on available-for-sale investments (net of taxes of \$1.9 million)	-	-	-	18.1
Tax on unrealized gain on available-for-sale investments	-	-	(1.1)	-
Reclassification to assets of available-for-sale investments (net of taxes of \$1.1 million) (note 5)	(9.0)	-	(9.0)	-
Comprehensive income for the period	120.8	157.0	419.7	382.3
Total comprehensive income for the period attributable to:				
Non-controlling interests	8.5	15.1	37.9	55.9
Shareholders of the Company	112.3	141.9	381.8	326.4
	120.8	157.0	419.7	382.3

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Cash flows from operating activities				
Net earnings for the period	129.7	158.1	419.5	383.2
Items not affecting cash				
Depreciation	157.0	140.2	433.0	337.6
Unrealized foreign exchange (income) loss	(45.7)	12.9	(47.5)	(7.6)
Tax expense	82.8	93.3	268.2	262.4
Share-based compensation expense	6.6	5.8	19.1	15.8
Net finance (income) expense	(2.7)	1.5	(8.8)	4.5
Reclassification to income of net loss on available-for-sale investments	-	-	-	18.1
Other	12.1	(1.5)	15.0	2.6
	339.8	410.3	1,098.5	1,016.6
Taxes paid	(59.5)	(42.0)	(221.1)	(150.9)
Change in non-cash operating working capital				
(Increase) decrease in trade, other receivables and derivatives	43.8	(121.4)	(91.3)	(36.0)
Increase in inventories	(39.3)	(54.4)	(83.1)	(3.8)
Decrease in trade and other payables	(3.1)	(105.1)	(134.2)	(113.9)
Long term incentive plan contributions ¹	(30.3)	(40.9)	(42.5)	(40.9)
	251.4	46.5	526.3	671.1
Cash flows used by investing activities				
Acquisition of Inmet Mining Corporation, net of cash acquired	-	-	-	(963.8)
Purchase and deposits on property, plant and equipment	(786.5)	(735.6)	(1,993.3)	(1,813.1)
Interest paid and capitalized to property, plant and equipment	(109.5)	(10.4)	(180.7)	(72.4)
Proceeds from sale of property, plant and equipment	-	0.3	1.5	0.3
Acquisition of investments	(0.1)	(6.9)	(5.8)	(13.5)
Proceeds from sale of investments	0.4	-	8.7	1,949.9
Partial repayment of ENRC promissory note	-	-	70.0	-
Prepaid interest received on ENRC promissory note	-	-	40.0	-
Interest received	1.4	0.8	21.6	18.3
	(894.3)	(751.8)	(2,038.0)	(894.3)
Cash flows from financing activities				
Net movement in trading facility	(45.4)	(12.0)	20.0	(32.1)
Proceeds from debt	621.3	691.7	2,573.8	817.6
Repayments of debt	(140.7)	-	(1,140.7)	-
Dividends paid	(27.9)	(33.3)	(77.9)	(99.7)
Dividends paid to non-controlling interests	-	(8.0)	(100.0)	(8.0)
Finance lease payments	(0.1)	(1.6)	(2.6)	(2.7)
Interest paid	(1.5)	(9.8)	(7.6)	(61.2)
Movement in restricted cash	(0.5)	-	(4.0)	-
	405.2	627.0	1,261.0	613.9
Increase (decrease) in cash and cash equivalents	(237.7)	(78.3)	(250.7)	390.7
Cash and cash equivalents - beginning of period	682.2	778.0	694.5	309.0
Exchange gains on cash and cash equivalents	7.1	-	7.8	-
Cash and cash equivalents - end of period	451.6	699.7	451.6	699.7

¹ Treasury shares are purchased via a trust which is consolidated in the results of the Company. The purchases are made to fund future long term incentive plan contributions.

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

	Note	September 30, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		451.6	694.5
Trade and other receivables		458.6	548.1
Inventories	4	1,215.8	1,123.6
Short term investments		-	25.0
Current portion of other assets	6	227.4	151.8
		2,353.4	2,543.0
Cash and cash equivalents - restricted cash		82.4	84.0
Non-current VAT receivable		91.6	-
Investments		29.7	58.4
Property, plant and equipment	5	14,011.3	11,986.2
Promissory note receivable	7	424.4	465.1
Goodwill	3	236.7	236.7
Other assets	6	107.4	97.8
Total assets		17,336.9	15,471.2
Liabilities			
Current liabilities			
Trade and other payables		579.3	667.8
Current taxes payable		83.1	55.3
Current debt	8	75.5	1,046.1
Current portion of provisions and other liabilities		37.9	35.7
		775.8	1,804.9
Debt	8	5,493.8	3,027.3
Provisions and other liabilities		610.9	619.5
Deferred income tax liabilities		933.8	930.9
Total liabilities		7,814.3	6,382.6
Equity			
Share capital	10	4,396.2	4,204.0
Retained earnings		4,068.9	3,765.2
Accumulated other comprehensive loss		(0.7)	(0.9)
Total equity attributable to shareholders of the Company		8,464.4	7,968.3
Non-controlling interests		1,058.2	1,120.3
Total equity		9,522.6	9,088.6
Total liabilities and equity		17,336.9	15,471.2
Commitments	16		

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Equity

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Share capital				
Common shares				
Balance – beginning of period	4,302.8	4,457.2	4,302.8	2,003.8
Shares issued on acquisition of Inmet, net of issue costs	-	-	-	2,453.4
Shares issued on acquisition of Lumina Copper Corporation	215.6	-	215.6	-
Balance – end of period	4,518.4	4,457.2	4,518.4	4,457.2
Treasury shares				
Balance – beginning of period	(149.4)	(98.7)	(137.5)	(98.9)
Restricted and performance stock units vested	0.2	6.5	0.5	6.7
Shares purchased	(30.3)	(47.6)	(42.5)	(47.6)
Balance – end of period	(179.5)	(139.8)	(179.5)	(139.8)
Contributed surplus				
Balance – beginning of period	50.9	34.5	38.7	24.7
Share-based compensation expense for the period	6.6	5.8	19.1	15.8
Restricted and performance stock units vested	(0.2)	(6.5)	(0.5)	(6.7)
Balance – end of period	57.3	33.8	57.3	33.8
Total share capital	4,396.2	4,351.2	4,396.2	4,351.2
Retained earnings				
Balance – beginning of period	3,975.6	3,523.6	3,765.2	3,405.7
Earnings for the period attributable to shareholders of the Company	121.2	143.0	381.6	327.3
Dividends	(27.9)	(33.3)	(77.9)	(99.7)
Balance – end of period	4,068.9	3,633.3	4,068.9	3,633.3
Accumulated other comprehensive income (loss)				
Balance – beginning of period	8.2	(4.1)	(0.9)	(4.3)
Other comprehensive income (loss) for the period	(8.9)	(1.1)	0.2	(0.9)
Balance – end of period	(0.7)	(5.2)	(0.7)	(5.2)
Non-controlling interests				
Balance – beginning of period	1,049.7	1,083.0	1,120.3	550.4
Earnings attributable to non-controlling interests	8.5	15.1	37.9	55.9
Acquisition of Inmet	-	-	-	491.8
Dividends	-	(8.0)	(100.0)	(8.0)
Balance – end of period	1,058.2	1,090.1	1,058.2	1,090.1

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

1 Nature of operations

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, zinc, gold, cobalt, platinum-group elements ("PGE") and acid, and related activities including exploration and development. The Company has operating mines located in Zambia, Australia, Finland, Turkey, Spain and Mauritania. The Company is developing the Trident project in Zambia, the Cobre Panama copper project in Panama and exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum porphyry deposit in Argentina.

The Company has its primary listing on the Toronto Stock Exchange and a secondary listing on the London Stock Exchange. The Company is registered and domiciled in Canada, and its registered office is the 8th Floor – 543 Granville Street, Vancouver, BC, Canada, V6C 1X8.

2 Significant Accounting Policies

a) Basis of presentation

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), including *IAS 34 – Interim Financial Reporting*. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2013, except as discussed below under 'Changes in accounting standards'.

These condensed interim consolidated financial statements were approved for issue on October 23, 2014 by the Audit Committee on behalf of the Board of Directors.

b) Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

- *IFRS 9 – Financial instruments: Classification and Measurement*. IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. Amendments to this standard replace parts of *IAS 39 – Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The new standard will be effective for annual periods beginning on or after January 1, 2018.
- *IFRS 11 – Joint Arrangements*. An amendment to IFRS 11 was issued in May 2014 addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The standard now specifies the appropriate accounting treatment for such acquisitions and requires an investor to apply the principles of business combination accounting, as defined in *IFRS 3 – Business combinations*, when acquiring an interest in a joint operation that constitutes a business. The amendment requires an investor to measure identifiable assets and liabilities at fair value; expense acquisition related costs; recognise deferred tax, and; recognise the residual as goodwill. The amendment is applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not to be re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The amendment to IFRS 11 will be applied prospectively for annual periods beginning on or after January 1, 2016.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

3 Acquisition of Inmet

On March 22, 2013, the Company acquired 85.5% of the common shares of Inmet Mining Corporation (“Inmet”) thus obtaining control (the “Acquisition”). The remaining common shares were acquired in two transactions, on April 1, 2013 and April 9, 2013 after which the Company had completed its overall plan to acquire 100% of the common shares of Inmet.

Under the terms of the Acquisition former Inmet shareholders received either \$72.00 CAD (“C\$”) in cash; 3.2967 common shares of First Quantum; or C\$36.00 and 1.6484 common shares, subject to pro-rata based on take-up. The Company issued 114,526,277 common shares pursuant to the Acquisition. The Company acquired Inmet in order to create a globally diversified base metals company. Inmet owns the Çayeli copper-zinc mine in Turkey, Las Cruces copper mine in Spain, the Pyhäsalmi copper-zinc mine in Finland, and an 80% interest in the Cobre Panama copper-gold-zinc project in Panama, which is currently under development. Cobre Panama was controlled by Inmet and therefore the operating results are consolidated with the results of the other operations.

Inmet’s principal subsidiaries are Çayeli Bakır İşletmeleri A.S. (Turkey), Cobre Las Cruces S.A. (Spain), Pyhäsalmi Mine Oy (Finland), and Minera Panama S.A. (“MPSA”) (Panama).

The final allocation of fair value is as follows:

Final purchase price:	
114,526,277 common shares of the Company at C\$20.60/share	2,299.0
Cash consideration	2,451.9
Panama capital gains tax paid on behalf of Inmet shareholders	66.9
Total consideration	4,817.8

The Panama capital gains tax included in the consideration above relates to tax paid to the Panamanian government on behalf of Inmet shareholders, as a result of an obligation which arises when shares are sold which have value in Panamanian assets. This is an expense of the shareholder, and the Company has acted only in an agent capacity.

Cash consideration for the Acquisition was financed through a \$2,500.0 million acquisition facility provided by Standard Chartered Bank. The cash outflow on the Acquisition was \$1,044.0 million (including restricted cash of \$80.2 million); the net of cash consideration paid of \$2,518.8 million (including the Panama capital gains tax payment) less the acquired cash balance of \$1,474.8 million (excluding restricted cash).

	\$
Net assets acquired:	
Cash	1,474.8
Restricted cash	115.1
Trade and other receivables	131.9
Inventories	80.2
Investments	2,053.0
Property, plant and equipment	4,553.9
Goodwill	236.7
Other assets	0.5
Trade and other payables	(354.2)
Current taxes payable	(20.8)
Debt	(2,222.9)
Provisions and other liabilities	(342.0)
Deferred tax liabilities	(361.6)
Total identifiable net assets	5,344.6
Non-controlling interest in MPSA	(526.8)
Total	4,817.8

The purchase of Inmet was achieved in three stages. These stages are considered together as a single acquisition transaction as they were completed in contemplation of each other to achieve the overall commercial effect of acquiring and controlling 100% of the outstanding common shares of Inmet.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

Fair values have been estimated using a variety of methods, as listed below for significant balances.

Asset Acquired and Liabilities Assumed	Method of determining fair value	Fair Value
Inventories – finished goods	Estimate based on recoverable value of contained metal, less estimated selling, shipping, treatment and refining costs.	62.2
Investments – Government and corporate securities	Estimated using market trading prices on the date of acquisition.	503.6
Property, plant and equipment ¹ – Mineral properties	Fair value of identified reserves determined through estimated discounted cash flows, incorporating existing life of mine plans, and median analyst consensus metal price forecasts discounted at the weighted average cost of capital for each mine or development project. Fair value of beyond proven and probable reserves estimated using a market approach based on the acquisition prices of precedent transactions.	2,067.1
Property, plant & equipment ¹ – Plant and equipment	Estimated primarily using a cost approach based on fixed asset records.	1,420.7
Debt - Senior notes	Trading value of the notes on the date of acquisition.	(2,205.0)
Non-controlling interest in MPSA	Proportion of fair value of MPSA	(526.8)

¹ As part of finalizing the purchase price allocation, the fair value of property, plant and equipment account has been reallocated between categories. There has been no change to the fair value of property, plant and equipment acquired as part of the Inmet Acquisition.

Transaction costs of \$29.5 million were expensed in relation to the Acquisition during the quarter ended March 31, 2013.

Goodwill arose after the application of *IAS 12 - Income taxes*, due to the requirement to recognize a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets acquired and their respective tax bases. Goodwill is not expected to be deductible for tax purposes.

Subsequent to March 31, 2013, the Company acquired the remaining outstanding shares of Inmet. On April 1, 2013, the Company acquired 7.2% of Inmet shares for \$175.4 million cash and 8,615,493 common shares of the Company, a total purchase price of \$360.4 million. The remaining 7.3% of shares were purchased by compulsory acquisition on April 30, 2013 for \$210.7 million cash and 7,042,867 common shares of the Company, a total purchase price of \$362.4 million. The related capital gains tax paid in Panama relating to the purchase of the remaining shares was approximately \$10.5 million.

On April 22, 2013, Inmet amalgamated with FQM (Akubra) Inc., a wholly owned subsidiary of the Company. The amalgamated company succeeded all of the obligations of Inmet, including obligations under the Inmet senior notes.

On June 30, 2014, FQM (Akubra) Inc. amalgamated with First Quantum Minerals Ltd., the parent company. The amalgamated company succeeded all of the obligations of FQM (Akubra) Inc., including obligations under the FQM (Akubra) Inc. senior notes (refer to note 8).

4 Inventories

	September 30, 2014	December 31, 2013
Ore in stockpiles	292.2	294.6
Work-in-progress	31.7	27.8
Finished product	401.0	338.3
Total product inventory	724.9	660.7
Consumable stores	490.9	462.9
	1,215.8	1,123.6

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

5 Property, plant and equipment

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Cost					
As at January 1, 2013	2,790.6	1,303.9	772.2	886.9	5,753.6
Acquisition of Inmet	1,420.7	1,722.5	991.7	1,075.4	5,210.3
Additions	-	2,716.0	-	-	2,716.0
Disposals	(36.3)	-	-	-	(36.3)
Transfers between categories	450.9	(572.4)	106.2	15.3	-
Restoration provision	-	-	26.3	8.4	34.7
Capitalized interest	-	219.1	-	-	219.1
As at December 31, 2013	4,625.9	5,389.1	1,896.4	1,986.0	13,897.4
Additions	-	1,772.6	-	422.6	2,195.2
Disposals	(13.7)	-	-	-	(13.7)
Transfers between categories	114.1	(239.0)	114.7	10.2	-
Restoration provision	-	-	(2.6)	4.5	1.9
Capitalized interest	-	278.0	-	-	278.0
As at September 30, 2014	4,726.3	7,200.7	2,008.5	2,423.3	16,358.8
Accumulated depreciation					
As at January 1, 2013	(724.7)	-	(75.3)	-	(800.0)
Acquisition of Inmet	(511.7)	-	(144.7)	-	(656.4)
Depreciation charge	(325.0)	-	(151.9)	-	(476.9)
Disposals	22.1	-	-	-	22.1
As at December 31, 2013	(1,539.3)	-	(371.9)	-	(1,911.2)
Depreciation charge	(285.0)	-	(161.0)	-	(446.0)
Disposals	9.7	-	-	-	9.7
As at September 30, 2014	(1,814.6)	-	(532.9)	-	(2,347.5)
Net book value					
As at December 31, 2013	3,086.6	5,389.1	1,524.5	1,986.0	11,986.2
As at September 30, 2014	2,911.7	7,200.7	1,475.6	2,423.3	14,011.3

During the nine months ended September 30, 2014, \$278.0 million of interest (nine months ended September 30, 2013: \$118.8 million) was capitalized relating to qualifying assets. The amount capitalized to September 30, 2014 was determined by applying the weighted average cost of borrowings of 5.69% to the accumulated qualifying expenditures on mining interests.

Included within capital work-in-progress and mineral properties – operating mines at September 30, 2014 is \$102.7 million and \$274.9 million respectively related to capitalized deferred stripping costs (December 31, 2013: \$122.5 million and \$206.6 million respectively).

On August 19, 2014 the Company acquired the 94% of the shares of Lumina Copper Corporation (“Lumina”) for a total consideration of C\$441.9 million (or \$405.5 million) including a cash component of C\$206.9 million (or \$189.9 million) and equity in the Company of C\$235.0 million, 9,669,153 ordinary shares (or \$215.6 million). The transaction has been accounted for as asset acquisition with the principal asset acquired, the Taca Taca project, recorded as an addition to mineral properties in the period.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

The Company previously held 2.5 million shares, or approximately 6%, of Lumina's outstanding shares prior to execution of the transaction. This was classified as an available-for-sale investment with movements in the fair value recognized through other comprehensive income. On completion of the transaction, net gains of \$9.0 million previously recognized through comprehensive income were reversed against the carrying value of the acquired asset.

6 Other assets

	September 30, 2014	December 31, 2013
Deposits on property, plant and equipment	25.1	25.9
Deferred income tax asset	74.0	64.8
Derivative instruments	25.5	2.5
Prepaid expenses	210.2	156.4
Total other assets	334.8	249.6
Less: current portion of other assets	(227.4)	(151.8)
	107.4	97.8
Current portion consists of:		
Derivative instruments	25.5	2.5
Prepaid expenses	201.9	149.3
	227.4	151.8

7 Promissory note receivable

The promissory note receivable due from Eurasian Natural Resources Corporation PLC ("ENRC") outstanding at December 31, 2013 included a mandatory prepayment feature that was triggered by ENRC's delisting from the London Stock Exchange in 2013. The Company waived the mandatory prepayment feature and renegotiated the terms of the promissory note. Of the principal outstanding, \$70.0 million was repaid during the first quarter of 2014, as well as the payment of all outstanding interest at 3% then due. A new \$430.0 million promissory note was issued by a subsidiary of ENRC on March 20, 2014, with a term to final maturity of December 31, 2015. The interest rate on the \$430.0 million promissory note has been increased from 3% to 5%, and the interest due until the final maturity date has been prepaid, approximately \$40.0 million. The \$430.0 million promissory note is secured against the shares in a subsidiary holding ENRC's Mozambique coal assets and will be guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ENRC.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

8 Debt

		September 30, 2014	December 31, 2013
Drawn debt			
Senior notes			
First Quantum Minerals Ltd. (formerly FQM Akubra) 8.75% due 2020	a)	34.1	1,634.6
First Quantum Minerals Ltd. (formerly FQM Akubra) 7.5% due 2021	b)	0.2	536.7
First Quantum Minerals Ltd. 6.75% due 2020	c)	1,064.9	-
First Quantum Minerals Ltd. 7.00% due 2021	d)	1,064.1	-
First Quantum Minerals Ltd. 7.25% due 2019	e)	341.9	340.7
First Quantum Minerals Ltd. 7.25% due 2022		837.3	-
FQM (Akubra) Inc. revolving debt facility	g)	-	990.6
Kansanshi senior term loan and revolving facility	h)	350.0	420.0
First Quantum Minerals Ltd. senior debt facility	i)	1,549.6	-
Amount owed to related party	j)	206.1	95.1
Trading facility	k)	75.5	55.5
Equipment financing	m)	45.3	
Other		0.3	0.2
Total debt		5,569.3	4,073.4
Less: current maturities and short term debt		(75.5)	(1,046.1)
		5,493.8	3,027.3
Undrawn debt			
FQM (Akubra) Inc. revolving debt facility	g)	-	1,495.0
Kansanshi senior term loan and revolving facility	h)	-	580.0
First Quantum Minerals Ltd. senior debt facility	i)	1,390.0	-
Trading facility	k)	179.5	74.5
Kevitsa facility	l)	-	215.0
Equipment financing	m)	54.7	-

a) First Quantum Minerals Ltd. (formerly FQM Akubra) senior notes – 8.75%

On May 18, 2012, Inmet issued \$1,500.0 million in unsecured senior notes due in June 2020, bearing interest at an annual rate of 8.75%. The notes were recorded at a fair value of \$1,664.1 million on the date of acquisition of Inmet by the Company, to be amortized down to face value over the remaining term of the notes.

On January 27, 2014, the Company commenced an offer to exchange these notes for new notes to be issued by the Company as part of funding restructuring arrangements. Upon expiry of the offer on February 24, 2014, 97.9% were exchanged for the new notes. The carrying value of the remaining notes includes the fair value uplift recognized on acquisition of Inmet by the Company.

The Company may redeem some or all of the remaining notes at any time on or after June 1, 2016 at redemption prices ranging from 104.375% in the first year to 100% after June 1, 2018, plus accrued interest. Prior to June 1, 2016, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until June 1, 2016, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 108.75% plus accrued interest.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

On June 30, 2014, FQM (Akubra) Inc. amalgamated with First Quantum Minerals Ltd., the parent company. The amalgamated company succeeded all of the obligations of FQM (Akubra) Inc., including obligations under the FQM (Akubra) Inc. senior notes.

First Quantum Minerals Ltd.

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

b) First Quantum Minerals Ltd. (formerly FQM Akubra) senior notes – 7.50%

On December 18, 2012, Inmet issued \$500.0 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.50%. The notes were recorded at a fair value of \$540.9 million on the date of acquisition of Inmet by the Company, to be amortized down to face value over the remaining term of the notes.

On January 27, 2014, the Company commenced an offer to exchange these notes for new notes to be issued by the Company as part of funding restructuring arrangements. Upon expiry of the offer on February 24, 2014, 99.8% were exchanged for the new notes. The carrying value of the remaining notes includes the fair value uplift recognized on acquisition of Inmet by the Company.

The Company may redeem some or all of the remaining notes at any time on or after December 1, 2016 at redemption prices ranging from 103.75% in the first year to 100% after December 1, 2018, plus accrued interest. Prior to December 1, 2016, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until December 1, 2016, Inmet may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.5% plus accrued interest.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

On June 30, 2014, FQM (Akubra) Inc. amalgamated with First Quantum Minerals Ltd., the parent company. The amalgamated company succeeded all of the obligations of FQM (Akubra) Inc., including obligations under the FQM (Akubra) Inc. senior notes.

c) First Quantum Minerals Ltd. senior notes – 6.75%

On February 12, 2014, the Company issued \$1,114.9 million in senior notes due in 2020, bearing interest at an annual rate of 6.75%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional \$5.6 million aggregate principal amount of new 6.75% senior notes due 2020 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

The Company may redeem some or all of the notes at any time on or after February 15, 2017 at redemption prices ranging from 103.375% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to February 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. Prior to February 15, 2017, the Company may redeem up to 35% of the aggregate principal amount of the notes (including any additional notes issued after the issue date) at a redemption price equal to 106.75% plus accrued interest, with all or a portion of the net proceeds of one or more equity offerings.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

d) First Quantum Minerals Ltd. senior notes – 7.00%

On February 12, 2014, the Company issued \$1,114.9 million in senior notes due in 2021, bearing interest at an annual rate of 7.00%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional \$5.6 million aggregate principal amount of new 7.00% senior notes due 2021 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

The Company may redeem some or all of the notes at any time on or after February 15, 2018 at redemption prices ranging from 103.5% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to February 15, 2018, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. Prior to February 15, 2018, the Company may redeem up to 35% of the aggregate principal amount of the notes (including any additional notes issued after the issue date) at a redemption price equal to 107% plus accrued interest, with all or a portion of the net proceeds of one or more equity offerings.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

e) First Quantum Minerals Ltd. senior notes – 7.25%

On October 10, 2012, the Company issued \$350.0 million in senior notes due in 2019, bearing interest at an annual rate of 7.25%.

The Company may redeem some or all of the notes at any time on or after October 15, 2015 at redemption prices ranging from 105.438% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to October 15, 2015, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until October 15, 2015, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

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The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

On January 27, 2014, the Company announced a solicitation of consent relating to proposed amendments to the indentures of these senior notes as part of the funding restructuring. These changes to the indentures bring the terms of the notes in line with the senior notes issued by the Company in February 2014. On February 10, 2014, the Company received validly delivered consents in the solicitation from holders of a majority in aggregate principal amount of notes outstanding, and the proposed amendments to the indenture governing the notes were therefore approved.

f) First Quantum Minerals Ltd. senior notes – 7.25%

On May 13, 2014, the Company issued \$850.0 million in senior notes due in 2022, bearing interest at an annual rate of 7.25%.

The Company may redeem some or all of the notes at any time on or after May 15, 2017 at redemption prices ranging from 105.438% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to May 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until May 15, 2017, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

g) FQM (Akubra) revolving debt facility

FQM (Akubra) entered into a \$2,500.0 million debt arrangement in order to finance the Acquisition of Inmet which was subsequently amended and restated as a revolving debt facility. On April 11, 2014, the revolving debt facility was repaid and terminated as part of the funding restructuring.

h) Kansanshi senior term loan and revolving facility

In March 2012, Kansanshi entered into a \$300.0 million senior term loan and a \$700.0 million revolving credit facility to finance the Kansanshi expansion projects and the copper smelter project collateralized by the assets and offtake agreements of Kansanshi. On March 27, 2014, notice was issued to cancel the term loan and the revolving facility. On April 3, 2014, the Kansanshi revolving credit facility and term loan were repaid and terminated.

On March 27, 2014, Kansanshi entered into a \$350.0 million term loan which was available from April 3, 2014. The loan is repayable in six equal semi-annual instalments commencing on September 27, 2016 and interest is calculated at a rate equal to LIBOR plus 2.75%.

i) First Quantum Minerals Ltd. senior debt facility

On April 15, 2014, the Company announced that it had signed and drawn down on its \$2,500.0 million Five-Year Term Loan and Revolving Facility (“the Facility”). The Facility was syndicated during Q2 2014, which resulted in an upsizing of the Facility to \$3,000.0 million. The Facility comprises a \$1,200.0 million term loan facility available to draw until April 8, 2016 with a margin of 2.75% and a \$1,800.0 million revolving credit facility available to draw until March 8, 2019 also with a margin of 2.75% per annum. All outstanding loans on these facilities must be repaid no later than April 8, 2019.

j) Amount owed to related party

In September 2013, the Company entered into a loan agreement with Korea Panama Mining Corp. (“KPMC”) who own a 20% interest in Minera Panama S.A. (“MPSA”) and is therefore a related party. Interest is due semi-annually at an annual rate of 9%. As of September 30, 2014, the accrual for interest payable is \$9.9 million (December 31, 2013: \$2.1 million) and is included in the carrying value of the debt as this has been deferred under the loan agreement.

k) Trading facility

The Company’s metal marketing division has four uncommitted borrowing facilities totalling \$255.0 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank’s benchmark rate plus approximately 1.75%. The loans are collateralized by physical inventories.

l) Kevitsa facility

On February 10, 2014, this facility was terminated as part of the funding restructuring.

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m) Equipment financing

On April 2, 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns the Trident project, entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to \$100.0 million. The agreement is secured by the equipment that is purchased from Caterpillar, incurs interest at LIBOR plus 3% and amounts are repayable over a period to 2021.

9 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. During the nine months ended September 30, 2014 the provision reduced by \$1.7 million to \$482.5 million (included in provisions and other liabilities on the balance sheet) due to movement in the foreign exchange rate where the estimate of the liability is not in U.S. dollars.

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 1.4% and 4.2% and an inflation factor between 1.7% and 4.0%. Payments are expected to occur over the life of each of the operating mines, with the majority payable in the years following the cessation of mining operations.

10 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued:

	Number of shares (000s)
Balance as at December 31, 2013	590,836
Share issuance on acquisition of Lumina (see note 5)	9,670
Balance as at September 30, 2014	600,506

b) Earnings per share

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Basic and diluted earnings attributable to shareholders of the Company	121.2	143.0	381.6	327.3
Basic weighted average number of shares outstanding (000s of shares)	591,244	587,625	588,220	551,222
Effect of dilutive securities:				
Treasury shares	4,105	3,211	3,807	2,917
Diluted weighted average shares outstanding	595,349	590,836	592,027	554,139
Earnings per common share – basic	0.21	0.24	0.65	0.59
Earnings per common share – diluted	0.20	0.24	0.64	0.59

c) Dividends

On February 20, 2014, the Company declared a final dividend payment of C\$0.0930 per share, or \$50.0 million, in respect of the financial year ended December 31, 2013 (March 5, 2013: C\$0.1147 per share or \$66.4 million) paid to shareholders of record on April 14, 2014.

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On July 30, 2014, the Company declared an interim dividend payment of C\$0.0504 per share, or \$27.9 million, in respect of the financial year ended December 31, 2014 (July 31, 2013 - C\$0.0583 per share or \$33.5 million) paid to shareholders of record on August 28, 2014.

11 Sales revenues by nature

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Copper	628.2	663.7	1,957.2	1,945.7
Nickel	156.6	123.2	450.5	393.1
Gold	58.8	66.9	181.2	225.2
Zinc	22.6	11.7	57.0	36.4
Other	19.0	19.9	74.9	55.5
	885.2	885.4	2,720.8	2,655.9

12 Cost of sales

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Costs of production	(509.9)	(484.4)	(1,524.1)	(1,482.4)
Depreciation	(159.6)	(142.6)	(446.0)	(348.0)
Movement in inventory	22.1	42.3	50.9	(21.5)
Movement in depreciation in inventory	2.6	2.4	13.0	10.4
	(644.8)	(582.3)	(1,906.2)	(1,841.5)

13 Finance costs

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Interest expense on financial liabilities measured at amortized cost	(119.0)	(61.1)	(283.1)	(134.5)
Interest expense other	(0.9)	-	(1.9)	(0.4)
Accretion on restoration provisions	(3.4)	(4.9)	(10.2)	(10.0)
Total finance costs	(123.3)	(66.0)	(295.2)	(144.9)
Less: interest capitalized (note 5)	118.0	56.8	278.0	118.8
	(5.3)	(9.2)	(17.2)	(26.1)

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14 Segmented information

The Company's reportable operating segments are individual mine development projects or mine operations. Each of the mines and development projects report information separately to the CEO, the chief operating decision maker.

The Corporate & other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration. Included in the Corporate & other segment is the Company's metal marketing division which purchases and sells third party material.

The Company's operations are subject to seasonal aspects, in particular the wet season in Zambia which generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the wet season, mine pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Earnings by segment

For the three month period ended September 30, 2014, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation ³	Other	Operating profit ²	Income taxes
Kansanshi	408.9	(248.5)	(50.4)	3.2	113.2	(37.9)
Las Cruces	126.6	(43.4)	(37.1)	72.4	118.5	(15.6)
Guelb Moghrein	71.0	(48.7)	(10.3)	0.8	12.8	(2.0)
Ravensthorpe	131.3	(77.9)	(18.5)	3.1	38.0	(10.7)
Kevitsa	52.9	(33.1)	(9.7)	(5.6)	4.5	(11.8)
Çayeli	59.5	(26.0)	(14.7)	1.1	19.9	(17.0)
Pyhäsalmi	34.6	(14.3)	(13.0)	25.0	32.3	(2.7)
Corporate & other	0.4	4.1	(3.3)	(130.6)	(129.4)	14.9
Total	885.2	(487.8)	(157.0)	(30.6)	209.8	(82.8)

¹ Excludes intersegment revenues of \$36.9 million.

² Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

³ Depreciation includes group depreciation on fair value increase on acquisition.

⁴ No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2014. The exploration and development costs for these properties are capitalized.

For the three month period ended September 30, 2013, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation ³	Other	Operating profit ²	Income taxes
Kansanshi	411.3	(205.8)	(26.7)	3.9	182.7	(70.6)
Las Cruces	133.6	(30.8)	(53.0)	(5.1)	44.7	(11.4)
Guelb Moghrein	68.3	(47.3)	(8.1)	(0.5)	12.4	(2.1)
Ravensthorpe	112.3	(91.4)	(13.4)	(0.8)	6.7	(0.4)
Kevitsa	51.3	(31.6)	(14.3)	(3.3)	2.1	1.4
Çayeli	64.4	(23.1)	(9.3)	-	32.0	(14.2)
Pyhäsalmi	44.9	(19.7)	(14.1)	(9.4)	1.7	0.7
Corporate & other	(0.7)	7.6	(1.3)	(35.0)	(29.4)	3.3
Total	885.4	(442.1)	(140.2)	(50.2)	252.9	(93.3)

¹ Excludes intersegment revenues of \$31.0 million.

² Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

³ Depreciation includes group depreciation on fair value increase on acquisition.

⁴ No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2013. The exploration and development costs for these properties are capitalized.

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For the nine month period ended September 30, 2014, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation ³	Other	Operating profit ²	Income taxes
Kansanshi	1,315.9	(766.7)	(117.6)	(24.4)	407.2	(163.5)
Las Cruces	387.3	(128.4)	(114.7)	85.1	229.3	(45.6)
Guelb Moghrein	166.7	(112.8)	(21.9)	(3.3)	28.7	(5.5)
Ravensthorpe	381.8	(229.3)	(49.7)	1.9	104.7	(22.8)
Kevitsa	204.9	(130.6)	(41.1)	(9.8)	23.4	(18.0)
Çayeli	154.6	(69.8)	(37.3)	(1.7)	45.8	(23.2)
Pyhäsalmi	109.4	(45.9)	(43.3)	26.5	46.7	(4.8)
Corporate & other	0.2	10.3	(7.4)	(210.0)	(206.9)	15.2
Total	2,720.8	(1,473.2)	(433.0)	(135.7)	678.9	(268.2)

¹ Excludes intersegment revenues of \$83.4 million.

² Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

³ Depreciation includes group depreciation on fair value increase on acquisition.

⁴ No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2014. The exploration and development costs for these properties are capitalized.

For the nine month period ended September 30, 2013, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation ³	Other	Operating profit ²	Income taxes
Kansanshi	1,394.8	(717.4)	(85.7)	(5.9)	585.8	(226.0)
Las Cruces	252.9	(91.6)	(91.7)	(1.5)	68.1	(17.5)
Guelb Moghrein	263.9	(161.5)	(26.5)	(1.6)	74.3	(15.7)
Ravensthorpe	360.7	(302.4)	(39.3)	1.4	20.4	(2.5)
Kevitsa	137.2	(80.5)	(31.2)	(6.0)	19.5	1.4
Çayeli	125.7	(73.8)	(27.6)	3.0	27.3	(12.3)
Pyhäsalmi	78.0	(35.4)	(32.0)	(8.6)	2.0	0.7
Corporate & other	42.7	(41.3)	(3.6)	(145.1)	(147.3)	9.5
Total	2,655.9	(1,503.9)	(337.6)	(164.3)	650.1	(262.4)

¹ Excludes intersegment revenues of \$82.6 million.

² Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

³ Depreciation includes group depreciation on fair value increase on acquisition.

⁴ No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2013. The exploration and development costs for these properties are capitalized.

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Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	September 30, 2014			December 31, 2013		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi	2,975.1	4,201.6	1,165.0	2,550.5	3,687.7	1,334.4
Las Cruces	1,101.1	1,354.8	437.3	1,174.2	1,583.3	418.9
Guelb Moghrein	280.0	476.8	42.3	233.8	407.7	39.9
Ravensthorpe	828.1	987.0	199.5	876.2	1,007.3	179.4
Kevitsa	880.5	910.3	35.7	842.6	918.9	37.3
Trident	2,197.4	2,356.9	91.7	1,593.8	1,476.3	52.2
Çayeli	214.4	644.1	129.5	244.5	430.7	148.6
Pyhäsalmi	274.6	416.7	106.3	315.2	418.0	116.9
Cobre Panama	4,399.0	4,463.6	377.8	3,722.6	3,792.9	304.9
Corporate & other	1,097.8	1,525.1	5,229.2	669.5	1,748.4	3,750.1
Total	14,248.0	17,336.9	7,814.3	12,222.9	15,471.2	6,382.6

¹ Non-current assets exclude financial instruments and deferred tax assets. Included is \$14,011.3 million of property plant and equipment (December 31, 2013: \$11,986.2 million) and \$236.7 million of goodwill allocated to the Cobre Panama segment (December 31, 2013: \$236.7 million).

Capital expenditure by segment

Additions to non-current assets other than financial instruments, deferred tax assets and goodwill represent additions to property, plant and equipment, for which capital expenditure is presented as follows:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Kansanshi	188.4	309.1	620.0	656.3
Las Cruces	27.0	7.9	41.8	26.8
Guelb Moghrein	16.7	11.3	75.7	38.6
Ravensthorpe	2.5	14.8	6.5	33.3
Kevitsa	22.9	17.2	73.6	50.2
Trident	179.8	217.7	575.1	551.5
Çayeli	1.5	2.2	7.0	7.0
Pyhäsalmi	1.4	-	2.5	3.6
Cobre Panama	156.4	154.9	388.9	436.1
Corporate & other ¹	-	0.5	12.3	9.7
Total	596.6	735.6	1,803.4	1,813.1

¹ Not included within the above figure is \$189.9 million not relating to the Company's key projects under development representing the cash consideration paid for Lumina.

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15 Financial instruments

The Company classifies its financial assets as fair value through profit or loss, available-for-sale, or loans and receivables. Financial liabilities are classified as either fair value through profit or loss, or other financial liabilities.

The following provides a comparison of carrying and fair values of each classification of financial instrument at September 30, 2014:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	451.6	-	-	-	451.6	451.6
Cash and cash equivalents – restricted cash	82.4	-	-	-	82.4	82.4
Trade receivables and other prepayments ¹	244.0	-	-	-	244.0	244.0
Derivative instruments	-	-	25.5	-	25.5	25.5
Investments						
At cost ²	-	24.8	-	-	24.8	n/a
At fair value	-	4.9	-	-	4.9	4.9
Promissory note receivable ³	424.4	-	-	-	424.4	399.3
Financial liabilities						
Trade and other payables	-	-	-	579.3	579.3	579.3
Derivative instruments	-	-	8.5	-	8.5	8.5
Finance leases	-	-	-	33.8	33.8	33.8
Debt	-	-	-	5,569.3	5,569.3	5,780.1

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable. This derivative is classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

² The Company holds investments in privately held entities which are measured at cost as the fair value cannot be reliably measured.

³ The promissory note from a subsidiary of ENRC is classified as a loan or receivable and carried at amortized cost. The fair value is calculated by reference to the principal value as the interest due on the note has been pre-paid.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

(unaudited)

(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2013:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	694.5	-	-	-	694.5	694.5
Cash and cash equivalents – restricted cash	84.0	-	-	-	84.0	84.0
Trade receivables and other prepayments ¹	299.5	-	-	-	299.5	299.5
Derivative instruments	-	-	2.5	-	2.5	2.5
Investments						
At cost ²	-	27.3	-	-	27.3	n/a
At fair value	-	31.1	-	-	31.1	31.1
Promissory note receivable ³	490.1	-	-	-	490.1	490.1
Financial liabilities						
Trade and other payables	-	-	-	667.8	667.8	667.8
Derivative instruments	-	-	10.5	-	10.5	10.5
Finance leases	-	-	-	39.7	39.7	39.7
Debt	-	-	-	4,073.4	4,073.4	4,057.2

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable. This derivative is classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

² The Company holds investments in privately held entities which are measured at cost as the fair value cannot be reliably measured.

³ The promissory note from a subsidiary of ENRC is classified as a loan or receivable and carried at amortized cost. The fair value is calculated by reference to the principal value as the interest due on the note has been pre-paid.

Fair Values

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at September 30, 2014, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – OTC contracts ¹	-	25.5	-	25.5
Investments ²	4.9	-	-	4.9
Financial liabilities				
Derivative instruments – OTC contracts ¹	-	8.5	-	8.5

¹ The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward contracts held by the Company are Over The Counter ("OTC") and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

² The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

First Quantum Minerals Ltd.

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2013, in the fair value hierarchy (as described in the notes to the annual consolidated financial statements):

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	1.8	-	-	1.8
Derivative instruments – OTC contracts ²	-	0.7	-	0.7
Investments ³	28.0	-	3.1	31.1
Financial liabilities				
Derivative instruments – LME contracts ¹	1.1	-	-	1.1
Derivative instruments – OTC contracts ²	-	9.4	-	9.4

¹ Forward contracts for copper, nickel, gold, zinc, platinum and palladium were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company. The Company's investments classified as Level 3 include asset backed commercial paper. The Company reviews the fair value periodically to determine whether the value is materially impaired.

Derivatives not designated as hedged instruments

As at September 30, 2014, the following derivative positions were outstanding:

	Open positions (tonnes/ounces)	Average Contract Price	Closing Market price	Maturities through
Embedded derivatives in provisional sales contracts:				
Copper	55,544	3.13/lb	3.06/lb	January 2015
Nickel	333	8.19/lb	7.49/lb	October 2014
Gold	15,462	1,270/oz	1,213/oz	February 2015
Zinc	2,850	1.40/lb	1.04/lb	December 2014
Platinum	8,837	1,409/oz	1,304/oz	October 2014
Palladium	7,127	882/oz	781/oz	October 2014
Commodity contracts:				
Copper	52,810	3.13/lb	3.06/lb	January 2015
Nickel	688	8.19/lb	7.49/lb	October 2014
Gold	18,172	1,270/oz	1,213/oz	February 2015
Zinc	2,850	1.40/lb	1.04/lb	December 2014
Platinum	8,837	1,409/oz	1,304/oz	October 2014
Palladium	7,127	882/oz	781/oz	October 2014

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

As at December 31, 2013, the following derivative positions were outstanding:

	Open positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities through
Embedded derivatives in provisional sales contracts:				
Copper	43,786	\$3.26/lb	\$3.35/lb	April 2014
Nickel	3,972	6.40/lb	6.34/lb	March 2014
Gold	11,358	1,245/oz	1,202/oz	April 2014
Zinc	2,900	0.88/lb	0.95/lb	February 2014
Platinum	14,024	1,361/oz	1,358/oz	January 2014
Palladium	11,087	715/oz	711/oz	January 2014
Commodity contracts:				
Copper	43,997	\$3.26/lb	\$3.35/lb	April 2014
Nickel	3,379	6.40/lb	6.34/lb	March 2014
Gold	13,846	1,245/oz	1,202/oz	April 2014
Zinc	3,125	0.88/lb	0.95/lb	February 2014
Platinum	15,284	1,361/oz	1,358/oz	January 2014
Palladium	11,742	715/oz	711/oz	January 2014

16 Commitments

Capital commitments

In conjunction with the development of Trident and Cobre Panama, and other projects including the copper smelter project at Kansanshi, the Company has committed to approximately \$1,126.5 million (December 31, 2013: \$2,347.8 million) in capital expenditures.

Revenue stream commitment

The Company's subsidiary MPSA has an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a \$1,000.0 million deposit to be funded on a pro-rata of 1:3 with certain of the Company's funding contributions to MPSA.

The amount of precious metals deliverable is indexed to the copper in concentrate produced from the Cobre Panama project and based on the mine plan at the time the agreement was entered into approximates 86% of the estimated payable precious metals attributable to the Company's 80% ownership during the first 31 years of mine life. Beyond the first 31 years of the currently contemplated mine life, the precious metals deliverable will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay MPSA an amount for each ounce of precious metals delivered equal to \$400 per ounce for gold and \$6 per ounce for silver (subject to an annual adjustment for inflation) for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries) and thereafter the greater of \$400 per ounce for gold and \$6 per ounce for silver (subject to an adjustment for inflation) or one half of the then prevailing market price. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

On January 27, 2014, the Company announced that discussions are underway to effect changes to the existing security and reporting requirements of this agreement. No funds have been drawn on this agreement.

Other commitments & contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time.

On September 30, 2014, the Company had accrued VAT receivable in Zambia of \$243.3 million of which \$151.7 million is classified as current on the balance sheet (December 31, 2013: \$159.3 million) and \$91.6 million is classified as non-current (December 31, 2013: nil). The Company is participating in ongoing discussions regarding the timing of receipt of this amount.

Cobre Panama is subject to a claim from a third party but has made a counterclaim greater than the amount claimed and no loss is expected.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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(amounts expressed in millions of U.S. dollars, except where indicated and share and per share amounts)

17 Subsequent event

On October 10, 2014, the Zambian finance minister delivered the 2015 budget, proposing to redesign the mining fiscal regime by replacing the current system with a 20% mineral royalty for open pit mines. This compares to the current royalty rate of 6%, corporate tax rate of 30% and variable profit tax of 13%. The Company is monitoring and analyzing the proposed 2015 budget changes to the fiscal mining regime as this proceeds through review, consultation, and drafting into law, and if enacted, the potential implications of these changes on the Company.

Management's Discussion and Analysis

Third quarter ended September 30, 2014

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three and nine months ended September 30, 2014. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in United States dollars, tabular amounts in millions, except where noted. Changes in accounting policies have been applied consistently to comparative periods unless otherwise noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Regulatory Disclosures" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of October 30, 2014.

SUMMARIZED OPERATING AND FINANCIAL RESULTS¹

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
<i>(USD millions unless otherwise noted)</i>				
Copper production (tonnes)	101,553	114,488	322,479	297,490
Copper sales (tonnes)	99,132	105,859	316,367	290,459
Cash cost of copper production (C1) ² (per lb)	\$1.44	\$1.16	\$1.42	\$1.33
Realized copper price (per lb)	\$3.11	\$3.10	\$3.06	\$3.22
Nickel production (contained tonnes)	11,884	12,485	35,945	34,432
Nickel sales (contained tonnes)	10,812	12,335	35,560	35,310
Cash cost of nickel production (C1) ² (per lb)	\$4.52	\$4.90	\$4.38	\$5.20
Realized nickel price (per payable lb)	\$8.47	\$6.45	\$7.71	\$7.00
Gold production (ounces)	51,446	65,368	172,333	184,879
Gold sales (ounces)	52,235	60,391	165,496	178,563
Sales revenues	885.2	885.4	2,720.8	2,655.9
Gross profit	240.4	303.1	814.6	814.4
EBITDA ²	366.7	393.1	1,111.8	987.7
Net earnings attributable to shareholders of the Company	121.2	143.0	381.6	327.3
Earnings per share	\$0.21	\$0.24	\$0.65	\$0.59
Diluted earnings per share	\$0.20	\$0.24	\$0.64	\$0.59
Comparative earnings ³	137.2	143.6	397.6	401.0
Comparative earnings per share ³	\$0.23	\$0.24	\$0.68	\$0.73

¹ Results of operations and financial results for the three and nine months ended September 30, 2013 in this section include the results of the Las Cruces mine (100%), the Çayeli mine (100%), and the Pyhäsalmi mine (100%) (together "the acquired operations") from March 22, 2013, the date of acquisition. The operational review section following also includes historical results for the full nine months for the acquired operations without adjustment for acquisition accounting.

² Cash costs (C1) and earnings before interest, tax, depreciation and amortization ("EBITDA") are not recognized under IFRS. See "Regulatory Disclosures" for further information.

³ Earnings attributable to shareholders of the Company have been adjusted to remove the effect of unusual items to arrive at comparative earnings. Comparative earnings and comparative earnings per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. See "Regulatory Disclosures" on page 29 of the MD&A for a reconciliation of comparative earnings.

THIRD QUARTER HIGHLIGHTS

Copper production impacted by lower grades

- Copper production of 101,553 tonnes was below the Q3 2013 level by 12,935 tonnes mainly as a result of lower grades at all copper operations with the exception of Kevitsa, which achieved record production, and a temporary shutdown at Guelb Moghrein.

Nickel production 5% lower

- Nickel production of 11,884 tonnes was 601 tonnes below Q3 2013, primarily due to lower recoveries at Kevitsa and lower grades at Ravensthorpe, with partial offset from higher recoveries at Ravensthorpe.

Gold production impacted by lower grades

- Gold production was lower by 21% at 51,446 ounces compared to the prior year quarter on lower grades at all gold-producing operations.

Sales volumes lower

- Sales of copper decreased 6% to 99,132 tonnes, primarily reflecting lower cathode sales at Kansanshi and lower concentrate sales at Pyhäsalmi and Kevitsa.
- Nickel sales volumes decreased 12% to 10,812 tonnes, due to lower volumes at Ravensthorpe with partial offset by higher sales at Kevitsa. Lower sales volumes than production over the second and third quarters of 2014 have resulted in an increase in inventory levels of 2,643 tonnes over the six-month period.

Sales revenues stable overall

- Sales revenues of \$885.2 million were in line with Q3 2013 as the 31% higher average realized nickel price offset lower sales volumes.

Copper production cash costs 24% higher

- Average copper production cash cost of \$1.44 per lb increased from \$1.16 per lb in Q3 2013 due, as expected, to increased acid consumption, reduced mine development and ore reclamation from stockpiles at Kansanshi. Lower production volumes and a decrease in by-product credits at most operations also contributed to the increase.

Nickel production cash costs 8% lower

- Average nickel production cash cost decreased to \$4.52 per lb compared to \$4.90 per lb in Q3 2013, due primarily to decreased freight costs and a higher cobalt credit at Ravensthorpe, and reduced treatment and refining charges at Kevitsa.

Gross profit 21% lower

- Gross profit was impacted by overall higher cost of production and depreciation.

(USD millions unless otherwise noted)

Gross profit in Q3 2013	\$303.1
Lower net sales volumes	(40.6)
Higher net realized metal prices	42.2
Increase in costs excluding depreciation	(47.5)
Increase in depreciation	(17.6)
Non-recurring acquisition accounting adjustment in Q3 2013 ¹	0.8
Gross profit in Q3 2014 ²	\$240.4

¹ The non-recurring acquisition accounting adjustment is the unwinding to earnings of the uplift to fair value from book values, as at the date of acquisition, of acquired inventory.

² Gross profit is reconciled to EBITDA by including: exploration costs of \$16.1 million; general, administrative and other costs of \$14.5 million; and adding back depreciation of \$157.0 million.

EBITDA 7% lower than Q3 2013

EBITDA of \$366.7 million was \$26.4 million lower than Q3 2013, reflecting the decrease in gross profit, partially offset by a foreign exchange gain and lower administrative expenses.

NINE MONTHS HIGHLIGHTS

Production

- Copper production of 322,479 tonnes was higher than the comparable period in 2013 by 24,989 tonnes, mainly reflecting an additional 25,867 tonnes from a full nine months of production at the acquired operations.
- Nickel production of 35,945 tonnes was higher by 1,513 tonnes than 2013, primarily due to an increase at Ravensthorpe.
- Gold production was lower by 7% at 172,333 ounces compared to the prior year period, mainly due to lower production at Guelb Moghrein and Kansanshi.

Sales

- Sales of copper increased 9% to 316,367 tonnes, primarily reflecting an additional 26,771 tonnes from a full nine months of sales by the acquired operations.
- Nickel sales volumes of 35,560 tonnes were broadly in line with the prior year period, as the lower volume sold at Ravensthorpe was offset by the higher volume sold at Kevitsa.
- Overall sales revenues of \$2,720.8 million were 2% higher than 2013, reflecting an additional \$194.7 million contribution from a full nine months of sales by the acquired operations, and a 10% higher average realized nickel price, partially offset by decreases at Kansanshi and Guelb Moghrein.

Cash costs

- Average copper production cash cost of \$1.42 per lb increased from \$1.33 per lb in the comparable period of 2013 primarily due to the planned relocation of waste dumps and ore reclamation from stockpiles at Kansanshi.
- Average nickel production cash cost decreased to \$4.38 per lb compared to \$5.20 per lb in 2013, due primarily to a reduction of \$0.91 per lb at Ravensthorpe.
- Gross profit of \$814.6 million was broadly in line with the comparable period of 2013. Increases in sales revenues due to higher nickel prices in 2014, and the absence of acquisition-related adjustments to inventory, were offset by higher depreciation and copper production costs.
- EBITDA of \$1,111.8 million was \$124.1 million higher than 2013, primarily reflecting the increase in sales revenues and the absence of acquisition-related costs and adjustments in 2014.

Continued strong liquidity and operating cash flow

- The Company ended Q3 2014 with \$451.6 million of unrestricted cash and cash equivalents in addition to \$1,444.7 million of committed undrawn facilities.
- Operating cash inflows before changes in working capital and taxes paid of \$339.8 million compares to \$410.3 million in Q3 2013.
- During the quarter, no Value Added Tax (“VAT”) refunds were received from the Zambian Revenue Agency related to Kansanshi and the amounts due have increased to \$208.9 million at the end of the quarter. The Kansanshi VAT claims made in 2013 total \$91.6 million and continue to be classified on the balance sheet at September 30, 2014 as non-current. The Company continues to engage in regular discussions with the relevant government authorities in efforts to resolve the industry and country-wide dispute that has arisen with respect to exporters.

Development projects advanced

- Construction activities on the first phase of the planned 2 million tonnes per annum (“Mtpa”) capacity copper smelting complex in Zambia are 92% complete at the end of the quarter. Construction completion is expected during Q4 2014. Initial commissioning activities were started in July and have ramped up substantially in the quarter.
- Construction activities at Sentinel achieved 98% overall completion by the end of the quarter. Staged commissioning is well advanced and first introduction of ore is expected in Q1 2015. The powerline from Lumwana mine to Kalumbila has been completed and connected to the national power grid. The Company understands that the powerline from Mumbwa to Lusaka, which is being constructed by ZESCO’s subcontractor, is now targeted to be completed by July 2015. Environmental approval has been granted for the Enterprise nickel mine and work continues towards pre-stripping. Construction has commenced on the nickel processing facility at Sentinel, which will be commissioned on Sentinel copper ore during 2015.
- Detailed design was progressed at Cobre Panama and stands approximately 35% complete for the process plant and port process facilities, 99% complete for shiploading and jetty, and 80% complete for the power station. Earthworks construction in the port/powerstation area and process plant are approximately 65% and 35% complete, respectively.

Other developments

- On October 10, 2014, the Zambian finance minister delivered the 2015 budget, proposing measures to simplify the government’s fiscal regime for mining companies by eliminating corporate tax for certain categories of mining activities, but increasing the mineral royalty rate to 8% for underground operations and 20% for open pit mines. This compares to the current royalty rate of 6%, corporate tax rate of 30% and variable profit tax of up to 15%. The Company is monitoring and

analyzing the proposed 2015 budget changes to the fiscal mining regime as this proceeds through review, consultation, and drafting into law, and if enacted, the potential implications of these changes on the Company.

- During the quarter, the Company completed the acquisition of Lumina Copper Corporation (“Lumina”). Based upon the consideration, the total value of 100% of the fully-diluted common shares of Lumina was approximately C\$470.0 million (US\$432.9 million). As First Quantum owned 2.5 million shares, or approximately 6%, of Lumina's outstanding common shares prior to the transaction, the value of cash and shares exchanged for the remaining 94% of Lumina shares was C\$441.9 million (US\$405.5 million) including a cash component of C\$206.9 million (US\$189.9 million) and equity of 9,669,153 ordinary shares. Lumina's primary asset is the Taca Taca project in Argentina, a high-quality copper-gold-molybdenum porphyry deposit in an advanced exploration phase. A detailed review of geology, exploration and development options for the project has now commenced.

OPERATIONAL OUTLOOK FOR 2014

Expected copper and nickel cash operating costs are unchanged from guidance provided at the beginning of the year, and expected production is broadly in line.

	Copper (000's tonnes)	Nickel (000's contained tonnes)	Gold (000's ounces)	Zinc (000's tonnes)
Group	419-436	45-48	218-237	55-60
Kansanshi	260-265	-	150-160	-
Las Cruces	69-72	-	-	-
Guelb Moghrein	33-36	-	47-50	-
Ravensthorpe	-	36-38	-	-
Kevitsa	17-19	9-10	12-14	-
Çayeli	27-29	-	3-5	36-39
Pyhäsalmi	13-15	-	6-8	19-21

Production:

- Compared to guidance provided at Q2 2014, nickel and zinc are unchanged, copper is narrowed and gold reduced. Palladium and platinum are unchanged at between 22,000 and 24,000 ounces and 26,000 and 29,000 ounces, respectively.

Cash operating cost:

- Expected average cash cost of copper is unchanged at approximately \$1.32 to \$1.48 per lb.
- Expected average cash cost of nickel is unchanged at approximately \$4.40 to \$4.90 per lb.

Capital expenditures:

- Expected total 2014 capital expenditure remains approximately \$2.2 billion to \$2.4 billion, excluding capitalization of any pre-commercial production costs and capitalized interest.

OPERATIONS

Kansanshi Copper and Gold Operation	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Sulphide ore tonnes milled (000's)	1,366	2,857	6,414	8,299
Sulphide ore grade processed (%)	1.0	0.9	0.9	0.8
Sulphide copper recovery (%)	91	93	91	93
Mixed ore tonnes milled (000's)	3,064	1,886	6,151	5,680
Mixed ore grade processed (%)	1.2	1.2	1.2	1.2
Mixed copper recovery (%)	74	68	74	72
Oxide ore tonnes milled (000's)	1,853	1,669	6,224	5,002
Oxide ore grade processed (%)	1.6	2.2	1.8	2.1
Oxide copper recovery (%)	85	88	83	86
Copper production (tonnes)	63,518	71,037	200,363	198,122
Copper sales (tonnes)	58,313	61,366	194,591	191,054
Gold production (ounces)	36,232	43,904	117,726	123,887
Gold sales (ounces)	33,366	39,279	114,878	115,788
Cash costs (C1) ¹ (per lb)	\$1.57	\$1.25	\$1.61	\$1.42
Total costs (C3) ¹ (per lb)	\$2.21	\$1.68	\$2.15	\$1.87
Sales revenues	408.9	411.3	1,315.9	1,394.8
Gross profit	110.0	178.7	431.6	591.6
EBITDA ¹	163.6	209.3	524.8	671.4

¹ C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Quarterly copper production for Q3 2014 was lower than Q3 2013 mainly due to reduced sulphide ore processed through the lower capacity mills, and lower oxide ore grade. Ore grade on the oxide circuit was 27% lower than Q3 2013. However, improved throughput on the oxide mills, additional acid-consuming contribution from the mixed circuit and increased concentrate volumes treated through high pressure leaching, resulted in an increased proportion of cathode production, comprising approximately 50% of total production compared to 41% during Q3 2013.

Quarterly gold doré production was lower than Q3 2013 due to lower head grades in both the processed ore and stockpiled gravity tailings treated through the regrind circuit, reflecting improvements in the first pass gold recoveries from the on-going primary extraction circuit optimization.

Cash costs were \$0.32 per lb higher than Q3 2013. Mining costs increased by \$0.15 per lb due to reduced mine development, the relocation of waste dumps and ore reclamation from stockpiles which is necessary to expose oxide ore. Processing costs increased by \$0.18 per lb due to lower production and higher leaching costs attributable to treatment of high-acid consuming oxide material.

Sales revenues were broadly comparable to Q3 2013, as the higher realized gold price offset decreases in copper and gold sales volumes of 5% and 15% respectively. Gross profit in Q3 2014 was 38% lower than Q3 2013, due to higher costs and higher depreciation of mineral property due to the expensing of previously capitalized deferred stripping.

Outlook

Production in 2014 is expected to be between 260,000 and 265,000 tonnes of copper, and 150,000 and 160,000 ounces of gold.

Concentrate quality improved during the quarter following the successful incorporation of flotation cells into the cleaning circuits of the mixed and oxide circuits. Two flotation column cells are expected to be installed and commissioned during Q4 2014 to improve flotation concentrate quality on the sulphide circuit, in line with the drive to improve overall flotation concentrate quality.

Projects to increase installed gravity recoverable gold extraction capacity are underway, with additional gravity concentrators installed and set for commissioning in Q4 2014. Consideration will be given to changing treatment rates (by again swapping circuits) on all three ore types in line with the various cost and production drivers, including acid availability. Current oxide ore available in the pit has higher acid-consuming characteristics and could therefore be processed more efficiently by the acid produced from the smelter. As such, the focus is now shifting to processing more sulphide material in the interim.

Las Cruces Copper Operation	Three months to September 30		Nine months to September 30		
	2014	2013	2014	March 22 – September 30 2013	Full nine months 2013 ¹
Ore tonnes processed (000's)	413	359	1,160	643	919
Copper ore grade processed (%)	4.8	6.1	5.1	6.1	6.3
Copper recovery (%)	89	88	90	88	88
Copper cathode production (tonnes)	17,693	19,119	53,565	34,953	50,958
Copper cathode sales (tonnes)	18,002	18,691	55,526	35,415	49,923
Cash costs (C1) ² (per lb)	\$1.03	\$0.69	\$0.96	\$1.04	\$1.04
Total costs (C3) ² (per lb)	\$2.04	\$2.07	\$1.98	\$2.23	\$2.01
Sales revenues	126.6	133.6	387.3	252.9	369.3
Gross profit	46.1	49.9	144.2	69.6	129.5
EBITDA ²	155.6	97.8	344.0	159.8	246.1

¹ Results from the Las Cruces mine are included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2013.

² C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information. C3 costs from the date of acquisition include the acquisition accounting adjustments relating to the uplift to fair value from book value of acquired mineral property, plant and equipment and inventory.

Copper production decreased by 7% in Q3 2014 compared to Q3 2013. Better overall copper recovery and a higher throughput were more than offset by lower grade, in keeping with the life-of-mine reserve grade.

Cash costs in the third quarter were \$0.34 per lb higher than Q3 2013, reflecting the lower grade.

The 5% lower sales revenues in comparison to Q3 2013 were driven by a decrease in copper cathode sales volumes. This flowed through to gross profit which, although impacted by higher operating costs, benefited from lower depreciation on account of lower sales.

Outlook

Production of copper in 2014 is expected to be between 69,000 and 72,000 tonnes.

Debottlenecking works have progressed well with the fines bypass system commissioned in Q3 2014. This has freed up additional maintenance time for the front end of the plant and has helped increase throughput by easing the dependence on the crushing circuit which is now at capacity.

A zone of higher grade ore from Phase 3 is planned to be mined in Q4 2014 and this is expected to support slightly increased feed grades in Q4 2014 and into 2015. The commissioning of three replacement pressure filters, due late in Q4 2014, is expected to increase overall copper recovery.

Guelb Moghrein Copper and Gold Operation	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Sulphide ore tonnes milled (000's)	621	694	2,088	2,133
Sulphide ore grade processed (%)	1.1	1.4	1.2	1.5
Sulphide copper recovery (%)	92	92	93	94
Copper production (tonnes)	6,395	8,669	23,311	29,104
Copper sales (tonnes)	9,152	8,564	21,576	30,258
Gold production (ounces)	8,942	13,093	35,047	44,855
Gold sales (ounces)	13,917	12,585	32,480	47,759
Cash costs (C1) ¹ (per lb)	\$2.11	\$1.83	\$1.83	\$1.51
Total costs (C3) ¹ (per lb)	\$2.94	\$2.45	\$2.54	\$2.11
Sales revenues	71.0	68.3	166.7	263.9
Gross profit	12.0	12.9	32.0	75.9
EBITDA ¹	23.1	20.4	50.6	100.8

¹ C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Copper production was 26% below that of Q3 2013 due primarily to lower grade due to unfavourable ore mineralogy, and a suspension of work operations caused by industrial action which was in effect for 21 days.

Cash costs increased by \$0.28 per lb in comparison to Q3 2013, due primarily to a \$0.14 per lb increase in mining costs and a \$0.12 per lb increase in processing costs, on account of the lower copper production.

Sales revenues increased by 4% compared to Q3 2013, primarily due to higher copper and gold sales volumes, reflecting the utilization of stockpiles, and higher average realized price for gold.

Gross profit decreased by 7% compared to Q3 2013, reflecting increased depreciation.

Outlook

Copper production in 2014 is expected to be between 33,000 and 36,000 tonnes of copper metal in concentrate. Gold in copper concentrate production is expected to be between 47,000 and 50,000 ounces.

Going forward, it is expected that the majority of ore production will come from Cutback 2 and waste stripping in Cutback 3 is planned to accelerate in order to expose more ore. In the plant, the first major capital project, the installation of the Semi Autogenous Grinding ("SAG") mill, has been completed and the new circuit is now in operation. The second major capital project, to recover magnetite concentrates, is almost completed with commissioning envisaged in Q4 2014. After commissioning, production is expected to ramp up to a rate of 1 Mtpa by the end of 2014.

Ravensthorpe Nickel Operation	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Beneficiated ore tonnes processed (000's)	829	830	2,418	2,274
Beneficiated ore grade processed (%)	1.5	1.6	1.6	1.6
Nickel recovery (%)	84	79	84	82
Nickel production (contained tonnes)	9,728	9,917	28,709	27,859
Nickel sales (contained tonnes)	8,824	10,535	28,069	30,470
Nickel production (payable tonnes)	7,619	7,560	22,413	21,329
Nickel sales (payable tonnes)	6,937	7,842	21,858	22,951
Cash costs (C1) ¹ (per lb)	\$4.79	\$4.85	\$4.36	\$5.27
Total costs (C3) ¹ (per lb)	\$6.44	\$5.94	\$5.83	\$6.46
Sales revenues	131.3	112.3	381.8	360.7
Gross profit	34.9	7.5	102.8	19.0
EBITDA ¹	56.5	20.1	154.4	59.7

¹ C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Strong operations continued during the third quarter despite slightly lower nickel production compared to Q3 2013. Production decreased by 2%, primarily as a result of lower grades, offset partially by higher recoveries.

Both the crushing and beneficiation plants operated well during the quarter. Beneficiation and atmospheric leach improvements continued with installation of ceramic-lined beneficiation cyclones to reduce maintenance costs and improve circuit performance. The acid plant also operated well with continued efficient use of power distribution.

Cash costs were \$0.06 per lb lower than Q3 2013. Marginal increases in mining and labour costs from Q3 2013 were more than offset by reductions in freight costs, an increase in the cobalt credit and the strengthening of the US dollar against the Australian dollar compared to Q3 2013.

Sales revenues in the quarter were 17% higher than Q3 2013, despite lower sales volumes, due to an increased nickel price. The increased revenues were a primary contributor to a \$27.4 million improvement in gross profit, with cost savings broadly offset by an increase in depreciation on tangible assets.

Outlook

Production for 2014 is expected to be between 36,000 and 38,000 tonnes of nickel.

Improvements in the Counter Current Decantation process from settling tests conducted throughout the quarter have been approved and are now in use by the plant technicians as a guide to optimize the flocculant addition rates with the aim to reduce overall consumption. Work on the tailings storage facility (TSF) is in progress. The addition of beneficiation rejects into the southern beach of TSF 1 late in Q3 2014 has been an efficient and cost-effective way to successfully improve the stability of the existing structure prior to the pending upstream raising of the tailings embankment. Mechanical work on the new limestone ball mill is expected to continue throughout Q4 2014. Works also continues on a second evaporation pond repair, and contractors have been engaged to tender on the construction of a new cell with works to commence in Q4 2014.

The cost of operations is highly leveraged to the price of sulphur, which has experienced a further upward trend during the quarter. Cost saving opportunities continue to be implemented site-wide and will remain a critical focus for the operation in Q4 2014.

Kevitsa Nickel-Copper-PGE ¹ Operation	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Ore tonnes milled (000's)	1,666	1,676	5,002	4,644
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2
Nickel recovery (%)	56	65	61	63
Nickel production (tonnes)	2,156	2,568	7,236	6,573
Nickel sales (tonnes)	1,989	1,801	7,491	4,841
Copper ore grade processed (%)	0.3	0.3	0.3	0.3
Copper recovery (%)	87	84	88	82
Copper production (tonnes)	4,798	4,020	13,434	10,760
Copper sales (tonnes)	2,973	4,075	13,997	9,714
Gold production (ounces)	3,208	3,382	9,751	8,715
Platinum production (ounces)	6,712	9,416	24,779	22,410
Palladium production (ounces)	5,271	7,404	18,756	18,309
Nickel cash costs (C1) ² (per lb)	\$3.24	\$5.51	\$4.45	\$5.19
Nickel total costs (C3) ² (per lb)	\$4.41	\$7.03	\$5.55	\$6.72
Copper cash costs (C1) ² (per lb)	\$2.19	\$1.56	\$1.50	\$1.75
Copper total costs (C3) ² (per lb)	\$3.01	\$2.70	\$2.26	\$2.68
Sales revenues	52.9	51.3	204.9	137.2
Gross profit	10.1	5.4	33.2	25.5
EBITDA ²	14.2	16.3	64.5	50.7

¹ Platinum-group elements ("PGE").

² C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Despite stable throughput, nickel production decreased 16% in Q3 2014 compared to Q3 2013, due primarily to significantly lower recovery. Record copper production increased 19% in Q3 2014 compared to Q3 2013, due to higher copper recoveries arising from improvements made to the flotation circuit since Q3 2013 and higher grades.

Nickel cash costs decreased by \$2.27 per lb compared to Q3 2013 due to reduced treatment and refining charges. This was partially offset by a lower payable, and higher processing costs due to lower production.

Copper cash costs increased by \$0.63 per lb compared to Q3 2013, due to higher processing costs and lower by-product credits.

Sales revenues increased 3% compared to Q3 2013, due mainly to higher nickel prices and sales volumes, partially offset by lower copper sales volumes. The higher sales revenues flowed through to gross profit, which also benefited from a lower depreciation charge on mineral properties in line with a decrease in copper sales in the current quarter.

Outlook

Production for 2014 is expected to be between 17,000 and 19,000 tonnes of copper, 9,000 and 10,000 tonnes of nickel, 12,000 and 14,000 ounces of gold, 22,000 and 24,000 ounces of palladium and between 26,000 and 29,000 ounces of platinum.

The conversion of the pebble mill to ball mill resulted in a significant (10-15%) increase in mill throughput. The introduction of steel in the mill, however, resulted in a decrease in nickel recovery through a combination of pulp chemistry changes and limited control of the product particle size distribution on the milling circuit. Work to address these effects is currently in progress; this includes changes at the Primary Screen to limit oversize reporting to Primary Mills, increased secondary/tertiary crushing and changes to the discharge configuration of the secondary mill.

All other projects scheduled for completion during the year, with a particular focus on nickel recovery, were completed during the quarter and commissioning is progressing. Installation of the Copper Regrind Mill to improve copper/nickel separation (reduction of nickel recovery to copper concentrate) is on schedule for commissioning in Q1 2015.

Çayeli Copper and Zinc Operation	Three months to September 30		Nine months to September 30		
	2014	2013	2014	March 22 – September 30 2013	Full nine months 2013 ¹
Ore tonnes milled (000's)	324	335	993	705	991
Copper ore grade processed (%)	2.5	3.1	2.7	3.2	3.2
Copper recovery (%)	77	77	80	77	77
Zinc ore grade processed (%)	4.7	5.1	4.3	5.1	5.0
Zinc recovery (%)	65	66	64	67	67
Copper production (tonnes)	6,169	8,010	21,540	17,008	23,972
Copper sales (tonnes)	7,847	8,484	20,822	16,092	23,430
Zinc production (tonnes)	10,016	11,346	27,705	24,118	33,260
Zinc sales (tonnes)	10,228	9,897	27,936	24,001	31,175
Cash costs (C1) ² (per lb)	\$1.04	\$0.98	\$0.85	\$0.65	\$0.69
Total costs (C3) ² (per lb)	\$2.43	\$1.76	\$1.89	\$1.54	\$1.51
Sales revenues	59.5	64.4	154.6	125.7	186.0
Gross profit	18.8	32.0	47.5	24.3	55.6
EBITDA ²	34.6	41.4	83.1	54.9	92.0

¹ Results from the Çayeli mine are included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2013.

² C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information. C3 costs from the date of acquisition include the acquisition accounting adjustments relating to the uplift to fair value from book value of acquired mineral property, plant and equipment and inventory.

Copper and zinc production decreased by 23% and 12%, respectively, from Q3 2013 due to decreased grades, which were impacted by increased mining in the lower-grade footwall zone.

Cash costs in Q3 2014 increased by \$0.06 per lb from Q3 2013, primarily due to increased processing costs, partially offset by increased by-product credits as a result of higher zinc prices.

Sales revenues declined by 7% from Q3 2013, due to a reduction in copper sales volumes, partially offset by higher realized zinc prices and an increase in zinc sales volumes. The decrease flowed through to gross profit, which was also impacted by increased costs and higher depreciation.

Outlook

Production in 2014 is expected to be between 27,000 and 29,000 tonnes of copper and between 36,000 and 39,000 tonnes of zinc. Copper grade is expected to decline compared to 2013, but should be partially offset by an improved recovery. Zinc grade is expected to decline compared to 2013 but throughput is expected to remain steady.

Pyhäsalmi Copper and Zinc Operation	Three months to September 30		Nine months to September 30		
	2014	2013	2014	March 22 – September 30 2013	Full nine months 2013 ¹
Ore tonnes milled (000's)	345	348	1,034	727	1,034
Copper ore grade processed (%)	0.9	1.1	1.0	1.1	1.1
Copper recovery (%)	95	96	96	96	96
Zinc ore grade processed (%)	1.5	2.0	1.7	1.6	1.7
Zinc recovery (%)	90	92	90	91	91
Copper production (tonnes)	2,980	3,632	10,266	7,543	11,432
Copper sales (tonnes)	2,847	4,678	9,856	7,926	11,402
Zinc production (tonnes)	4,780	5,985	15,719	10,422	16,123
Zinc sales (tonnes)	5,100	5,979	15,670	10,058	16,652
Pyrite production (tonnes)	219,224	221,734	640,496	454,365	623,133
Pyrite sales (tonnes)	211,949	89,999	619,994	211,729	315,254
Cash costs (C1) ² (per lb)	\$0.09	\$0.65	\$0.28	\$0.55	\$0.16
Total costs (C3) ² (per lb)	\$2.24	\$2.48	\$2.35	\$2.54	\$1.59
Sales revenues	34.6	44.9	109.4	78.0	122.9
Gross profit	7.3	11.1	20.2	10.6	39.5
EBITDA ²	45.3	15.9	90.0	34.1	66.4

¹ Results from the Pyhäsalmi mine are included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2013.

² C1 and C3 costs and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information. C3 costs from the date of acquisition include the acquisition accounting adjustments relating to the uplift to fair value from book value of acquired mineral property, plant and equipment and inventory.

Copper production declined by 18% in Q3 2014 compared to Q3 2013, due primarily to lower copper grade. Zinc production decreased by 20% in Q3 2014 compared to Q3 2013, due mainly to lower zinc grade and recovery.

Cash costs in Q3 2014 declined by \$0.56 per lb from the Q3 2013 level, on higher pyrite by-product credits, partially offset by higher processing costs.

Sales revenues for the quarter decreased by 23% compared to Q3 2013, driven by lower copper and zinc sales volumes, partially offset by higher pyrite sales volumes and zinc prices. The decrease in gross profit was attributable to the lower sales revenues, partially offset by lower operating cost.

Outlook

Production in 2014 is expected to be between 13,000 and 15,000 tonnes of copper and 19,000 and 21,000 tonnes of zinc. Pyrite production is expected to be approximately 850,000 tonnes.

Deteriorating ground conditions and roof collapses in stopes have required operational flexibility and made significant changes to the mine plan necessary, involving acceleration of development rates, reduced stope sizes, changes in sequencing and the introduction of more hydraulic backfill to quickly address areas of concern.

DEVELOPMENT ACTIVITIES

Copper smelter complex project, Zambia

During 2013, the Company undertook a detailed study of local copper smelter capacity in light of its growing copper production in Zambia. The study identified technical, operational and economic benefits of expanding the smelter facilities 65%, into a Phase 2 complex capable of processing 2 Mtpa of copper concentrate, with a Phase 3 expansion to 2.4 Mtpa. Following further review of the smelting capacity requirements and to optimize the construction and operational requirements, the Company is contemplating moving to a 2.4 Mtpa expansion after commissioning of Phase 1. While planning and scoping of the expansion options are in the early stages, construction is being contemplated to follow the commissioning of the Phase 1 smelter currently underway.

The Phase 1 smelter of the complex is designed to process 1.2 Mtpa of concentrate to produce over 300,000 tonnes of copper metal annually. It is also expected to produce 1.0 Mtpa of sulphuric acid as a by-product which will benefit Kansanshi by allowing the treatment of high acid-consuming oxide ores and the leaching of some mixed ores. The additional acid is expected to optimize the expansion of the oxide leach facilities and allow improved recoveries of leachable minerals in material now classified and treated as mixed ore.

Focus continued on site to complete construction in parallel with commissioning activities. At the end of Q3 2014, construction works for Phase 1 are 92% complete. Commissioning activities have progressed well with switchboards energized and direction testing of electrical drives underway. At completion, it is anticipated that capital expenditure for Phase 1, together with some infrastructure and components shared with an eventual expansion, is expected to total approximately \$850.0 million.

Trident project, Zambia

A mineral resource and reserve estimate for Sentinel was released in March 2012. An estimated measured and indicated resource of 1,027 million tonnes ("Mt") at 0.51% copper grade, containing 5.2 Mt of copper has been delineated, inclusive of an estimated recoverable proven and probable mineral reserve of 774 Mt at 0.50% copper grade, containing 3.9 Mt of copper. The life of mine strip ratio is anticipated to be 2.2:1 and the estimated mine life is in excess of 15 years. An infill drilling program has been completed and a mineral resource update has commenced. This will identify further detail of the geological resources that will be encountered during the initial years of operation and over the life of the mine. Sentinel is expected to produce between 270,000 and 300,000 tonnes of copper metal in concentrate annually.

During Q3 2014, construction activities continued at a high level and, at the end of the quarter, Sentinel passed 25 million man hours worked and is nearing project completion. Commissioning of the process plant and ancillary equipment is well underway, with highlights during the quarter including dry running of the Train 1 mills and dry running of the first in-pit crusher.

The 68-kilometre single-circuit 330kV powerline from Lumwana mine to Kalumbila has been completed and will provide the first 90 megawatts of power to the Sentinel mine, which is adequate to run the first milling train and the associated mining and infrastructure. This powerline was energized on August 14, 2014 and the site was thus connected to the ZESCO national power grid.

The contracted completion date for the longer double-circuit 330kV powerline to Lusaka was December 2014 for the supply of the full electrical demand at Sentinel. Strong progress has been made on the construction of the first 400-kilometre powerline section from Kalumbila to Mumbwa and to date more than 100 of the total 871 towers have been installed. The Company is managing its contractors for this section of the project on behalf of ZESCO. On October 9, 2014, a replacement contract was executed between ZESCO and KEC International Limited for the final 136-kilometre powerline section from Mumbwa to Lusaka to be financed by a bank syndicate led by African Development Bank. The Company understands that the targeted completion date for this new contract is July 2015. Both ZESCO and the contractor have, however, indicated their ability to accelerate completion of the line. As provided under the signed Connection Agreement with ZESCO, the Company will take a direct role in supervising and driving completion and, where necessary, become actively involved in construction activity.

Environmental approval has been granted for the Enterprise nickel mine, located approximately 12 kilometres north-west of Sentinel, and work continues towards pre-stripping. Engineering design is complete for the nickel processing plant area and the SAG and ball mills are installed on their concrete foundations. Concrete works for the stockpile feed conveyor vault and flotation cells are well-advanced. Construction will ramp up as resources are released from Sentinel, and is scheduled for completion in early 2015, with commissioning during the year. The processing plant area under construction for future Enterprise ore will be initially commissioned and run on Sentinel ore, and changed onto Enterprise nickel ore when market conditions are favourable.

Cobre Panama project, Panama

Detailed design continued in accordance with the engineering schedule. Overall detailed design is approximately 35% complete for the process plant and port process facilities, 99% complete for the shiploading and jetty, and 80% complete for the powerstation. Major mechanical equipment purchase orders for the process plant and shiploading jetty have been placed, and a substantial amount of key mechanical equipment has now been ordered. Major foundation concrete designs for the powerstation have been issued for construction.

Bulk earthworks on site during the quarter resulted in the port area/powerstation being approximately 65% complete and the process plant area being approximately 35% complete, although the milling and stockpile areas of the process plant are most advanced. Large-scale mining fleet was put to work in the process plant area to provide improved efficiency in the scope of the earthworks being undertaken. The tailings dam embankment construction continued as additional work fronts became available. Some concrete works are commencing, however it is planned for these works to ramp up once key supervision personnel are transferred from completed Zambian projects to Panama in late 2014 or early 2015.

The Company announced the results of a project review on January 27, 2014, which used the measured and indicated resources estimate of 3,271 Mt, inclusive of reserves and on a 100% basis as reported and filed in May, 2010 by Inmet. The revised project will have installed capacity of about 70 Mtpa for the first ten years; approximately 17% higher than the Inmet plan. Provision has been made for further expansion up to 100 Mtpa beyond Year Ten. On the basis of the current resource estimate and the planned installed capacity of about 70 Mtpa, the project would produce an average of approximately 320,000 tonnes of copper annually on a life of mine basis, approximately 20% higher than the Inmet plan.

The average annual life of mine by-product production is estimated to be 100,000 ounces gold, 1,800,000 ounces silver and 3,500 tonnes molybdenum. The Company's streaming agreement remains in place with Franco-Nevada Corporation for the delivery of approximately 86% of the estimated payable precious metals attributable to the Company's 80% ownership during the first 31 years of mine life. Discussions are underway to effect changes to the existing security and reporting requirements of this agreement. No funds have been drawn on this agreement.

The average copper grade is 0.5% total copper for the first 10 years and 0.37% for the remaining mine life, with an average life of mine strip ratio of 0.7:1 and a mine life of 34 years. The revised capital estimate is \$6.4 billion, inclusive of \$913.0 million incurred prior to acquisition. The capital per installed tonne of capacity is approximately \$17,125.

The re-engineered and larger project is scheduled for construction completion and commissioning in the second half of 2017.

EXPLORATION

After several years of successful resource development programs, the emphasis of the Company's exploration activities has migrated to earlier-stage projects taking advantage of the downturn in global exploration to build a portfolio of high-quality pipeline developments for the future. The major focus is divided between the identification of high-potential copper porphyry prospects and grassroots exploration for sediment-hosted copper.

Africa

Exploration drill programs continued at Kansanshi and Kipushi in Zambia. At Kansanshi, three drills remain active on near-mine resource definition, currently focused on extensions to main pit and the South East Dome resource. An extensive reconnaissance program is in progress over the newly-acquired Solwezi East License immediately adjoining the Kansanshi Mining License. Reconnaissance drill programs on the Kipushi License, approximately 100 kilometres east of Kansanshi have encountered favorable host stratigraphy and minor mineralization.

At Trident, exploration drilling was suspended in June in order to focus on regional opportunities elsewhere in Zambia. A handover of resource and geology models to the Trident mine geology team was completed during the quarter. Lessons learned from geochemical and geological exploration at Trident and Kansanshi are being applied in new areas of Zambia; several new early-stage reconnaissance programs are now in progress.

In Botswana, a grassroots program focused on sediment-hosted copper is in progress on the Tsodilo Resources Ltd. joint venture area in the north of the country. Reconnaissance drilling was suspended during the quarter to allow results of downhole geochemistry and hydro-geochemistry to be returned and interpreted. Costs relating to the earn-in have been expensed in the quarter.

On the Dablo nickel-copper project in Burkina Faso (Newgenco Pty Ltd joint venture), results from five reconnaissance diamond drill holes have returned some encouraging results although the scale of the defined mineralization appears limited. The Company has now earned 51% of the project and is expected to take over management from Newgenco.

Eurasia

Near-mine exploration activities continued in Finland and Turkey. Three core drills and one 'scout' drill are active in Finland, focused on near-mine targets at Kevitsa and Pyhäsalmi. A series of exploration tenure applications around Kevitsa that have been outstanding for more than two years are now starting to be granted providing access for drill testing of some high-priority targets. In Turkey, at Çayeli, surface and underground drilling is currently in progress, testing recently-defined targets. Underground drilling has returned some limited massive sulphide intercepts that may provide potential for additional resources.

The porphyry copper target generation program in the Tethyan belt continues with encouraging results returned from systematic geochemistry and mapping programs over several target areas in Serbia. Joint venture agreements are being finalized and drill programs on two greenfield porphyry targets are expected to commence in Q4 2014.

The Americas

Exploration activities at Haquira have been put on hold while the Company focuses on the community and environmental aspects of the project development. Resettlement negotiations with each of the local communities are in progress, with negotiations for land acquisition targeted for completion by the end of Q1 2015. Further negotiations will be necessary once the final position of the tailings dam is decided and an area of low population is being targeted for this purpose. The contract for the development of the Environmental Impact Assessment (“EIA”) for construction purposes was awarded and work has commenced. A pre-operating study was commissioned and is underway for the electricity supply to the project. Process description work has started and basic engineering concepts are being established to augment the EIA.

Elsewhere in Peru, a limited drill program was completed on the Dolores prospect (Zincore joint venture) and assay results are awaited. Reconnaissance activities commenced on a new target in Southern Peru where mapping and geochemical sampling have defined a significant scale porphyry alteration system. Airborne magnetic and hyperspectral surveys have been initiated to assist targeting in the district.

In Chile, definition of drill targets on the Rubi project (Mirasol Resource Ltd joint venture) continued during the quarter with induced polarization (“IP”) survey results providing further focus for proposed drilling in the next quarter. Two new joint ventures were concluded during the period – one in the Sierra Gorda area and one in the Victoria area. Both areas are currently the subject of detailed mapping and geochemical sampling with drill programs planned for Q4 2014.

Two joint venture projects in Alaska were active during the quarter. On the Alaska Peninsular project (Millrock Resources joint venture), detailed geochemical sampling and mapping has defined three strong porphyry targets for drill testing in the 2015 summer season. A new joint venture with Kiska Metals covering the Copper Joe copper porphyry prospect commenced in August and moved rapidly to drill testing. Two diamond holes were completed in September, prior to weather conditions deteriorating, and assay results are awaited.

Corporate development

During the quarter, the Company completed the acquisition of Lumina Copper Corporation, whose primary asset is the Taca Taca project in north-west Argentina, a high-quality copper-gold-molybdenum porphyry deposit in an advanced exploration phase. Based upon the consideration, the total value of 100% of the fully-diluted common shares of Lumina was approximately C\$470.0 million (US\$432.9 million). As First Quantum owned 2.5 million shares, or approximately 6%, of Lumina's outstanding common shares prior to the transaction, the value of cash and shares exchanged for the remaining 94% of Lumina shares was C\$441.9 million (US\$405.5 million) including a cash component of C\$206.9 million (US\$189.9 million) and equity of 9,669,153 ordinary shares.

A detailed review of geology, exploration and development options for the project is now in progress. Early works envisage initiating the EIA for construction permitting, securing existing electricity supply and rail network infrastructure, establishing protocols under the Chile-Argentina Mining treaty for the export of concentrates via Chile, and sourcing more proximal water supplies.

SALES REVENUES

		Three months ended September 30		Nine months ended September 30	
		2014	2013	2014	2013¹
Kansanshi	- copper	370.9	367.4	1,190.0	1,251.1
	- gold	37.9	43.9	125.9	143.7
Las Cruces	- copper	126.6	133.6	387.3	252.9
Guelb Moghrein	- copper	54.4	52.9	128.2	198.0
	- gold	16.6	15.4	38.5	65.9
Ravensthorpe	- nickel	127.9	109.7	371.1	353.7
	- cobalt	3.4	2.6	10.7	7.0
Kevitsa	- nickel	28.6	13.5	79.4	39.4
	- copper	16.2	25.1	79.7	61.6
	- gold, PGE and cobalt	8.1	12.7	45.8	36.2
Çayeli	- copper	42.4	53.6	112.1	92.0
	- zinc, gold and silver	17.1	10.8	42.5	33.7
Pyhäsalmi	- copper	17.9	31.6	60.1	51.3
	- zinc	8.2	5.7	22.0	11.0
	- pyrite, gold and silver	8.5	7.6	27.3	15.7
Corporate and other		0.5	(0.7)	0.2	42.7
		885.2	885.4	2,720.8	2,655.9

¹ Results included for Las Cruces, Çayeli and Pyhäsalmi for the period subsequent to the date of acquisition on March 22, 2013.

Three month review of sales revenues

Q3 2014 total sales revenues were consistent with the same quarter in the prior year. Decreases in sales revenues from Pyhäsalmi, Las Cruces and Çayeli were offset by an increase in sales revenues from Ravensthorpe, with consistent revenues from other operations. Ravensthorpe had lower sales volumes in Q3 2014 than the same period in 2013, however higher realized nickel prices pushed the operation's sales revenues higher.

Nine month review of sales revenues

Sales revenues for the nine months ended September 30, 2014 were 2% higher than the same period in 2013. This is largely the result of higher nickel prices during the nine month period in 2014 compared to the same period in 2013, as well as 9% higher copper sales volumes.

The Company's revenues are recognized at provisional prices when title passes to the customer. Subsequent adjustments for final pricing are materially offset by derivative adjustments and shown on a net basis in cost of sales (see "Hedging Program" for further discussion).

Copper selling price (per lb)	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Average LME cash price	3.17	3.21	3.14	3.35
Realized copper price	3.11	3.10	3.06	3.22
Treatment/refining charges ("TC/RC") and freight charges	(0.24)	(0.22)	(0.25)	(0.24)
Net realized copper price	2.87	2.88	2.81	2.98

Nickel selling price (per lb)	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Average LME cash price	8.42	6.32	7.99	6.98
Realized nickel price per payable lb	8.47	6.45	7.71	7.00
TC/RC charges	(0.03)	(0.56)	(0.38)	(0.49)
Net realized nickel price per payable lb	8.44	5.89	7.33	6.51

SUMMARY FINANCIAL RESULTS

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013 ¹
Gross profit (loss)				
Kansanshi	110.0	178.7	431.6	591.6
Las Cruces	46.1	49.9	144.2	69.6
Guelb Moghrein	12.0	12.9	32.0	75.9
Ravensthorpe	34.9	7.5	102.8	19.0
Kevitsa	10.1	5.4	33.2	25.5
Çayeli	18.8	32.0	47.5	24.3
Pyhäsalmi	7.3	11.1	20.2	10.6
Other	1.2	5.6	3.1	(2.1)
Total gross profit	240.4	303.1	814.6	814.4
Exploration	(16.1)	(10.0)	(39.5)	(34.8)
General and administrative	(31.1)	(39.5)	(89.4)	(89.0)
Acquisition transaction costs	-	-	-	(29.5)
Other income (expenses)	16.6	(0.7)	(6.8)	(11.0)
Net finance income (costs)	2.7	(1.5)	8.8	(4.5)
Income taxes	(82.8)	(93.3)	(268.2)	(262.4)
Net earnings for the period	129.7	158.1	419.5	383.2
Net earnings for the period attributable to:				
Non-controlling interests	8.5	15.1	37.9	55.9
Shareholders of the Company	121.2	143.0	381.6	327.3
Comparative earnings	137.2	143.6	397.6	401.0
Earnings per share				
Basic	\$0.21	\$0.24	\$0.65	\$0.59
Diluted	\$0.20	\$0.24	\$0.64	\$0.59
Comparative	\$0.23	\$0.24	\$0.68	\$0.73
Basic weighted average number of shares (in '000s)	591,244	587,625	588,220	551,222

¹ Results included for Las Cruces, Çayeli and Pyhäsalmi for the period subsequent to the date of acquisition on March 22, 2013.

Three month review of financial results

Gross profit for Q3 2014 was 20% or \$60.7 million lower than the same period in 2013. The decrease in contributions year-over-year reflects higher costs at Kansanshi, Guelb Moghrein and Çayeli, despite relatively consistent sales revenues.

Exploration costs include the Company's exploration program and investments in option agreements. Exploration costs in Q3 2014 were 60% higher than in Q3 2013 and comprised primarily of activity in Chile, Scandinavia, Peru and Zambia.

General and administrative costs were 21% lower than in Q3 2013, reflecting the efficiencies realized since acquiring the Inmet operations and reduced central costs to manage the operations and development projects.

During the third quarter, the Euro depreciated against the US dollar, creating a non-cash foreign exchange gain for the Company included within other income of \$28.5 million, primarily as a result of the revaluation of the Company's deferred tax liabilities in the Company's favour.

Income taxes for the quarter of \$86.1 million amount to an effective income tax rate of approximately 39% of earnings, which is comparable to the rate of 38% (based on comparative earnings) in the prior year. The effective income tax rate is expected to remain approximately 39% for the remainder of the current year. This expectation is based on the current tax regime in Zambia.

Nine month review of financial results

Gross profit for the nine months ended September 30, 2014 was consistent with the same period in 2013. Increases in sales revenues observed as a result of higher realized nickel prices in 2014 were offset by slightly higher copper production costs.

Exploration costs in the nine months ended September 30, 2014 were 11% higher than in the same period in 2013 with higher costs experienced in Botswana, Chile and Peru.

General and administrative costs were consistent for the nine months ended September 30, 2014 with the nine months ended September 30, 2013, demonstrating the ability of the Company to successfully find efficiencies when taking on additional operational oversight following the acquisition of the Inmet operations in 2013.

Other expenses have decreased from \$11.0 million in the nine months ended September 30, 2013 to \$6.8 million during the nine months ended September 30, 2014. The impairment of an investment of \$18.1 million during the nine months ended September 30, 2013 was \$2.1 million higher than the impairments recognized during the nine months ended September 30, 2014 totaling \$16.0 million.

Income taxes for the nine months in 2014 of \$268.2 million amount to an effective income tax rate of approximately 39% of earnings, which is comparable to the rate of 39% in the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Cash flows from operating activities				
- before changes in working capital and tax paid	339.8	410.3	1,098.5	1,016.6
- after changes in working capital and tax paid	251.4	46.5	526.3	671.1
Cash flows (used by)/from investing activities				
Payments and deposits for property, plant and equipment	(596.6)	(735.6)	(1,803.4)	(1,813.1)
Asset acquisition of Lumina	(189.9)	-	(189.9)	-
Capitalized borrowing costs	(109.5)	(10.4)	(180.7)	(72.4)
Acquisition of Inmet, net of cash acquired	-	-	-	(963.8)
Partial repayment and prepaid interest from ENRC	-	-	110.0	-
Other investing activities	1.7	(5.8)	26.0	1,955.0
Cash flows from financing activities	405.2	627.0	1,261.0	613.9
Exchange gains on cash and cash equivalents	7.1	-	7.8	-
Net cash outflows	(230.6)	(78.3)	(242.9)	390.7
Cash balance	451.6	617.0	451.6	617.0
Cash balance including restricted cash	534.0	699.7	534.0	699.7
Total assets	17,336.9	14,970.7	17,336.9	14,970.7
Total current liabilities	775.8	1,333.0	775.8	1,333.0
Total long-term liabilities	7,038.5	4,568.3	7,038.5	4,568.3
Cash flows from operating activities per share ¹				
before working capital and taxes paid (per share)	\$0.58	\$0.70	\$1.87	\$1.84
after working capital and taxes paid (per share)	\$0.42	\$0.08	\$0.89	\$1.22

¹ Cash flows per share is not recognized under IFRS. See “Regulatory Disclosures” for further information.

Q3 2014 operating cash flows before changes in working capital and taxes paid are lower than the same period last year by \$70.5 million, or 17%, due mainly to 7% lower copper sales volumes and 18% higher total cost of production.

Changes in working capital during Q3 2014 resulted in a reduction of cash of \$88.4 million which includes \$59.5 million in taxes that the Company paid during the quarter. Constraints in smelter capacity in Zambia continue to affect inventory levels. Higher inventory at Kansanshi, Ravensthorpe and Kevitsa was offset by lower inventory held at other sites for a net outflow of \$39.3 million related to inventory during Q3 2014.

Since June 2013, no VAT refunds have been received in Zambia related to Kansanshi. VAT refunds have not been paid as a result of the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. The Company is in regular discussions with the relevant government authorities in efforts to resolve the industry and country-wide dispute that has arisen with respect to exporters. On November 15, 2013, Kansanshi commenced a judicial review action in the High Court of Zambia challenging the application of rules established by the Commissioner General to deny VAT refunds. On November 18, 2013, the High Court granted a stay against the implementation of these rules. A hearing date for the judicial review has not been set by the Court. During the third quarter of 2014, the Minister of Finance stated that the Government of Zambia would remove a requirement that mining companies produce import certificates to receive VAT refunds from September 8, 2014. The required legislation effecting such changes has not yet been passed. Sentinel is not yet exporting and is therefore not currently affected by this ruling in Zambia. The VAT amount accrued by the Company’s Zambian operations at September 30, 2014 is \$243.3 million, of which \$208.9 million relates to Kansanshi. The Kansanshi VAT claims made in 2013 total \$91.6 million and continue to be classified on the balance sheet at September 30, 2014 as non-current. The Company continues to consider the VAT refunds to be fully recoverable.

Capital expenditure, excluding capitalized interest, on the Company's key development projects totalled \$596.6 million for the quarter (compared to \$735.6 million in the same quarter in 2013) and comprised primarily:

- \$188.4 million at Kansanshi for the smelter project and mine pit development costs
- \$179.8 million at Trident, including deposits, for site development and long-lead plant and mine equipment
- \$156.4 million at Cobre Panama for project development, including \$33.8 million for the settlement of a third party claim following termination of their contract in the second half of 2013

In Q1 2014, the Company agreed to revise the terms of the \$500.0 million Promissory Note from ENRC ("the Promissory Note") which was issued to the Company as a result of the settlement of its dispute with ENRC relating to the Company's former assets in the Democratic Republic of Congo. ENRC delisted from the London Stock Exchange in Q4 2013, triggering the mandatory prepayment of the Promissory Note. The Company negotiated with ENRC a \$70.0 million principal reduction of the Promissory Note as well as the payment of all outstanding interest at 3% then due. These amounts were received by the Company in Q1 2014. A new \$430.0 million Promissory Note was issued by a subsidiary of ENRC on March 20, 2014 with a term to final maturity of December 31, 2015. The interest rate on the \$430.0 million Promissory Note was increased from 3% to 5% with all interest prepaid until the final maturity date. The \$430.0 million Promissory Note is secured against the shares in a subsidiary holding ENRC's Mozambique coal assets and is guaranteed by ENRC Congo B.V, a wholly owned subsidiary of ENRC.

Cash flows from financing activities in Q3 2014 include draw downs on debt facilities during the period, offset by dividend payments to shareholders of the Company of \$27.9 million.

The financial position of the Company at September 30, 2014 compared to December 31, 2013 remains strong. The Company's debt position has increased by \$1,495.9 million during the nine months, with a corresponding increase of \$2,025.1 million in property, plant and equipment as the Company continues to invest heavily in project development.

As at September 30, 2014, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt	5,569.5	7,975.9	402.6	928.3	2,494.7	4,150.3
Trade and other payables	579.3	579.3	579.3	-	-	-
Current taxes payable	83.1	83.1	83.1	-	-	-
Deferred payments	33.7	33.7	3.4	3.4	3.4	23.5
Finance leases	33.8	48.7	5.5	10.8	9.1	23.3
Commitments	1,126.5	1,126.5	1,069.3	29.5	11.6	16.1
Restoration provisions	482.5	569.6	8.3	7.7	9.0	544.6
Total	7,908.4	10,416.8	2,151.5	979.7	2,527.8	4,757.8

During the first half of 2014, the Company advanced a financing plan to support the significant capital expansion and development program underway. This structure continued to meet the Company's needs in the third quarter. The developments included:

- Kevitsa \$250.0 million Facility – On February 11, 2014 the Company cancelled its \$250.0 million Kevitsa Facility.
- Consent Solicitation – On February 12, 2014 the Company completed a consent solicitation to make certain amendments to the \$350.0 million indenture dated October 10, 2012 governing the Company's outstanding 7.25% senior notes due 2019 (the "FQM Notes"). The amendments, among other things, aligned the terms of the FQM Notes with the FQM New Notes (see below).
- Exchange Offer – On February 27, 2014 the Company completed an exchange offer whereby the 8.75% senior notes due 2020 and 7.50% senior notes due 2021 issued by Inmet prior to the acquisition were exchanged for 6.75% senior notes due 2020 and 7.00% senior notes due 2021, issued by First Quantum (together, the "FQM New Notes").
- \$100.0 million equipment financing facility – On April 2, 2014 the Company completed a \$100.0 million equipment finance facility with Caterpillar Financial Services Corporation for Kalumbila Minerals Limited, which owns the Trident project in Zambia. This equipment financing facility was used to purchase mobile equipment for the Sentinel and Enterprise mines and is guaranteed by the Company.
- Kansanshi \$1.0 billion facility – On April 3, 2014 the Company cancelled its \$1.0 billion facility for Kansanshi Mining PLC, the owner of the Kansanshi copper and gold mine in Zambia. This \$1.0 billion facility was replaced by an unsecured \$350.0 million facility from a syndicate led by Standard Chartered Bank, which was fully drawn in April 2014.
- New \$3.0 billion Facility – On April 15, 2014, the Company announced that it had signed and drawn down on its \$2.5 billion Five-Year Term Loan and Revolving Facility ("the Facility"). The Facility was syndicated during Q2 2014, which resulted in an upsizing of the Facility to \$3.0 billion. The Facility comprises a \$1.2 billion term loan facility available to draw until April 8, 2016 with a margin of 2.75% and a \$1.8 billion revolving credit facility available to draw until March 8, 2019 also with a margin of 2.75% per annum. All outstanding loans on these facilities must be repaid no later than April 8, 2019. The \$2.5

billion FQM (Akubra) revolving debt facility with Standard Chartered Bank arranged for the Inmet acquisition, which was completed in April 2013, has been repaid and cancelled.

- FQM Ltd. 7.25% senior notes – On May 13, 2014, the Company issued \$850.0 million in senior notes due in 2022, bearing interest at an annual rate of 7.25%, which will be paid semi-annually in arrears on May 15 and November 15 of each year. Interest will accrue from and including May 13, 2014, and the first interest payment date will be November 15, 2014. The notes will mature on May 15, 2022.

The Company had total commitments of \$1,126.5 million, of which approximately \$1,069.3 million relates to the next 12 months and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama, Sentinel, Enterprise, upgrades at Kansanshi and the Phase 1 copper smelter complex construction. In addition, the Board of the Company has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

The Company's revenue stream agreement with Franco-Nevada Corporation for the delivery of precious metals from the Cobre Panama project remains in place. Under the terms of the agreement Franco-Nevada has agreed to provide a \$1,000.0 million deposit to be funded on a pro-rata of 1:3 with certain of the Company's funding contributions to MPSA. On January 27, 2014, the Company announced that discussions are underway to effect changes to the existing security and reporting requirements of this agreement. No funds have been drawn on this agreement.

The significant capital expansion and development program is expected to be funded using available committed undrawn facilities totaling \$1,444.7 million and unrestricted cash of \$451.6 million as at September 30, 2014, plus future cash flows.

Hedging program

As at September 30, 2014, the following derivative positions were outstanding:

	Open positions	Average Contract Price	Closing Market price	Maturities through
Embedded derivatives in provisional sales contracts:				
Copper	55,544	3.13/lb	3.06/lb	January 2015
Nickel	333	8.19/lb	7.49/lb	October 2014
Gold	15,462	1,270/oz	1,213/oz	February 2015
Zinc	2,850	1.40/lb	1.04/lb	December 2014
Platinum	8,837	1,409/oz	1,304/oz	October 2014
Palladium	7,127	882/oz	781/oz	October 2014
Commodity contracts:				
Copper	52,810	3.13/lb	3.06/lb	January 2015
Nickel	688	8.19/lb	7.49/lb	October 2014
Gold	18,172	1,270/oz	1,213/oz	February 2015
Zinc	2,850	1.40/lb	1.04/lb	December 2014
Platinum	8,837	1,409/oz	1,304/oz	October 2014
Palladium	7,127	882/oz	781/oz	October 2014

A summary of the fair values of unsettled derivative financial instruments for commodity contracts recorded on the consolidated balance sheet:

	September 30, 2014	December 31, 2013
Commodity contracts:		
Asset position	\$25.5	\$2.5
Liability position	(8.5)	(10.5)

Provisional pricing and derivative contracts

A portion of the Company's metal sales is sold on a provisional pricing basis whereby sales are recognized at prevailing metal prices when title transfers to the customer and final pricing is not determined until a subsequent date, typically two months later. The difference between final price and provisional invoice price is recognized in net earnings. In order to mitigate the impact of these adjustments on net earnings, the Company enters into derivative contracts to directly offset the pricing exposure on the provisionally priced contracts. The provisional pricing gains or losses and offsetting derivative gains or losses are both recognized as a component of cost of sales. Derivative assets are presented in other assets and derivative liabilities are presented in other liabilities with the exception of copper, gold and nickel embedded derivatives which are included within accounts receivable.

As at September 30, 2014, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 600,505,712 shares outstanding.

OTHER ITEMS

Zambian taxation

On October 10, 2014, the Zambian finance minister delivered the 2015 budget, included in the proposal is the elimination of corporate tax for certain categories of mining activities but increasing the mineral royalty rate to 8% for underground operations and 20% for open pit mines. This compares to the current royalty rate of 6%, corporate tax rate of 30% and variable profit tax of up to 15%. The Company is monitoring and analyzing the proposed 2015 budget changes to the fiscal mining regime as this proceeds through review, consultation, and drafting into law, and if enacted, the potential implications of these changes on the Company.

SUMMARY OF RESULTS

The following unaudited tables set out a summary of quarterly and annual results for the Company:

Consolidated operating statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Sales revenues</i>											
Copper	\$571.7	\$2,232.2	\$663.2	\$618.8	\$663.6	\$644.1	\$2,589.7	\$643.9	\$685.1	\$628.2	\$1,957.2
Nickel	100.0	396.5	140.7	129.2	123.2	138.3	531.4	146.2	147.7	157.2	450.5
Gold	94.8	296.4	84.1	74.2	66.9	56.6	281.8	56.1	66.3	58.8	181.2
PGE and other elements	8.1	25.3	13.2	47.1	31.7	58.0	150.0	44.3	46.0	41.6	131.9
Total sales revenues	774.6	2,950.4	901.2	869.3	885.4	897.0	3,552.9	890.5	945.1	885.2	2,720.8
Gross profit	295.0	1,101.0	310.2	201.1	303.1	319.4	1,133.8	281.6	292.6	240.4	814.6
EBITDA ¹	309.7	2,361.2	310.4	284.2	393.1	364.2	1,351.9	363.6	381.5	366.7	1,111.8
Net earnings attributable to shareholders of the Company	186.7	1,772.9	112.4	71.9	143.0	131.3	458.6	126.8	133.6	121.1	381.6
Comparative earnings ²	186.7	555.0	153.8	103.6	143.6	133.8	539.4	126.8	133.6	137.2	397.6
Basic earnings per share	\$0.39	\$3.74	\$0.23	\$0.12	\$0.24	\$0.22	\$0.82	\$0.22	\$0.23	\$0.21	\$0.65
Comparative earnings per share	\$0.39	\$1.17	\$0.32	\$0.18	\$0.24	\$0.23	\$0.96	\$0.22	\$0.23	\$0.23	\$0.68
Diluted earnings per share	\$0.39	\$3.72	\$0.23	\$0.12	\$0.24	\$0.22	\$0.81	\$0.21	\$0.23	\$0.20	\$0.64
Dividends declared per common share (\$CDN per share)	-	\$0.1880	\$0.1147	-	\$0.0583	-	\$0.1730	\$0.0930	-	\$0.0504	\$0.1434
Basic weighted average # shares ('000's) ³	473,718	473,893	478,056	587,070	587,625	587,456	560,009	587,191	587,164	591,244	588,220
<i>Cash flows per share from operating activities</i>											
Before working capital movements	\$0.67	\$2.46	\$0.68	\$0.48	\$0.70	\$0.72	\$2.57	\$0.63	\$0.67	\$0.57	\$1.86
After working capital movements	\$0.15	\$0.72	\$0.87	\$0.35	\$0.08	\$0.34	\$1.55	\$0.15	\$0.32	\$0.42	\$0.89
<i>Copper statistics</i>											
Total copper production (tonnes)	84,918	307,115	79,308	103,694	114,488	114,791	412,281	113,118	107,808	101,553	322,479
Total copper sales (tonnes)	77,570	295,466	89,109	95,491	105,859	95,598	386,057	102,786	114,449	99,132	316,367
Realized copper price (per lb)	3.46	3.51	3.48	3.10	3.10	3.26	3.22	3.10	2.97	3.11	3.06
TC/RC (per lb)	(0.08)	(0.08)	(0.08)	(0.09)	(0.10)	(0.08)	(0.09)	(0.14)	(0.15)	(0.14)	(0.14)
Freight charges (per lb)	(0.15)	(0.17)	(0.17)	(0.14)	(0.12)	(0.12)	(0.14)	(0.12)	(0.11)	(0.10)	(0.11)
Net realized copper price (per lb)	3.23	3.26	3.23	2.87	2.88	3.06	2.99	2.84	2.71	2.87	2.81
Cash costs – copper (C1) (per lb) ¹	\$1.42	\$1.49	\$1.52	\$1.34	\$1.16	\$1.23	\$1.30	\$1.38	\$1.45	\$1.44	\$1.42
Total costs – copper (C3) (per lb) ¹	\$1.91	\$1.91	\$2.06	\$1.99	\$1.84	\$1.81	\$1.92	\$2.03	\$2.16	\$2.26	\$2.15
<i>Nickel statistics</i>											
Nickel production (contained tonnes)	10,096	36,759	11,072	10,875	12,485	12,634	47,066	11,838	12,223	11,884	35,945
Nickel sales (contained tonnes)	8,081	30,379	11,048	11,927	12,335	13,795	49,105	14,097	10,651	10,812	35,560
Nickel production (payable tonnes)	8,039	27,792	8,812	8,575	9,873	9,964	37,224	9,503	9,900	9,316	28,719
Nickel sales (payable tonnes)	6,124	23,320	8,539	9,347	9,482	11,008	38,376	11,113	8,344	8,417	27,874
Realized nickel price (per payable lb)	7.74	7.96	7.80	6.82	6.45	6.37	6.82	6.57	8.45	8.47	7.71
TC/RC (per payable lb)	(0.35)	(0.25)	(0.33)	(0.55)	(0.56)	(0.67)	(0.54)	(0.60)	(0.41)	(0.03)	(0.38)
Net realized nickel price (per payable lb)	7.39	7.71	7.47	6.27	5.89	5.70	6.28	5.97	8.04	8.44	7.33
Cash costs – nickel (C1) (per payable lb) ¹	\$6.12	\$5.92	\$5.34	\$5.45	\$4.90	\$4.51	\$5.02	\$4.37	\$4.16	\$4.52	\$4.38
Total costs – nickel (C3) (per payable lb) ¹	\$7.30	\$7.19	\$6.59	\$6.82	\$6.09	\$5.46	\$6.20	\$5.65	\$5.51	\$5.77	\$5.77
<i>Gold statistics</i>											
Total gold production (ounces)	64,383	201,942	55,944	63,567	65,368	63,199	248,078	60,164	60,723	51,446	172,333
Total gold sales (ounces)	61,350	202,303	58,791	59,381	60,391	50,399	228,962	53,126	60,135	52,235	165,496
Net realized gold price (per ounce)	1,546	1,465	1,431	1,272	1,084	1,124	1,231	1,056	1,102	1,124	1,095
<i>Platinum statistics</i>											
Platinum production (ounces)	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857	9,210	6,712	24,779
Platinum sales (ounces)	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931	10,558	5,079	25,568
<i>Palladium statistics</i>											
Palladium production (ounces)	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485	7,000	5,271	18,756
Palladium sales (ounces)	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769	7,285	4,536	19,590
<i>Zinc statistics</i>											
Zinc production (tonnes)	-	-	1,590	15,619	17,331	15,393	49,933	14,841	13,787	14,795	43,423
Zinc sales (tonnes)	-	-	143	18,040	15,876	17,866	51,925	12,858	15,420	15,327	43,605

¹ Cash costs, total costs and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information.² Comparative earnings for the year ending December 31, 2013 do not equal the sum of the comparative earnings reported in each quarter in 2013, due to the impact of changes to tax rates in Q4 2013 which are applied on a year-to-date basis.³ Fluctuations in average weighted shares between quarters reflect changes in levels of treasury shares held for performance share units.

Kansanshi statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Waste mined (000's tonnes)	22,365	81,138	15,779	21,427	28,332	18,850	84,388	9,343	11,927	17,725	38,995
Ore mined (000's tonnes)	9,952	30,447	8,419	9,623	8,365	9,868	36,275	5,688	6,563	7,859	20,110
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,679	9,254	2,521	2,921	2,857	2,790	11,089	2,701	2,347	1,366	6,414
Sulphide ore grade processed (%)	1.0	1.0	0.7	0.7	0.9	0.9	0.8	1.0	0.8	1.0	0.9
Sulphide ore recovery (%)	92	93	91	93	93	92	92	92	91	91	91
Mixed ore processed (000's tonnes)	1,951	8,561	1,928	1,866	1,886	1,997	7,677	1,316	1,770	3,064	6,151
Mixed ore grade processed (%)	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.2
Mixed ore recovery (%)	74	69	75	72	68	71	71	72	75	74	74
Oxide ore processed (000's tonnes)	1,738	6,210	1,594	1,739	1,669	1,660	6,662	1,923	2,448	1,853	6,224
Oxide ore grade processed (%)	2.0	2.2	2.2	2.1	2.2	2.4	2.2	2.2	1.7	1.6	1.8
Oxide ore recovery (%)	90	86	86	83	88	87	86	82	83	85	83
Copper cathode produced (tonnes)	25,341	96,747	23,122	23,995	25,599	27,118	99,834	28,022	29,813	25,162	82,997
Copper cathode tolled produced (tonnes)	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560	-	-	2,560
Copper in concentrate produced (tonnes)	29,178	92,149	22,731	20,339	32,150	30,994	106,214	39,967	36,483	38,356	114,806
Total copper production	70,431	261,351	63,123	63,962	71,037	72,602	270,724	70,549	66,296	63,518	200,363
Concentrate grade (%)	23.5	25.0	24.7	25.0	25.6	23.2	24.6	24.2	22.5	23.9	23.6
Gold produced (ounces)	45,410	136,056	36,866	43,117	43,904	43,508	167,395	39,734	41,760	36,232	117,726
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.52	\$0.54	\$0.60	\$0.60	\$0.42	\$0.46	\$0.52	\$0.64	\$0.73	\$0.57	\$0.65
Processing	0.91	0.86	0.87	0.81	0.73	0.77	0.79	0.78	0.84	0.91	0.84
Site administration	0.06	0.06	0.07	0.07	0.07	0.08	0.07	0.07	0.09	0.08	0.08
TC/RC and freight charges	0.33	0.35	0.35	0.37	0.36	0.30	0.34	0.37	0.34	0.30	0.34
Gold credit	(0.37)	(0.32)	(0.32)	(0.37)	(0.33)	(0.33)	(0.34)	(0.29)	(0.30)	(0.29)	(0.29)
Cash costs (C1) (per lb) ¹	\$1.45	\$1.49	\$1.55	\$1.48	\$1.25	\$1.28	\$1.38	\$1.57	1.70	1.57	1.61
Total costs (C3) (per lb) ¹	\$1.90	\$1.88	\$2.02	\$1.94	\$1.68	\$1.70	\$1.83	\$2.04	\$2.22	\$2.21	\$2.15
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$334.6	\$1,363.0	\$382.5	\$309.2	\$286.7	\$266.8	\$1,245.2	\$206.4	\$244.7	\$229.2	\$680.3
Copper in concentrates	103.3	434.3	127.6	64.4	80.7	128.8	401.5	183.2	184.8	141.7	509.7
Gold	56.4	182.6	52.8	47.0	43.9	41.9	185.6	40.1	47.9	37.9	125.9
Total sales revenues	\$494.3	\$1,979.9	\$562.9	\$420.6	\$411.3	\$437.5	\$1,832.3	\$429.7	\$477.3	\$408.9	\$1,315.9
Copper cathode sales (tonnes)	27,946	102,450	32,460	24,726	30,393	28,199	115,778	27,153	36,580	32,921	96,654
Copper tolled cathode sales (tonnes)	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560	-	-	2,560
Copper in concentrate sales (tonnes)	17,900	74,979	21,792	13,812	17,685	15,003	68,292	33,357	36,629	25,391	95,377
Gold sales (ounces)	38,179	131,159	37,518	38,991	39,279	36,844	152,632	37,728	43,784	33,366	114,878

¹ Cash costs and total costs are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Las Cruces statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Waste mined (000's tonnes) ¹	4,418	14,464	1,825	6,323	5,645	3,273	17,066	852	4,476	7,096	12,424
Ore mined (000's tonnes)	273	1,054	189	208	627	149	1,173	362	558	422	1,342
<i>Processing</i>											
Copper ore processed (000's tonnes)	276	1,082	305	255	359	334	1,253	375	372	413	1,160
Copper ore grade processed (%)	6.9	7.1	6.7	6.3	6.1	6.0	6.2	5.5	5.1	4.8	5.1
Recovery (%)	90	88	88	88	88	91	89	91	90	89	90
Copper cathode produced (tonnes)	17,302	67,662	17,927	13,912	19,119	18,346	69,304	18,675	17,197	17,693	53,565
<i>Cash Costs (per lb)^{2,3}</i>											
Cash costs (C1) (per lb) ²	1.14	1.10	1.00	1.44	0.69	1.24	1.14	0.98	0.89	1.03	0.96
Total costs (C3) (per lb) ²	1.76	1.79	1.53	2.36	2.07	2.15	2.13	1.92	2.00	2.04	1.98
<i>Revenues (\$ millions)</i>											
Copper cathode	\$136.0	\$536.6	\$138.5	\$97.2	\$133.6	\$120.9	\$490.2	\$131.2	\$129.5	\$126.6	\$387.3
Copper cathode sales (tonnes)	17,394	68,838	17,360	13,872	18,691	16,883	66,806	18,657	18,867	18,002	55,526

¹ Waste mined has been restated to include development tonnes, not previously included, in order to align with other sites' mine statistics.

² Cash costs and total costs are not recognized under IFRS. See "Regulatory Disclosures" for further information.

³ Cash costs and total costs from Q3 2012 have been recalculated from those disclosed by Inmet using methodology consistent with the Company.

in United States dollars, tabular amounts in millions, except where noted

Guelb Moghrein statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Waste mined (000's tonnes)	5,652	19,577	5,707	5,724	5,229	5,653	22,313	4,390	4,755	3,394	12,539
Ore mined (000's tonnes)	723	3,570	637	753	766	735	2,891	682	730	703	2,115
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	825	3,062	696	743	694	714	2,847	738	729	621	2,088
Sulphide ore grade processed (%)	1.4	1.3	1.5	1.5	1.4	1.3	1.4	1.3	1.2	1.1	1.2
Recovery (%)	93	91	95	95	92	93	94	93	92	92	93
Copper in concentrate produced (tonnes)	11,038	37,670	9,700	10,734	8,670	8,866	37,970	8,847	8,069	6,395	23,311
Gold produced (ounces)	16,802	60,519	16,190	15,572	13,093	13,336	58,191	13,849	12,256	8,942	35,047
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.73	\$0.66	\$0.58	\$0.38	\$0.53	\$0.55	\$0.50	\$0.56	\$0.78	\$0.67	\$0.67
Processing	1.01	1.16	1.23	1.03	1.20	1.30	1.18	1.06	1.14	1.32	1.16
Site administration	0.31	0.32	0.32	0.28	0.41	0.24	0.32	0.21	0.24	0.37	0.27
TC/RC and freight charges	0.44	0.58	0.54	0.62	0.54	0.54	0.57	0.52	0.57	0.61	0.57
Gold credit	(1.36)	(1.24)	(1.25)	(0.96)	(0.84)	(0.77)	(0.99)	(0.79)	(0.86)	(0.86)	(0.84)
Cash costs (C1) (per lb) ¹	\$1.13	\$1.48	\$1.43	\$1.36	\$1.83	\$1.86	\$1.58	\$1.56	\$1.87	\$2.11	\$1.83
Total costs (C3) (per lb) ¹	\$1.69	\$2.04	\$2.05	\$1.92	\$2.45	\$2.11	\$2.11	\$2.20	\$2.62	\$2.94	\$2.54
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$92.5	\$286.7	\$77.8	\$67.3	\$52.9	\$40.5	\$238.5	\$38.7	\$35.1	\$54.4	\$128.2
Gold	34.8	107.7	29.0	21.5	15.4	10.4	76.3	10.6	11.3	16.6	38.5
Total sales revenues	\$127.3	\$394.4	\$106.8	\$88.8	\$68.3	\$50.9	\$314.8	49.3	46.4	71.0	166.7
Copper in concentrate sales (tonnes)	13,007	40,174	10,988	10,706	8,564	6,327	36,585	6,360	6,064	9,152	21,576
Gold sales (ounces)	20,864	67,089	19,462	15,712	12,585	8,281	56,040	9,075	9,488	13,917	32,480

¹ Cash costs and total costs are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Ravensthorpe statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Processing</i>											
Beneficiated ore processed (000's tonnes)	687	2,811	690	754	830	845	3,119	761	828	829	2,418
Beneficiated ore grade processed (%)	1.5	1.5	1.7	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.6
Nickel recovery – leach feed to NI produced (%) ¹	79	81	85	81	79	81	82	85	83	84	84
Nickel produced (contained tonnes)	8,227	32,884	9,023	8,919	9,917	10,244	38,103	9,370	9,611	9,728	28,709
Nickel produced (payable tonnes)	6,338	25,347	6,951	6,818	7,560	7,808	29,137	7,266	7,528	7,619	22,413
<i>Cash Costs (per lb)¹</i>											
Mining	\$1.00	\$0.80	\$0.71	\$0.84	\$0.68	\$0.85	\$0.77	\$0.74	\$0.74	\$0.80	\$0.76
Processing	4.16	4.14	3.86	4.00	3.41	2.72	3.47	2.76	2.99	3.39	3.05
Site administration	0.41	0.51	0.40	0.36	0.35	0.27	0.34	0.26	0.28	0.32	0.29
TC/RC and freight charges	0.57	0.64	0.52	0.59	0.56	0.51	0.54	0.48	0.48	0.49	0.49
Cobalt credit	(0.09)	(0.12)	(0.12)	(0.14)	(0.15)	(0.12)	(0.13)	(0.22)	(0.23)	(0.22)	(0.22)
Cash costs (C1) (per lb) ¹	\$6.05	\$5.97	\$5.36	\$5.65	\$4.85	\$4.23	\$4.99	\$4.02	\$4.26	\$4.79	\$4.36
Total costs (C3) (per lb) ¹	\$7.33	\$7.25	\$6.59	\$6.90	\$5.94	\$5.39	\$6.18	\$5.38	\$5.66	\$6.44	\$5.83
<i>Revenues (\$ millions)</i>											
Nickel	\$93.0	\$380.8	\$130.5	\$113.5	\$109.7	\$111.5	\$465.2	\$115.5	\$127.7	\$127.9	\$371.1
Cobalt	1.3	6.9	2.1	2.3	2.6	2.2	9.2	3.8	3.5	3.4	10.7
Total sales revenues	\$94.3	\$387.7	\$132.6	\$115.8	\$112.3	\$113.7	\$474.4	\$119.3	\$131.2	\$131.3	\$381.8
Nickel sales (contained tonnes)	7,288	28,738	10,033	9,902	10,535	10,142	40,612	10,420	8,825	8,824	28,069
Nickel sales (payable tonnes)	5,425	21,857	7,613	7,496	7,842	8,021	30,972	8,042	6,879	6,937	21,858

¹ The Company has retrospectively changed how nickel recovery is calculated and disclosed to better reflect the mine process.

² Cash costs and total costs are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Kevitsa statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Total tonnes mined (000's tonnes)	5,238	7,460	3,790	5,119	6,624	6,071	21,604	5,626	7,357	6,880	19,863
<i>Processing</i>											
Ore tonnes milled (000's tonnes)	1,413	3,138	1,512	1,456	1,676	1,670	6,314	1,527	1,809	1,666	5,002
Nickel ore grade processed	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Nickel recovery (%)	59	56	64	61	65	64	63	65	61	56	61
Nickel production (tonnes)	1,870	3,875	2,049	1,956	2,568	2,390	8,963	2,469	2,611	2,156	7,236
Copper ore grade processed	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Copper recovery (%)	84	83	80	83	84	84	83	88	89	87	88
Copper production (tonnes)	3,448	8,094	3,181	3,559	4,020	4,015	14,775	3,988	4,648	4,798	13,434
Gold production (ounces)	2,172	5,367	2,619	2,714	3,382	3,008	11,723	3,029	3,514	3,208	9,751
Platinum production (ounces)	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857	9,210	6,712	24,779
Palladium production (ounces)	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485	7,000	5,271	18,756
Cash costs – Nickel (C1) (per lb) ^{1,2}	6.37	5.47	5.29	4.71	5.51	5.15	5.24	5.19	4.02	3.24	4.45
Total costs – Nickel (C3) (per lb) ^{1,2}	7.19	6.54	6.57	6.50	7.03	5.35	6.41	6.23	5.13	4.41	5.55
Cash costs – Copper (C1) (per lb) ^{1,2}	1.75	1.28	1.94	1.78	1.56	1.49	1.68	1.52	0.97	2.19	1.50
Total costs – Copper (C3) (per lb) ^{1,2}	3.06	2.61	2.75	2.59	2.70	1.78	2.44	2.30	1.66	3.01	2.26
<i>Revenues (\$ millions)</i>											
Nickel	\$6.9	\$15.7	\$10.2	\$15.7	\$13.5	\$26.8	\$66.2	\$30.7	\$20.1	\$28.6	79.4
Copper	20.6	39.3	19.3	17.1	25.2	16.6	78.2	30.7	32.8	16.2	79.7
Gold	3.7	6.2	2.4	1.9	2.8	1.2	8.3	2.8	4.1	1.6	8.5
PGE and other	5.3	10.9	7.9	11.4	9.8	15.8	44.9	16.4	14.4	6.5	37.3
Total sales revenues	\$36.5	\$72.1	\$39.8	\$46.1	\$51.3	\$60.4	\$197.6	\$80.6	\$71.4	52.9	204.9
Nickel sales (tonnes)	792	1,640	1,015	2,025	1,801	3,652	8,493	3,677	1,825	1,989	7,491
Copper sales (tonnes)	2,805	6,448	2,734	2,905	4,075	2,938	12,652	5,237	5,787	2,973	13,997
Gold sales (ounces)	2,306	4,757	1,811	1,710	2,655	1,182	7,358	2,749	3,485	1,413	7,647
Platinum sales (ounces)	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931	10,558	5,079	25,568
Palladium sales (ounces)	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769	7,285	4,536	19,590

¹ Cash costs and total costs are not recognized under IFRS. See “Regulatory Disclosures” for further information.

² Cash costs and total costs are calculated on a co-product basis for nickel and copper. Common costs are allocated to each product based on the ratio of production volumes multiplied by budget metal prices. By-product credits are allocated based on the finished product concentrate in which they are produced.

Çayeli statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Ore mined (000's tonnes)	321	1,210	328	340	322	340	1,330	332	337	321	990
<i>Processing</i>											
Ore milled (000's tonnes)	319	1,218	323	333	335	342	1,333	337	332	324	993
Copper ore grade processed (%)	3.0	3.3	3.2	3.2	3.1	2.8	3.1	2.7	3.0	2.5	2.7
Copper ore recovery (%)	74	78	77	76	77	78	77	80	83	77	80
Zinc ore grade processed (%)	5.0	5.0	4.6	5.1	5.1	4.5	4.9	4.4	3.8	4.7	4.3
Zinc ore recovery (%)	69	66	68	68	66	63	66	66	62	65	64
Copper produced (tonnes)	7,024	31,396	7,873	8,089	8,010	7,538	31,510	7,142	8,229	6,169	21,540
Zinc produced (tonnes)	11,062	40,692	10,249	11,665	11,346	9,837	43,097	9,791	7,898	10,016	27,705
<i>Cash Costs (per lb)^{1,2}</i>											
Cash costs – Copper (C1) (per lb) ¹	0.57	0.65	0.93	0.11	0.98	0.87	0.76	0.76	0.80	1.04	0.85
Total costs – Copper (C3) (per lb) ¹	1.08	1.14	1.51	1.13	1.76	1.89	1.64	1.72	1.63	2.43	1.89
<i>Revenues (\$ millions)</i>											
Copper	\$31.2	\$221.1	\$52.8	\$33.3	\$53.6	\$45.8	\$185.5	\$31.4	\$38.3	\$42.4	\$112.1
Zinc	11.0	46.6	8.4	19.4	6.1	13.7	47.6	10.1	10.5	14.5	35.1
Other	3.7	23.9	4.1	3.6	4.7	2.8	15.2	1.5	3.3	2.6	7.4
Total sales revenues	\$45.9	\$291.6	\$65.3	\$56.3	\$64.4	\$62.3	\$248.3	\$43.0	\$52.1	\$59.5	\$154.6
Copper sales (tonnes)	5,088	33,215	8,080	6,866	8,484	7,940	31,370	5,711	7,264	7,847	20,822
Zinc sales (tonnes)	10,019	39,955	7,173	14,105	9,897	12,179	43,354	8,639	9,069	10,228	27,936

¹ Cash costs and total costs are not recognized under IFRS. See “Regulatory Disclosures” for further information.

² Cash costs and total costs for 2011 are as reported by Inmet. Cash costs and total costs from Q1 2012 have been recalculated using methodology consistent with the Company.

Pyhäsalmi statistics	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	YTD 14
<i>Mining</i>											
Ore mined (000's tonnes)	351	1,384	346	340	348	348	1,382	342	360	340	1,042
<i>Processing</i>											
Ore milled (000's tonnes)	351	1,384	346	340	348	348	1,382	342	347	345	1,034
Copper ore grade processed (%)	1.0	1.0	1.3	1.1	1.1	1.0	1.1	1.2	1.0	0.9	1.0
Copper ore recovery (%)	97	96	97	95	96	98	97	97	96	95	96
Zinc ore grade processed (%)	3.0	2.0	2.0	1.3	2.0	1.7	1.7	1.6	1.9	1.5	1.7
Zinc ore recovery (%)	93	92	92	90	92	92	92	90	91	90	90
Copper produced (tonnes)	3,273	12,610	4,362	3,438	3,632	3,422	14,854	3,917	3,369	2,980	10,266
Zinc produced (tonnes)	9,660	25,637	6,184	3,954	5,985	5,556	21,679	5,050	5,889	4,780	15,719
Pyrite produced (tonnes)	222,534	891,728	189,955	211,444	221,734	202,688	825,821	196,884	224,388	219,224	640,496
<i>Cash Costs (per lb)¹</i>											
Cash costs – Copper (C1) (per lb) ¹	(1.62)	(0.53)	(0.55)	0.30	0.65	0.03	0.14	0.52	0.18	0.09	0.28
Total costs – Copper (C3) (per lb) ¹	(1.19)	(0.14)	(0.10)	2.53	2.48	2.51	1.82	2.54	2.24	2.24	2.35
<i>Revenues (\$ millions)</i>											
Copper	\$22.7	\$95.7	\$27.3	\$17.0	\$31.6	\$24.7	\$100.6	\$22.3	\$19.9	\$17.9	\$60.1
Zinc	11.8	32.1	9.1	5.3	5.7	7.0	27.1	5.4	8.4	8.2	22.0
Pyrite	12.6	32.1	4.9	6.8	5.8	15.2	32.7	5.0	5.6	5.8	16.4
Other	4.7	21.9	6.3	1.3	1.8	4.1	13.5	4.6	3.6	2.7	10.9
Total sales revenues	\$51.8	\$181.8	\$47.6	\$30.4	\$44.9	\$51.0	\$173.9	\$37.3	\$37.5	\$34.6	\$109.4
Copper sales (tonnes)	3,237	13,407	3,747	2,977	4,678	3,819	15,221	3,750	3,259	2,847	9,856
Zinc sales (tonnes)	8,984	25,101	6,738	3,935	5,979	5,687	22,339	4,219	6,351	5,100	15,670
Pyrite sales (tonnes)	299,676	852,463	114,478	110,777	89,999	454,665	769,919	191,801	216,244	211,949	619,994

¹ Cash costs and total costs are not recognized under IFRS. See “Regulatory Disclosures” for further information.

² Cash costs and total costs from Q3 2012 have been recalculated from those disclosed by Inmet using methodology consistent with the Company.

REGULATORY DISCLOSURES

Seasonality

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the rain season in Zambia. The rain season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the rain season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Off-balance sheet arrangements

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

Non-GAAP financial measures

This document refers to cash costs (C1) and total costs (C3) per unit of payable production, operating cash flow per share, EBITDA and comparative earnings, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS.

The calculation of these measures is described below, and may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of the operations and to provide additional information to investors.

Calculation of cash costs and total costs

The consolidated cash costs (C1) and total costs (C3) presented by the Company are measures that are prepared on a basis consistent with the industry standard definitions but are not measures recognized under IFRS. In calculating the cash and total costs for each segment, the costs are prepared on the same basis as the segmented financial information that is contained in the financial statements.

Cash costs include all mining and processing costs less any profits from by-products such as gold, cobalt or platinum group elements. TC/RC and freight deductions on metal sales, which are typically recognized as a component of sales revenues, are added to cash costs to arrive at an approximate cost of finished metal. Total costs are cash costs plus depreciation, exploration, interest, royalties.

Calculation of operating cash flow per share, EBITDA and comparative earnings

In calculating the operating cash flow per share, before and after working capital movements, the operating cash flow calculated for IFRS purposes is divided by the basic weighted average common shares outstanding for the respective period. EBITDA is calculated as operating profit before depreciation. Comparative earnings and comparative earnings per share have been adjusted to remove the effect of acquisition and other costs including acquisition accounting adjustments relating to the acquisition of Inmet, the recycling of impairment of an investment, and the impairment of investments. These measures may differ from those used by other issuers.

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Net earnings attributable to shareholders of the Company	121.2	143.0	381.6	327.3
Add:				
Acquisition and other costs relating to Inmet (net of tax)	-	-	-	27.0
Non-recurring acquisition accounting inventory adjustments (net of tax)	-	0.6	-	28.6
Reclassification of impairment of an investment to net earnings	-	-	-	18.1
Impairment of earn-in investment	7.5	-	7.5	-
Equity share of impairment loss on associate	8.5	-	8.5	-
Comparative earnings	137.2	143.6	397.6	401.0
Earnings per share as reported	\$0.21	\$0.24	\$0.65	\$0.59
Comparative earnings per share	\$0.23	\$0.24	\$0.68	\$0.73

Significant judgments, estimates and assumptions in applying accounting policies

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. The significant judgments used in the financial statements at September 30, 2014 are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2013 and available on the Company's website. Significant judgement has been used with respect to the valuation and fair value allocation of the assets acquired and liabilities assumed on March 22, 2013 on the Company's acquisition of Inmet. The fair value allocation is now considered final. Fair values have been estimated using a variety of methods, with the method for key items listed below.

Assets Acquired and Liabilities Assumed	Method of determining fair value
Inventories – finished goods	Estimate based on recoverable value of contained metal, less estimated selling, shipping, treatment and refining costs.
Investments – Government and corporate securities	Estimated using market trading prices on the date of acquisition.
Property, plant and equipment – Mineral properties	Fair value of identified reserves determined through estimated discounted cash flows, incorporating existing life of mine plans, and median analyst consensus metal price forecasts discounted at the weighted average cost of capital for each mine or development project. Fair value of beyond proven and probable reserves estimated using a market approach based on the acquisition prices of precedent transactions.
Property, plant & equipment – Plant and equipment	Estimated primarily using a cost approach based on fixed asset records.
Debt - Senior notes	Trading value of the notes on the date of acquisition.
Non-controlling interest in Minera Panama S.A.	Proportion of fair value of Minera Panama S.A.

Financial instruments risk exposure

The Company's activities expose it to a variety of risks arising from financial instruments. These risks, and management's objectives, policies and procedures for managing these risks are disclosed as follows:

Credit risk

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits, derivative instruments, trade and other receivables and promissory note receivable. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of "A-" grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated "A-" grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below "A-" are reported to, and approved by, the Audit Committee. As at September 30, 2014 substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures.

The Promissory Note receivable from ENRC included mandatory prepayment features triggered by the counterparty's circumstances: delisting from the London Stock Exchange; the counterparty's long-term unsecured, unsubordinated debt being downgraded to a rating lower than "B-" by Moody's Investor Services Limited; a material portion of the counterparty's assets are nationalized and/or expropriated by any government entities; or it becomes unlawful for the counterparty to perform any of their obligations under the promissory note. The Company waived this mandatory prepayment by ENRC's delisting from the London Stock Exchange in 2013, and renegotiated the terms of the Promissory Note. Of the principal outstanding, \$70.0 million has been repaid during the first quarter of 2014, as well as all outstanding interest at 3% then due. A new \$430.0 million Promissory Note was issued by a subsidiary of ENRC on March 20, 2014, with a term to final maturity of December 31, 2015. The interest rate on the \$430.0 million Promissory Note has been increased from 3% to 5% with all interest at 5% of approximately \$40.0 million prepaid until the final maturity date. The \$430.0 million Promissory Note is secured against the shares in a subsidiary holding ENRC's Mozambique coal assets and will be guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ENRC.

Liquidity risk

The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the three and nine months ended September 30, 2014.

Market risks

a) Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel and PGE and other elements. The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments.

The Company does not purchase, hold or sell derivative financial instruments unless there is an outstanding contract resulting in exposure to market risks that it intends to mitigate. As at September 30, 2014 the Company had entered into derivative contracts for copper, gold, nickel and PGE in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site and the date agreed for pricing the final settlement.

As at September 30, 2014 the Company had not entered into any diesel or sulphur derivatives.

The Company's commodity price risk related to accounts receivable related to changes in fair value of embedded derivatives in accounts receivable reflecting copper and gold sales provisionally priced based on the forward price curve at the end of each quarter.

b) Interest rate risk

The Company's interest rate risk arises from interest paid on floating rate borrowings and the interest received on cash and short-term deposits. The Company currently capitalizes the majority of interest charges, and therefore the risk exposure is primarily on cash interest payable, and net earnings in relation to the subsequent depreciation of capitalized interest charges.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date no interest rate management products, such as swaps, are used in relation to deposits.

The Company manages its interest rate risk on borrowings on a net basis after first recognizing the natural hedge arising from floating rate deposits. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at September 30, 2014 the Company held no floating-to-fixed interest rate swaps.

c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian Kwacha ("ZMK"), Australian Dollar ("AUD"), Mauritanian Ouguiya ("MRO"), the Euro ("EUR") and the Turkish Lira ("TRY"); and to the local currencies of suppliers who provide capital equipment for project development, principally the AUD, EUR and the South African Rand ("ZAR").

Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

- **IFRS 9 - Financial instruments: Classification and Measurement.** IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and amended in October 2010. It replaces the parts of *IAS 39 – Financial Instruments: Recognition and Measurement* that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The effective date of this standard has not yet been established by the IASB.
- **IFRS 11 – Joint Arrangements.** An amendment to IFRS 11 was issued in May 2014 addressing guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The standard now specifies the appropriate accounting treatment for such acquisitions and requires an investor to apply the principles of business combination accounting, as defined in *IFRS 3 - Business combinations*, when acquiring an interest in a joint operation that constitutes a business. The amendment requires an investor to measure identifiable assets and liabilities at fair value; expense acquisition related costs; recognise deferred tax, and; recognise the residual as goodwill. The amendment is applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not to be re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The effective date of the amendment to IFRS 11 will be applied prospectively for annual periods beginning on or after January 1, 2016.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2013 under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in the securities legislation.

Since the December 31, 2013 evaluation, there have been no adverse changes to the Company's controls and procedures and they continue to remain effective.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2013 by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future

events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Cautionary statement on forward-looking information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. These forward-looking statements are principally included in the Development activities section and are also disclosed in other sections of the document. The forward looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, expected timing of completion of project development at Kansanshi, Sentinel, Enterprise and Cobre Panama, the impact of ore grades on future production, the potential of production disruptions, capital expenditure and mine production costs, the outcome of mine permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, cobalt, nickel, zinc, pyrite, PGE, and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about the price of copper, gold, nickel, zinc, pyrite, PGE, cobalt and sulphuric acid, anticipated costs and expenditures and the ability to achieve the Company's goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey and Mauritania, labour disruptions, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, the production of off-spec material.

See the Company's Annual Information Form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of these factors are beyond First Quantum's control. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertake no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.