

# **TURNING VISION INTO REALITY**

**First Quarter 2015**

**Conference Call & Webcast**

**May 1, 2015**

TSX: FM; LSE: FQM



**FIRST QUANTUM**  
MINERALS LTD.

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- Note: all dollar amounts in US dollars unless otherwise indicated; C\$ indicates Canadian dollars



# Kansanshi Smelter





# Kansanshi Smelter





## Kansanshi Smelter - Casting





## Cobre Panama – Mill Area



## Cobre Panama – Port and Powerstation Foundations





## Cobre Panama – Port Area Wharf and Material Offloading Facility





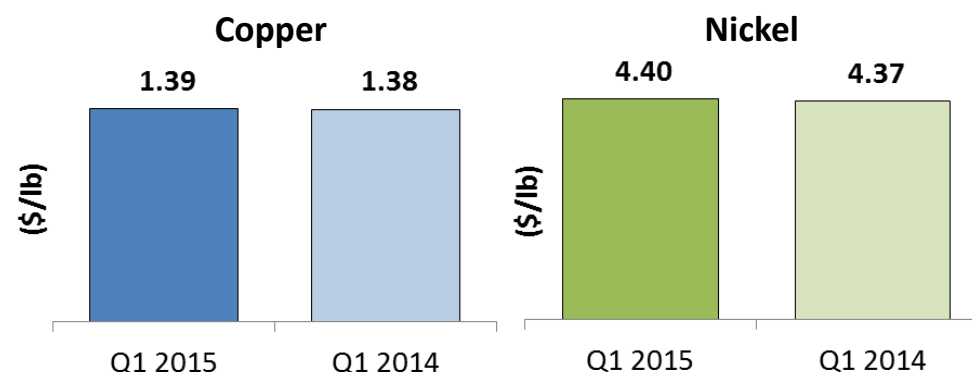
# Q1 2015 Highlights

**Cu production lower, as expected, to limit acid consumption prior to smelter ramp up**

**Ni production in line with expectations with Ravensthorpe at reduced capacity**

Production	Q1 2015	vs Q1 2014
Copper ('000 tonnes)	96	(17)
Nickel ('000 tonnes)	6	(6)
Gold ('000 ounces)	53	(7)

**Copper C1 cost and Nickel C1 cost both in line with prior year quarter, despite lower production**



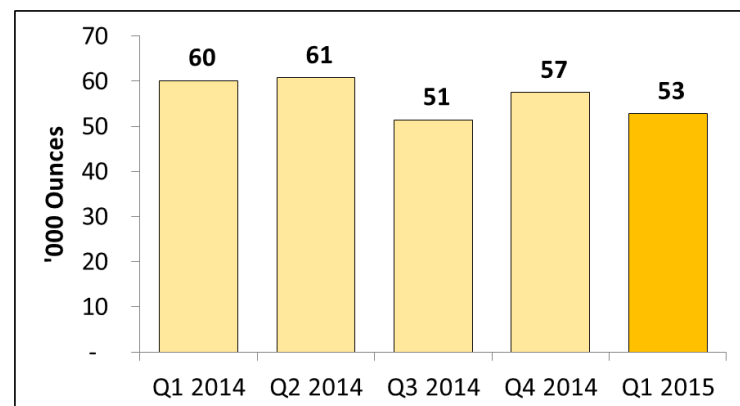
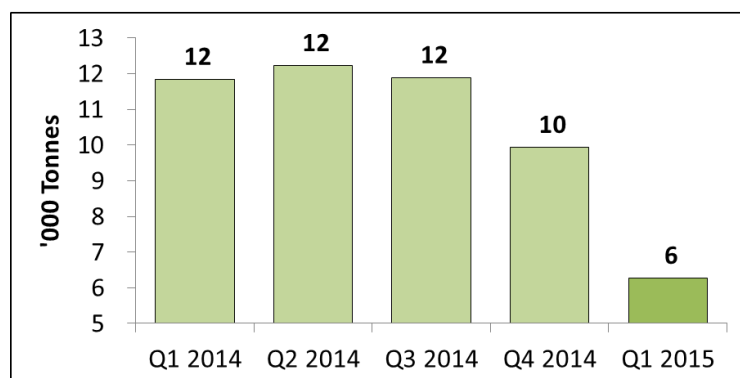
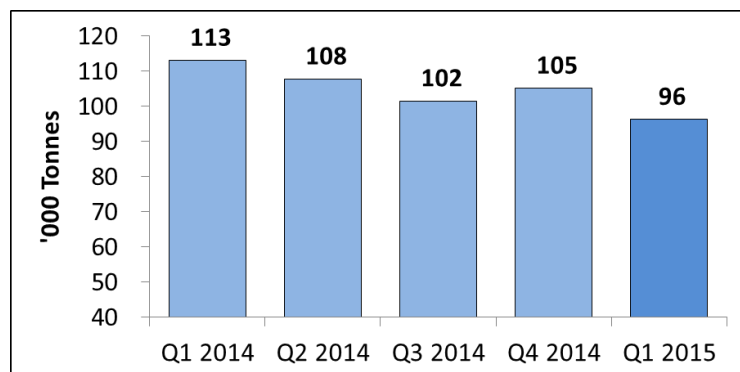
**Comparative results year on year impacted by lower copper price, sales volumes and higher Zambian royalty**

**\$ million**

	Q1 2015	Q1 2014
Comparative EBITDA	120	373
Comparative (Loss) / Earnings	(12)	130
Comparative EPS (Basic) (\$)	(0.02)	0.22

(1) Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude impacts which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. A reconciliation of Comparative EBITDA and Earnings is provided in the Q1 2015 MD&A.

# Production



## Copper production reflects Kansanshi planned reduction

- Primarily reflects lower production at Kansanshi with production intentionally reduced to limit consumption of external acid prior to smelter commissioning.
- The smelter produced 16,858 tonnes of acid in the quarter.
- First concentrate at Sentinel produced in January 2015 and a total of 1,003 tonnes produced in Q1.

## Nickel production reflects current capacity at Ravensthorpe

- Ravensthorpe production 55% below Q1 2014 but in line with expectations following atmospheric leach tank failure in Q4 2014.
- Kevitsa 18% lower than Q1 2014, primarily due to lower feed grades.

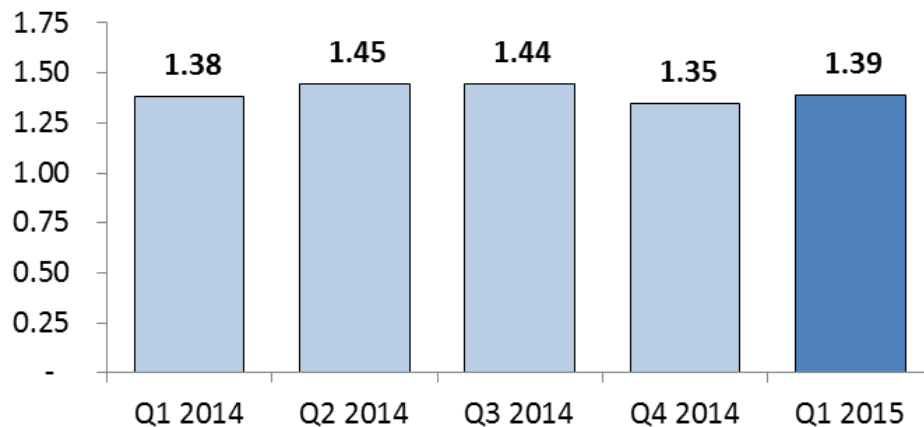
## Gold production reflects Kansanshi planned reduction

- Primarily lower gold production at Kansanshi due to lower head grade and volume of concentrate produced.
- Guelb Moghrein 4% higher than Q1 2014 due to higher throughput.



# C1 Cost

## Copper C1 cost (\$/lb)

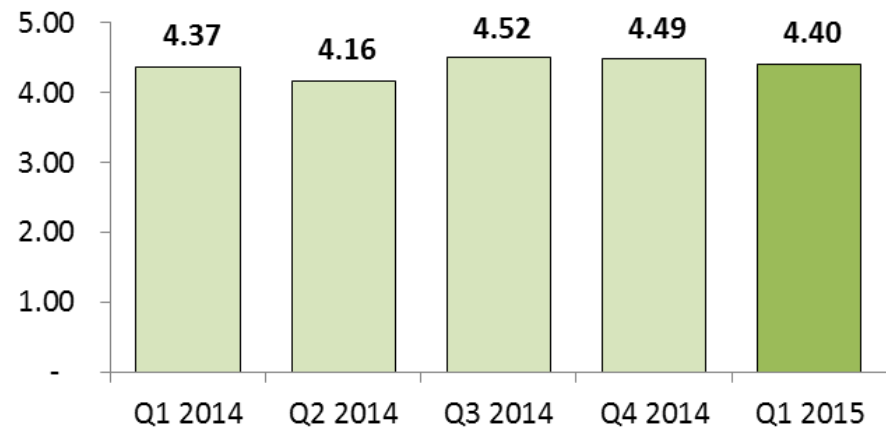


### Q1 2015 copper C1 cost broadly in line with Q1 2014

A focus on cost reduction and efficiencies helped to lower mining and processing costs, mitigating the impact of lower copper production. The main changes to C1 costs were:

- Kansanshi savings on fuel costs and acid consumed from third parties broadly compensating for lower production.
- Guelb Moghrein lower price of fuel along with a number of cost saving initiatives and higher sales volumes.
- Kevitsa lower driven by processing efficiencies and higher copper production.

## Nickel C1 cost (\$/lb)



### Q1 2015 nickel C1 cost broadly in line with Q1 2014

Kevitsa lower due to decreased mining costs and processing efficiencies and a significant reduction in TCRCs reflecting revised contract terms.

Ravensthorpe higher due to the allocation of fixed costs over lower production volumes, resulting from the atmospheric leach tank failure.

# Financial Overview

## Comparative EBITDA impacted by lower metal prices and sales volumes

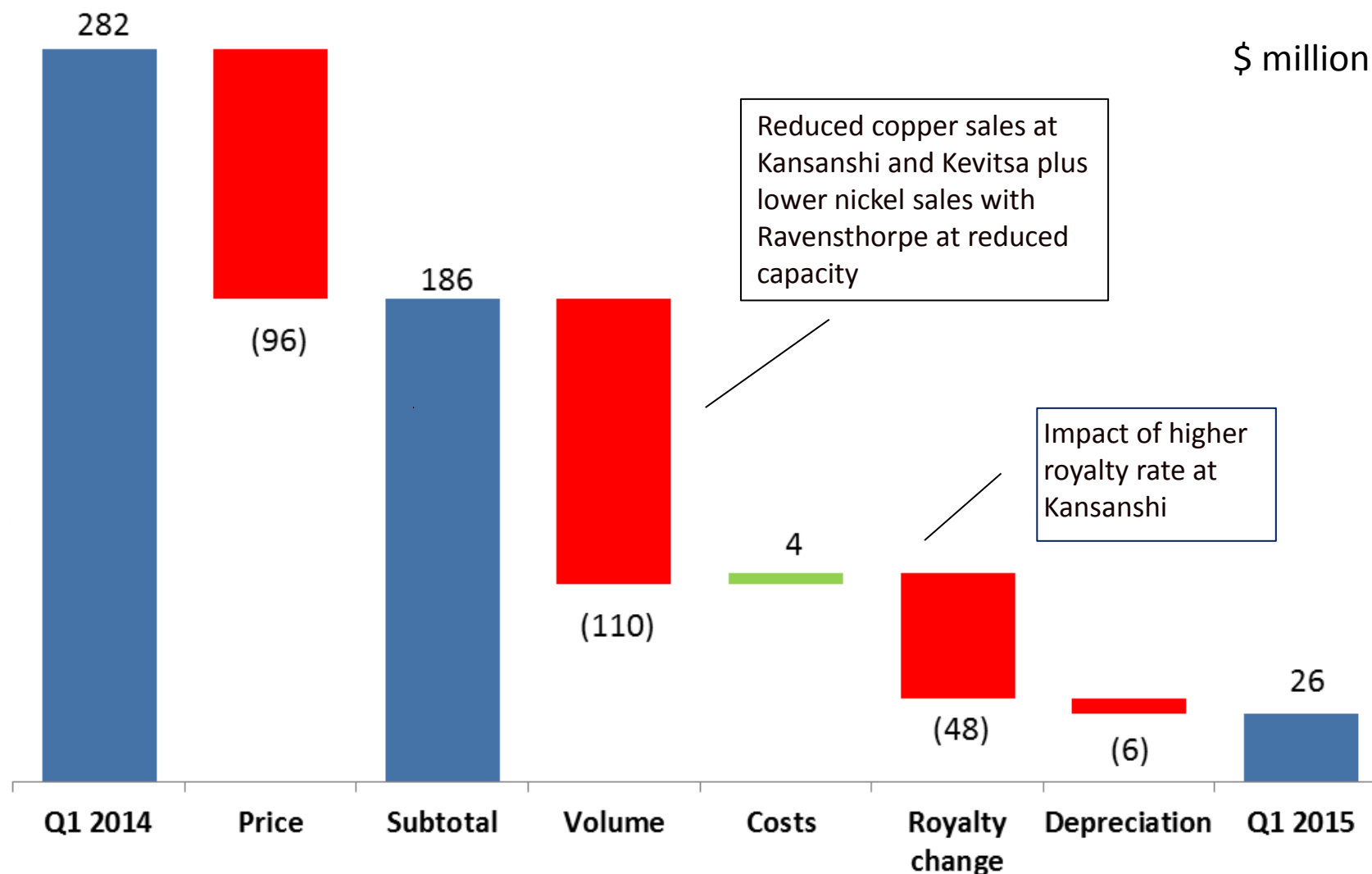
\$ million	Q1 2015	Q4 2014	Q1 2014	
Revenue	650	821	891	Gross profit impacted by lower copper prices and sales volumes, primarily at Kansanshi, and impact of higher Zambian royalty rate (\$48m).
Gross Profit	26	183	282	
EBITDA	33	300	364	
Comparative EBITDA	120	278	373	Q1 Comparative EBITDA 68% lower than the Q1 2014 driven by lower revenue and higher royalty.
Comparative (Loss) / Earnings	(12)	58	130	
Comparative EPS (Basic) (\$)	(0.02)	0.10	0.22	
Net Debt	(5,929)	(5,546)	(3,729)	

(1) Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude impacts which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. Items excluded from comparative measures include impairment charges of \$72m. A full reconciliation of Comparative EBITDA and Earnings is provided on page 29 of the Q1 2015 MD&A.



# Q1 Gross Profit

## Gross profit impacted by lower metal prices and sales volumes



# Quarterly Net Debt Movement

<b>Opening Net Debt at January 1, 2015 (\$ million)</b>	<b>(5,546)</b>
<b>Comparative EBITDA</b>	<b>120</b>
Working capital	41
Tax	(20)
Capital expenditure	(398)
Net interest paid <sup>(1)</sup>	(102)
Other	(24)
<b>Net debt movement</b>	<b>(383)</b>
<b>Closing Net Debt at March 31, 2015 (\$ million)</b>	<b>(5,929)</b>
Net Debt comprised of:	
Cash & cash equivalents <sup>(2)</sup>	373
Total debt <sup>(3)</sup>	(6,302)
Available committed undrawn debt facilities at March 31, 2015	744

(1) Includes \$100m of capitalized interest

(2) Includes \$302m cash and cash equivalents and \$71m restricted cash


(3) Includes \$281m shareholder loan from minority interest



## Zambian Developments

- On 20<sup>th</sup> April 2015 the Zambian government announced proposed amendments to the current Zambian tax and royalty regime, to be effective from July 1, 2015.
- Mineral royalties reduced to 9% and corporate tax reinstated to 30% with variable profits tax of up to 15%.

	Previous	Current	From July 1, 2015
Royalty rate	6%	20%	9%
Corporate tax	30%	0%	30%
Variable profits tax	Up to 15%	0%	Up to 15%



- Q1 2015 mineral royalties would have been \$38m lower under proposed regime.
- Will result in an increase in EBITDA at Zambian operations.
- Full year effective tax rate estimated at 20-25% under proposed regime.
- \$225m total Kansanshi VAT claims at end of March, all amounts deemed recoverable.

# 2015 Market Guidance

## Production guidance for current operations remains unchanged

### Copper production<sup>(1)</sup>

410 – 440k tonnes

### Nickel production

32 – 40k contained tonnes

### Gold production

218 – 247k ounces

### Zinc production

40 – 45k tonnes

### Palladium production

26 – 29k ounces

### Platinum production

25 – 35k ounces

## Copper C1 cost guidance unchanged

### Copper C1 cost<sup>(2)</sup>

\$1.30 – \$1.55 per lb

## Nickel C1 cost guidance unchanged

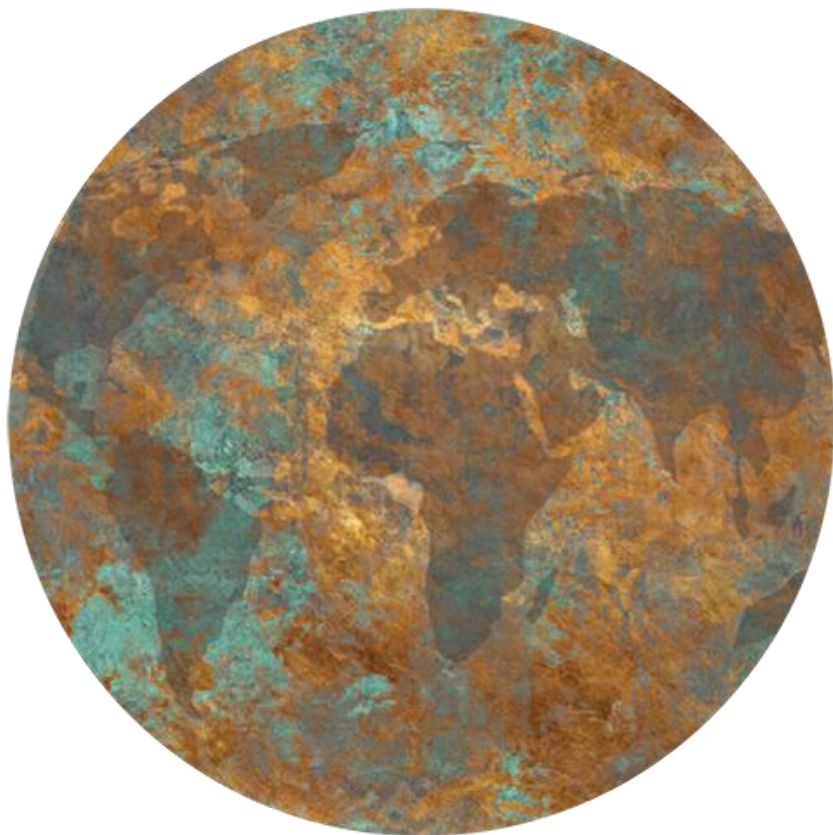
### Nickel C1 cost

\$4.80 – \$5.30 per lb

## Capital expenditure guidance

Expected total 2015 capital expenditure is approximately **\$1.4 billion**, excluding capitalization of any pre-commercial production costs, and capitalized interest (previously a range of \$1.2-1.4 billion).

- (1) Excludes Sentinel mine which is expected to produce between 120-150k tonnes copper following commissioning during the year (previous guidance was 150-200k tonnes copper).
- (2) Inclusive of post-commercial production at Sentinel.



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