FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Second Quarter – June 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 June 30		Six months ended June 30	
		2014	2013	2014	2013
Sales revenues	11	945.1	869.3	1,835.6	1,770.5
Cost of sales	12	(652.5)	(668.2)	(1,261.4)	(1,259.2)
Gross profit		292.6	201.1	574.2	511.3
Exploration		(13.2)	(15.1)	(23.4)	(24.8)
General and administrative		(29.0)	(23.8)	(58.3)	(49.5)
Acquisition transaction costs	3	-	-	-	(29.5)
Other expense		(15.4)	(8.0)	(23.4)	(10.3)
Operating profit		235.0	154.2	469.1	397.2
Finance income		7.2	6.7	18.0	13.9
Finance costs	13	(5.0)	(5.3)	(11.9)	(16.9)
Earnings before income taxes		237.2	155.6	475.2	394.2
Income taxes		(92.5)	(69.8)	(185.4)	(169.1)
Net earnings for the period		144.7	85.8	289.8	225.1
Net earnings for the period attributable to:					
Non-controlling interests		11.1	13.9	29.4	40.8
Shareholders of the Company		133.6	71.9	260.4	184.3
Earnings per common share					
Basic	10	0.23	0.12	0.44	0.35
Diluted	10	0.23	0.12	0.44	0.34
Weighted average shares outstanding (000s)					
Basic	10	587,164	587,070	587,164	532,877
Diluted	10	590,836	589,667	590,823	535,487
Total shares issued and outstanding (000s)	10	590,836	590,836	590,836	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 June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Net earnings for the period	144.7	85.8	289.8	225.1
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net earnings:				
Unrealized gain (loss) on available-for-sale investments	12.5	(14.2)	10.2	(17.9)
Reclassification to earnings of loss on available-for-sale investments (net of taxes of $1.9 million)	-	12.4	-	18.1
Tax on unrealized gain on available-for-sale investments	(1.1)	(0.9)	(1.1)	-
Comprehensive income for the period	156.1	83.1	298.9	225.3
Total comprehensive income for the period attributable to:				
Non-controlling interests	11.1	13.9	29.4	40.8
Shareholders of the Company	145.0	69.2	269.5	184.5
	156.1	83.1	298.9	225.3

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 June 30		Six months ended June 30	
	2014	2013	2014	2013
Cash flows from operating activities				
Net earnings for the period	144.7	85.8	289.8	225.1
Items not affecting cash				
Depreciation	146.5	130.0	276.0	197.4
Unrealized foreign exchange income	(0.9)	(21.3)	(1.8)	(20.5)
Tax expense	92.5	69.8	185.4	169.1
Share-based compensation expense	6.2	4.8	12.5	10.0
Net finance (income) expense	(2.2)	(1.4)	(6.1)	3.0
Reclassification to income of net loss on available-for-sale investments	-	12.4	-	18.1
Other	1.8	1.5	2.9	4.1
	388.6	281.6	758.7	606.3
Taxes paid	(65.1)	(83.5)	(161.6)	(108.9)
Change in non-cash operating working capital				
(Increase) decrease in trade, other receivables and derivatives	(103.8)	109.1	(135.1)	85.4
(Increase) decrease in inventories	(8.4)	8.0	(43.8)	50.6
Decrease in trade and other payables	(26.7)	(107.0)	(131.1)	(8.8)
Long term incentive plan contributions[1]	-	-	(12.2)	-
	184.6	208.2	274.9	624.6
Cash flows from (used by) investing activities				
Acquisition of Inmet Mining Corporation, net of cash acquired	-	(343.8)	-	(963.8)
Purchase and deposits on property, plant and equipment	(618.6)	(739.5)	(1,206.8)	(1,077.9)
Interest paid and capitalized to property, plant and equipment	(25.1)	(59.8)	(71.2)	(62.0)
Proceeds from sale of property, plant and equipment	0.3	-	1.5	0.4
Acquisition of investments	(0.4)	(2.6)	(5.7)	(6.6)
Proceeds from sale of investments	6.1	1,949.9	8.3	1,949.9
Partial repayment of ENRC promissory note	-	-	70.0	-
Prepaid interest received on ENRC promissory note	-	-	40.0	-
Interest received	0.7	2.1	20.2	17.5
	(637.0)	806.3	(1,143.7)	(142.5)
Cash flows from (used by) financing activities				
Net movement in trading facility	18.2	(3.1)	65.4	(20.1)
Proceeds from debt	1,363.0	150.0	1,952.5	2,266.4
Repayments of debt	(840.0)	(2,125.7)	(1,000.0)	(2,140.5)
Dividends paid	(50.0)	(66.4)	(50.0)	(66.4)
Dividends paid to non-controlling interests	(100.0)	-	(100.0)	-
Finance lease payments	(1.1)	(0.6)	(2.5)	(1.1)
Interest paid	(1.3)	(48.3)	(6.1)	(51.4)
Movement in restricted cash	(0.8)	(0.7)	(3.5)	(80.9)
	388.0	(2,094.8)	855.8	(94.0)
Increase (decrease) in cash and cash equivalents	(64.4)	(1,080.3)	(13.0)	388.1
Cash and cash equivalents - beginning of period	747.2	1,777.4	694.5	309.0
Exchange gains (loss) on cash and cash equivalents	(0.6)	-	0.7	-
Cash and cash equivalents - end of period	682.2	697.1	682.2	697.1

[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	June 30, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		682.2	694.5
Trade and other receivables		558.3	548.1
Inventories	4	1,174.1	1,123.6
Short term investments		-	25.0
Current portion of other assets	6	195.7	151.8
		2,610.3	2,543.0
Cash and cash equivalents - restricted cash		87.2	84.0
Non-current VAT receivable		91.6	-
Investments		72.0	58.4
Property, plant and equipment	5	13,075.3	11,986.2
Promissory note receivable	7	423.5	465.1
Goodwill	3	236.7	236.7
Other assets	6	92.4	97.8
Total assets		16,689.0	15,471.2
Liabilities			
Current liabilities			
Trade and other payables		637.6	667.8
Current taxes payable		64.2	55.3
Current debt	8	120.8	1,046.1
Current portion of provisions and other liabilities		56.9	35.7
		879.5	1,804.9
Debt	8	4,994.4	3,027.3
Provisions and other liabilities		629.7	619.5
Deferred income tax liabilities		947.6	930.9
Total liabilities		7,451.2	6,382.6
Equity			
Share capital	10	4,204.3	4,204.0
Retained earnings		3,975.6	3,765.2
Accumulated other comprehensive income (loss)		8.2	(0.9)
Total equity attributable to shareholders of the Company		8,188.1	7,968.3
Non-controlling interests		1,049.7	1,120.3
Total equity		9,237.8	9,088.6
Total liabilities and equity		16,689.0	15,471.2
Commitments	16		

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

First Quantum Minerals Ltd.

Consolidated Statement 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 June 30		Six months ended June 30	
	2014	2013	2014	2013
Share capital				
Common shares				
Balance – beginning of period	4,302.8	4,112.0	4,302.8	2,003.8
Shares issued on acquisition of Inmet, net of issue costs	-	345.2	-	2,453.4
Balance – end of period	4,302.8	4,457.2	4,302.8	4,457.2
Treasury shares				
Balance – beginning of period	(149.7)	(98.9)	(137.5)	(98.9)
Restricted and performance stock units vested	0.3	0.2	0.3	0.2
Shares purchased	-	-	(12.2)	-
Balance – end of period	(149.4)	(98.7)	(149.4)	(98.7)
Contributed surplus				
Balance – beginning of period	45.0	29.9	38.7	24.7
Share-based compensation expense for the period	6.2	4.8	12.5	10.0
Restricted and performance stock units vested	(0.3)	(0.2)	(0.3)	(0.2)
Balance – end of period	50.9	34.5	50.9	34.5
Total share capital	4,204.3	4,393.0	4,204.3	4,393.0
Retained earnings				
Balance – beginning of period	3,892.0	3,518.1	3,765.2	3,405.7
Earnings for the period attributable to shareholders of the Company	133.6	71.9	260.4	184.3
Dividends	(50.0)	(66.4)	(50.0)	(66.4)
Balance – end of period	3,975.6	3,523.6	3,975.6	3,523.6
Accumulated other comprehensive income (loss)				
Balance – beginning of period	(3.2)	(1.4)	(0.9)	(4.3)
Other comprehensive income (loss) for the period	11.4	(2.7)	9.1	0.2
Balance – end of period	8.2	(4.1)	8.2	(4.1)
Non-controlling interests				
Balance – beginning of period	1,138.6	1,728.5	1,120.3	550.4
Earnings attributable to non-controlling interests	11.1	13.9	29.4	40.8
Acquisition of Inmet	-	(659.4)	-	491.8
Dividends	(100.0)	-	(100.0)	-
Balance – end of period	1,049.7	1,083.0	1,049.7	1,083.0

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

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 Sentinel copper project in Zambia, the Cobre Panama copper project in Panama and exploring the Haquira copper deposit in Peru.

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 July 24, 2014 by the Audit Committee on behalf of the Board of Directors.

b) Changes in accounting standards

(i) New and amended standards

The following changes to IFRS and IFRICs have been adopted for these condensed interim consolidated financial statements:

- *IAS 32 - Financial Instruments Presentation*. This amendment updates the application guidance in IAS 32, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment became effective for annual periods beginning on or after January 1, 2014. This amendment does not have a material effect on the Company's consolidated financial statements.
- *IFRIC 21 – Levies*. IFRIC 21 addresses the accounting for an obligation to pay a levy that is not an income tax. The guidance addresses the accounting for a liability to pay a levy recognized in accordance with *IAS 37 - Provisions*, and the liability to pay a levy whose timing and amount is certain. The amendment became effective for annual periods beginning on or after January 1, 2014. This guidance is not expected to have a material effect on the Company's consolidated financial statements.

(ii) 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 effective date of this standard has been tentatively decided by the IASB as applicable for annual periods beginning on or after January 1, 2018.

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

- *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.

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-ration 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 Isletmeleri 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).

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

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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.

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.

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

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

	June 30, 2014	December 31, 2013
Ore in stockpiles	291.6	294.6
Work-in-progress	30.2	27.8
Finished product	374.5	338.3
Total product inventory	696.3	660.7
Consumable stores	477.8	462.9
	1,174.1	1,123.6

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

5 Property, plant and equipment

			Mineral properties and mine development costs		
	Plant and equipment	Capital work-in-progress	Operating mines	Development projects	Total
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	-	1,208.1	-	-	1,208.1
Disposals	(10.2)	-	-	-	(10.2)
Transfers between categories	79.3	(164.9)	79.5	6.1	-
Restoration provision	-	-	6.1	4.1	10.2
Capitalized interest	-	160.0	-	-	160.0
As at June 30, 2014	4,695.0	6,592.3	1,982.0	1,996.2	15,265.5
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	(184.8)	-	(101.6)	-	(286.4)
Disposals	7.4	-	-	-	7.4
As at June 30, 2014	(1,716.7)	-	(473.5)	-	(2,190.2)
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 June 30, 2014	2,978.3	6,592.3	1,508.5	1,996.2	13,075.3

During the six months ended June 30, 2014, $160.0 million of interest (six months ended June 30, 2013: $62.0 million) was capitalized relating to qualifying assets. The amount capitalized to June 30, 2014 was determined by applying the weighted average cost of borrowings of 2.19% to the accumulated qualifying expenditures on mining interests.

Included within capital work-in-progress and mineral properties – operating mines at June 30, 2014 is $92.5 million and $270.7 million respectively related to capitalized deferred stripping costs (December 31, 2013: $122.5 million and $206.6 million respectively).

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

6 Other assets

	June 30, 2014	December 31, 2013
Deposits on property, plant and equipment	20.4	25.9
Deferred income tax asset	64.5	64.8
Derivative instruments	3.8	2.5
Prepaid expenses	199.4	156.4
Total other assets	288.1	249.6
Less: current portion of other assets	(195.7)	(151.8)
	92.4	97.8
Current portion consists of:		
Derivative instruments	3.8	2.5
Prepaid expenses	191.9	149.3
	195.7	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.

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

8 Debt

		June 30, 2014	December 31, 2013
Drawn debt			
Senior notes			
First Quantum Minerals Ltd. (formerly FQM Akubra) 8.75% due 2020	a)	33.5	1,634.6
First Quantum Minerals Ltd. (formerly FQM Akubra) 7.5% due 2021	b)	1.0	536.7
First Quantum Minerals Ltd. 6.75% due 2020	c)	1,061.7	-
First Quantum Minerals Ltd. 7.00% due 2021	d)	1,061.3	-
First Quantum Minerals Ltd. 7.25% due 2019	e)	341.5	340.7
First Quantum Minerals Ltd. 7.25% due 2022	f)	836.8	-
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)	1,132.4	-
Amount owed to related party	j)	175.9	95.1
Trading facility	k)	120.8	55.5
Other		0.3	0.2
Total debt		5,115.2	4,073.4
Less: current maturities and short term debt		(120.8)	(1,046.1)
		4,994.4	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)	1,800.0	-
Trading facility	k)	134.2	74.5
Kevitsa facility	l)	-	215.0
Equipment financing	m)	100.0	-

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.

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.

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 $2.5 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.

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 MPSA and is therefore a related party. Interest is due semi-annually at an annual rate of 9%. As of June 30, 2014, the accrual for interest payable is $5.8 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.

m) Equipment financing

On April 2, 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns the Sentinel copper 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. No funds have been drawn from this facility.

9 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. During the six months ended June 30, 2014 the provision increased by $15.6 million to $499.8 million (included in provisions and other liabilities on the balance sheet) due to accretion of the liability, additional disturbance incurred during the period, and 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 and June 30, 2014	590,836

b) Earnings per share

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Basic and diluted earnings attributable to shareholders of the Company	133.6	71.9	260.4	184.3
Basic weighted average number of shares outstanding (000s of shares)	587,164	587,070	587,164	532,877
Effect of dilutive securities:				
Treasury shares	3,672	2,597	3,659	2,610
Diluted weighted average shares outstanding	590,836	589,667	590,823	535,487
Earnings per common share – basic	0.23	0.12	0.44	0.35
Earnings per common share – diluted	0.23	0.12	0.44	0.34

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.

On July 30, 2014, the Company declared an interim dividend payment of C$0.0504 per share, or $27.7 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.

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

11 Sales revenues by nature

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Copper	685.1	618.8	1,329.0	1,282.0
Nickel	147.7	129.2	293.9	269.9
Gold	66.3	74.2	122.4	158.3
Zinc	18.9	24.7	34.4	24.7
Other	27.1	22.4	55.9	35.6
	945.1	869.3	1,835.6	1,770.5

12 Cost of sales

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Costs of production	(508.4)	(534.4)	(1,014.2)	(998.0)
Depreciation	(149.9)	(124.8)	(286.4)	(194.1)
Movement in inventory	2.4	(3.8)	28.8	(63.8)
Movement in depreciation in inventory	3.4	(5.2)	10.4	(3.3)
	(652.5)	(668.2)	(1,261.4)	(1,259.2)

13 Finance costs

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Interest expense on financial liabilities measured at amortized cost	(86.3)	(61.6)	(164.1)	(73.4)
Interest expense other	(0.7)	(0.2)	(1.0)	(0.4)
Accretion on restoration provision	(3.4)	(3.3)	(6.8)	(5.1)
Total finance costs	(90.4)	(65.1)	(171.9)	(78.9)
Less: interest capitalized (note 5)	85.4	59.8	160.0	62.0
	(5.0)	(5.3)	(11.9)	(16.9)

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

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 June 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	477.3	(280.8)	(39.3)	(8.7)	148.5	(68.3)
Las Cruces	129.5	(40.3)	(42.4)	13.5	60.3	(16.1)
Guelb Moghrein	46.4	(31.1)	(5.8)	(2.2)	7.3	(1.5)
Ravensthorpe	131.2	(73.6)	(14.5)	(1.8)	41.3	(8.3)
Kevitsa	71.4	(44.4)	(15.5)	(3.7)	7.8	(4.2)
Çayeli	52.1	(24.2)	(12.8)	(1.4)	13.7	(2.9)
Pyhäsalmi	37.5	(17.4)	(14.3)	1.9	7.7	(0.9)
Corporate & other	(0.3)	5.8	(1.9)	(55.2)	(51.6)	9.7
Total	945.1	(506.0)	(146.5)	(57.6)	235.0	(92.5)

[1] Excludes intersegment revenues of $18.9 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 Sentinel and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2014. The exploration and development costs for these properties are capitalized.

For the three month period ended June 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	420.6	(226.6)	(28.0)	(7.3)	158.7	(59.4)
Las Cruces	97.2	(50.3)	(33.2)	3.7	17.4	(1.9)
Guelb Moghrein	88.8	(53.0)	(9.1)	0.8	27.5	(6.3)
Ravensthorpe	115.8	(102.6)	(13.0)	1.8	2.0	0.6
Kevitsa	46.1	(29.6)	(12.0)	(2.1)	2.4	1.5
Çayeli	56.3	(45.3)	(17.0)	3.0	(3.0)	2.6
Pyhäsalmi	30.4	(13.5)	(16.4)	0.9	1.4	0.4
Corporate & other	14.1	(17.3)	(1.3)	(47.7)	(52.2)	(7.3)
Total	869.3	(538.2)	(130.0)	(46.9)	154.2	(69.8)

[1] Excludes intersegment revenues of $27.9 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 Sentinel and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2013. The exploration and development costs for these properties are capitalized.

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

For the six month period ended June 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	907.0	(518.2)	(67.2)	(27.6)	294.0	(125.6)
Las Cruces	260.7	(85.0)	(77.6)	12.7	110.8	(30.0)
Guelb Moghrein	95.7	(64.1)	(11.6)	(4.1)	15.9	(3.5)
Ravensthorpe	250.5	(151.4)	(31.2)	(1.2)	66.7	(12.1)
Kevitsa	152.0	(97.5)	(31.4)	(4.2)	18.9	(6.2)
Çayeli	95.1	(43.8)	(22.6)	(2.8)	25.9	(6.2)
Pyhäsalmi	74.8	(31.6)	(30.3)	1.5	14.4	(2.1)
Corporate & other	(0.2)	6.2	(4.1)	(79.4)	(77.5)	0.3
Total	1,835.6	(985.4)	(276.0)	(105.1)	469.1	(185.4)

[1] Excludes intersegment revenues of $46.5 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 Sentinel and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2014. The exploration and development costs for these properties are capitalized.

For the six month period ended June 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	983.5	(511.6)	(59.0)	(9.8)	403.1	(155.4)
Las Cruces	119.3	(60.8)	(38.7)	3.6	23.4	(6.1)
Guelb Moghrein	195.6	(114.2)	(18.4)	(1.1)	61.9	(13.6)
Ravensthorpe	248.4	(211.0)	(25.9)	2.2	13.7	(2.1)
Kevitsa	85.9	(48.9)	(16.9)	(2.7)	17.4	-
Çayeli	61.3	(50.7)	(18.3)	3.0	(4.7)	1.9
Pyhäsalmi	33.1	(15.7)	(17.9)	0.8	0.3	-
Corporate & other	43.4	(48.9)	(2.3)	(110.1)	(117.9)	6.2
Total	1,770.5	(1,061.8)	(197.4)	(114.1)	397.2	(169.1)

[1] Excludes intersegment revenues of $51.6 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 Sentinel and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2013. The exploration and development costs for these properties are capitalized.

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

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2014			December 31, 2013		
	Non-current assets[1]	Total assets	Total liabilities	Non-current assets[1]	Total assets	Total liabilities
Kansanshi	2,843.0	4,037.8	1,217.5	2,550.5	3,687.7	1,334.4
Las Cruces	1,117.2	1,389.1	440.9	1,174.2	1,583.3	418.9
Guelb Moghrein	274.5	472.9	39.4	233.8	407.7	39.9
Ravensthorpe	854.3	991.8	195.1	876.2	1,007.3	179.4
Kevitsa	869.5	891.0	41.7	842.6	918.9	37.3
Sentinel	2,001.1	2,167.7	37.9	1,593.8	1,476.3	52.2
Çayeli	226.9	436.7	133.2	244.5	430.7	148.6
Pyhäsalmi	286.7	418.2	117.7	315.2	418.0	116.9
Cobre Panama	4,167.2	4,273.1	367.0	3,722.6	3,792.9	304.9
Corporate & other	671.6	1,610.7	4,860.8	669.5	1,748.4	3,750.1
Total	13,312.0	16,689.0	7,451.2	12,222.9	15,471.2	6,382.6

[1] Non-current assets exclude financial instruments and deferred tax assets. Included is $13,075.3 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 June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Kansanshi	209.6	217.9	431.6	347.2
Las Cruces	10.6	18.4	14.8	18.9
Guelb Moghrein	38.4	15.0	59.0	27.3
Ravensthorpe	1.6	11.6	4.0	18.5
Kevitsa	26.4	26.9	50.7	33.0
Sentinel	203.4	181.9	395.3	333.8
Çayeli	2.7	4.4	5.5	4.8
Pyhäsalmi	0.7	3.4	1.1	3.6
Cobre Panama	117.6	256.1	232.5	281.2
Corporate & other	7.6	3.9	12.3	9.2
Total	618.6	739.5	1,206.8	1,077.5

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

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 June 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	682.2	-	-	-	682.2	682.2
Cash and cash equivalents – restricted cash	87.2	-	-	-	87.2	87.2
Trade receivables and other prepayments [1]	374.3	-	-	-	374.3	374.3
Derivative instruments	-	-	3.8	-	3.8	3.8
Investments						
At cost [2]	-	41.3	-	-	41.3	n/a
At fair value	-	30.7	-	-	30.7	30.7
Promissory note receivable [3]	423.5	-	-	-	423.5	393.3
Financial liabilities						
Trade and other payables	-	-	-	637.6	637.6	637.6
Derivative instruments	-	-	27.5	-	27.5	27.5
Finance leases	-	-	-	37.2	37.2	37.2
Debt	-	-	-	5,115.2	5,115.2	5,379.4

[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 Eurasian Natural Resources Corporation Ltd. 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.

(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 Eurasian Natural Resources Corporation Ltd. 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 June 30, 2014, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – OTC contracts [1]	-	3.8	-	3.8
Investments [2]	30.7	-	-	30.7
Financial liabilities				
Derivative instruments – OTC contracts [1]	-	27.5	-	27.5

[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.

(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 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.
[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 June 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	65,532	3.06/lb	3.15/lb	November 2014
Nickel	3,178	8.12/lb	8.49/lb	September 2014
Gold	20,722	1,275/oz	1,314/oz	November 2014
Zinc	3,425	0.95/lb	1.00/lb	August 2014
Platinum	10,577	1,446/oz	1,481/oz	July 2014
Palladium	7,926	833/oz	844/oz	July 2014
Commodity contracts:				
Copper	58,410	3.06/lb	3.15/lb	November 2014
Nickel	3,259	8.12/lb	8.49/lb	September 2014
Gold	22,256	1,275/oz	1,314/oz	November 2014
Zinc	3,425	0.95/lb	1.00/lb	August 2014
Platinum	12,140	1,446/oz	1,481/oz	July 2014
Palladium	9,167	833/oz	844/oz	July 2014

(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 Sentinel and Cobre Panama, and other projects including the copper smelter project at Kansanshi, the Company has committed to approximately $1,339.9 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 $1.0 billion 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 June 30, 2014, the Company had accrued VAT receivable in Zambia of $213.3 million of which $121.7 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 in dispute with a third party which has made a "without prejudice" demand of approximately $80.0 million for amounts claimed to be owing following termination of their contract in the second half of 2013. The parties are in discussions regarding potential resolution of the dispute and have agreed to mediate in Q3 2014.

Cobre Panama is subject to a claim from another third party of approximately $35.0 million but has made a counterclaim greater than this amount and no loss is expected.

17 Purchase of Lumina Copper Corporation

On June 17, 2014, the Company entered into a definitive agreement to purchase all the outstanding common shares of Lumina Copper Corporation ("Lumina") in exchange for shares in First Quantum and cash consideration. The Company currently owns 2.5 million shares, or approximately 6%, of Lumina's outstanding common shares. Based on the consideration, the total value of 100% of the fully diluted common shares of Lumina at the date of the offer was approximately C$470.0 million (or US$432.9 million) with a maximum cash component of C$222.4 million (or US$204.9 million). The completion of this transaction is subject to customary closing conditions, including the receipt of required regulatory approvals.

Management's Discussion and Analysis

Second quarter ended June 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 six months ended June 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 July 30, 2014.

SUMMARIZED OPERATING AND FINANCIAL RESULTS[1]

	Three months ended June 30		**Six months ended June 30**	
(USD millions unless otherwise noted)	**2014**	**2013**	**2014**	**2013**
Copper production (tonnes)	107,808	103,694	220,926	183,002
Copper sales (tonnes)	114,449	95,491	217,235	184,600
Cash cost of copper production (C1)[2] (per lb)	$1.45	$1.34	$1.41	$1.43
Realized copper price (per lb)	$2.97	$3.10	$3.03	$3.29
Nickel production (contained tonnes)	12,223	10,875	24,061	21,947
Nickel sales (contained tonnes)	10,651	11,927	24,748	22,975
Cash cost of nickel production (C1)[2] (per lb)	$4.16	$5.45	$4.30	$5.38
Realized nickel price (per payable lb)	$8.45	$6.82	$7.38	$7.29
Gold production (ounces)	60,723	63,567	120,887	119,511
Gold sales (ounces)	60,135	59,381	113,261	118,172
Sales revenues	945.1	869.3	1,835.6	1,770.5
Gross profit	292.6	201.1	574.2	511.3
EBITDA[2]	381.5	284.2	745.1	594.6
Net earnings attributable to shareholders of the Company	133.6	71.9	260.4	184.3
Earnings per share	$0.23	$0.12	$0.44	$0.35
Diluted earnings per share	$0.23	$0.12	$0.44	$0.34
Comparative earnings[3]	133.6	103.6	260.4	257.4
Comparative earnings per share[3]	$0.23	$0.18	$0.44	$0.48

[1] Results of operations and financial results for the three and six months ended June 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 six 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*" for a reconciliation of comparative earnings.

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

SECOND QUARTER HIGHLIGHTS

Copper production 4% higher due to increased production at Las Cruces and Kansanshi

- Copper production of 107,808 tonnes increased by 4,114 tonnes over Q2 2013, reflecting a higher contribution of 3,285 tonnes at Las Cruces and 2,334 tonnes at Kansanshi, offset in part by lower production at Guelb Moghrein.

Nickel production 12% higher

- Nickel production of 12,223 tonnes increased by 1,348 tonnes over Q2 2013, due to higher production at both Ravensthorpe and Kevitsa.

Gold production 4% lower

- Gold production of 60,723 ounces in Q2 2014 reflected lower gold production at Kansanshi and Guelb Moghrein, offset in part by higher output at Kevitsa.

Sales volumes higher overall

- Sales of copper increased 20% to 114,449 tonnes, primarily reflecting an increase of 15,043 tonnes at Kansanshi compared to Q2 2013.
- Nickel sales volumes decreased 11% to 10,651 tonnes, due to lower volumes at both Ravensthorpe and Kevitsa.

Sales revenues 9% higher

- Sales revenues increased 9% to $945.1 million compared to Q2 2013, reflecting the higher copper sales volumes and 24% higher average LME nickel price, partially offset by the 5% lower average LME copper price and lower nickel sales volumes.

Copper production cash costs 8% higher

- Average copper production cash cost of $1.45 per lb increased from $1.34 per lb in Q2 2013, due primarily to higher unit cash costs at Kansanshi and Guelb Moghrein, offset partially by lower unit cash costs at Las Cruces.

Nickel production cash costs 24% lower

- Average nickel production cash cost was $4.16 per lb compared to $5.45 per lb in Q2 2013, as both Ravensthorpe and Kevitsa recorded lower average costs, primarily due to lower processing costs.

Gross profit 45% higher

- Better overall performance by the Company's operations due to increased sales volumes and lower costs overall.

(USD millions unless otherwise noted)	
Gross profit in Q2 2013	$201.1
Higher net sales volumes	46.6
Lower net realized metal prices	(2.1)
Decrease in costs excluding depreciation	19.0
Increase in depreciation	(7.6)
Non-recurring acquisition accounting adjustment in Q2 2013[1]	35.6
Gross profit in Q2 2014[2]	$292.6

[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 $13.2 million; general, administrative and other costs of $44.4 million; and adding back depreciation of $146.5 million.

EBITDA 34% higher than Q2 2013

EBITDA of $381.5 million was higher than Q2 2013, driven primarily by higher sales revenues in Q2 2014 and the impact in Q2 2013 of the acquisition of Inmet and the impairment of an investment.

Continued strong liquidity and operating cash flow

- The Company ended Q2 2014 with $682.2 million of unrestricted cash and cash equivalents in addition to $1,900.0 million of committed undrawn facilities.
- Operating cash inflows before changes in working capital and taxes paid of $388.6 million compares to $281.6 million in Q2 2013.
- 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 proceeds to be used to partially repay (without cancelling) the Company's revolving credit facility and to pay fees associated with the offering.
- During the quarter, there were no Value Added Tax ("VAT") refunds received from the Zambian Revenue Agency related to Kansanshi and the amounts due have increased by $23.1 million to $177.2 million at the end of the quarter. VAT of $91.6 million has been re-classified to non-current receivable. 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 continued at peak levels. While construction completion is expected during Q4 2014, initial commissioning activities were started in July, and will likely continue for several months.
- Construction activities at Sentinel continued at peak pace with 94% overall completion achieved by the end of the quarter. Work on the required power transmission lines continued towards completion of the first line during Q3 2014 and the second line by the end of the year. The estimated capital cost for Sentinel is unchanged at $1.9 billion. Target completion is also unchanged with staged commissioning to commence in Q3 2014.
- Work continued at Enterprise towards target construction completion in 2015.
- Detailed design was progressed at Cobre Panama with approximately 30% complete for the process plant, 95% complete for shiploading and jetty, and 80% complete for the power station. Onsite earthworks construction has progressed significantly. The site was closed for nine days in July due to a labour dispute on the implementation of a new work roster. Since re-opening on July 5, 2014, activity has ramped up to normal levels.

Other developments

- During the quarter, the Company announced that it had entered into a definitive agreement to acquire Lumina Copper Corporation ("Lumina"). Lumina's primary asset is the Taca Taca project in Argentina, a high-quality copper-gold-molybdenum porphyry deposit in an advanced exploration phase. The transaction is scheduled to close on or before August 30, 2014, after which the Company will commence a detailed review of geology, exploration and development options for the project.
- At Kevitsa, the 10 Mtpa Environmental Permit has been granted, effective from July 11, 2014. Subject to any further appeals within a 30-day period, this permit will enable Kevitsa to increase throughput to 10 Mtpa, resulting in increased production capability.
- An interim dividend of C$0.0504 per share was declared in respect of the financial year ending December 31, 2014. The dividend will be paid on September 19, 2014 to shareholders of record on August 28, 2014. The ex-dividend date is August 26, 2014.

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

OPERATIONAL OUTLOOK FOR 2014

	Copper (000's tonnes)	**Nickel (000's contained tonnes)**	**Gold (000's ounces)**	**Zinc (000's tonnes)**
Group	**418-444**	**45-48**	**221-242**	**55-60**
Kansanshi	255-270	-	150-160	-
Las Cruces	69-72	-	-	-
Guelb Moghrein	35-38	-	50-55	-
Ravensthorpe	-	36-38	-	-
Kevitsa	17-20	9-10	12-14	-
Çayeli	27-29	-	3-5	34-37
Pyhäsalmi	14-15	-	6-8	21-23

Production:

- Production guidance is set out in the above table, with an increase in nickel production guidance, a reduction in zinc production guidance and a narrowing of gold production guidance from Q1 2014.
- Palladium production expectations are unchanged at between 22,000 and 24,000 ounces, but platinum is increased from Q1 2014 to between 26,000 and 29,000 ounces.

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 is revised to approximately $2.2 billion to $2.4 billion, excluding capitalization of any pre-commercial production costs and capitalized interest.

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

OPERATIONS

Kansanshi Copper and Gold Operation	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Sulphide ore tonnes milled (000's)	2,347	2,921	5,048	5,442
Sulphide ore grade processed (%)	0.8	0.7	0.9	0.7
Sulphide copper recovery (%)	91	93	91	92
Mixed ore tonnes milled (000's)	1,770	1,866	3,086	3,794
Mixed ore grade processed (%)	1.1	1.2	1.1	1.1
Mixed copper recovery (%)	75	72	74	73
Oxide ore tonnes milled (000's)	2,448	1,739	4,371	3,333
Oxide ore grade processed (%)	1.7	2.1	1.9	2.1
Oxide copper recovery (%)	83	83	83	85
Copper production (tonnes)	66,296	63,962	136,845	127,085
Copper sales (tonnes)	73,209	58,166	136,279	129,688
Gold production (ounces)	41,760	43,117	81,494	79,983
Gold sales (ounces)	43,784	38,991	81,512	76,509
Cash costs (C1) [1] (per lb)	$1.70	$1.48	$1.63	$1.51
Total costs (C3) [1] (per lb)	$2.22	$1.94	$2.12	$1.98
Sales revenues	477.3	420.6	907.0	983.5
Gross profit	157.2	166.0	321.6	412.9
EBITDA[1]	187.8	186.7	361.2	462.1

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

During Q2 2014, Kansanshi successfully pursued the objective of reducing the level of concentrate inventory by processing increasing volumes of oxide ore.

Overall copper production was 4% higher compared to Q2 2013, due primarily to higher volume of oxide ore milled.

Sulphide concentrate production decreased 20% compared to Q2 2013, primarily as a result of increasing the milling capacity on the oxide circuit by switching milling circuits.

Copper production from the oxide circuit was 41% higher than Q2 2013, despite lower feed grades and constraints caused by reduced acid production. Additional external acid has been sourced for Q3 2014 onwards to provide flexibility. With the aim of producing an increasing amount of copper cathodes from oxide ore, production benefited from the use of the expanded oxide circuit and full utilization of high pressure leaching.

Mixed ore production was relatively consistent compared to Q2 2013. Feed grades were lower, but recovery rates were marginally higher, compared to Q2 2013.

Gold production was 3% lower than Q2 2013 as a result of a lower grade of gravity recoverable gold in the stockpiled tailings.

Cash costs were $0.22 per lb higher than Q2 2013, mainly as a result of higher mining costs and a lower gold credit. Mining costs increased by $0.13 per lb due to the relocation of waste dumps and ore reclamation from stockpiles which is necessary to expose oxide ore.

Sales revenues were 13% higher compared to Q2 2013, due primarily to a 26% overall increase in copper sales volumes. Copper cathode sales volumes were 18% lower than Q2 2013, but this was more than offset by an increase in copper concentrate sales volumes. In addition, gold sales volumes were 12% higher than Q2 2013. Sales revenues were negatively impacted by a decrease in average realized prices for both copper and gold, which flowed through to gross profit.

Outlook

Production in 2014 is expected to be between 255,000 and 270,000 tonnes of copper, and 150,000 and 160,000 ounces of gold.

Following another successful switching of operating circuits in late Q2 2014 to treat mixed ore through the higher throughput sulphide milling circuit, de-bottlenecking and optimization under higher throughput conditions is being undertaken. Consideration will be given to changing treatment rates, by again swapping circuits, on all three ore types in line with various cost and production drivers.

Incorporation of increased flotation capacity on the oxide circuit, available after the commissioning of six additional 300 cubic metre flotation cells, is planned for completion in Q3 2014. This is in line with a focus on concentrate quality improvements which form part of the objective to reduce concentrate inventory ahead of the ramp-up of the first phase of the copper smelter complex.

Projects to increase installed gravity recoverable gold extraction capacity are in progress, with additional machines installed and in the commissioning phase. Commissioning is expected to be completed in Q3 2014.

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

Las Cruces Copper Operation	Three months to June 30		Six months to June 30		
	2014	2013	2014	March 22 – June 30 2013	Full six months 2013[1]
Ore tonnes processed (000's)	372	255	747	285	560
Copper ore grade processed (%)	5.1	6.3	5.3	6.4	6.5
Copper recovery (%)	90	88	91	88	88
Copper cathode production (tonnes)	17,197	13,912	35,872	15,835	31,839
Copper cathode sales (tonnes)	18,867	13,872	37,524	16,724	31,232
Cash costs (C1) [2] (per lb)	$0.89	$1.44	$0.93	$1.44	$1.19
Total costs (C3) [2] (per lb)	$2.00	$2.36	$1.96	$2.36	$1.89
Sales revenues	129.5	97.2	260.7	119.3	233.2
Gross profit	46.8	13.7	98.1	19.8	83.2
EBITDA[2]	102.7	50.6	188.5	62.1	138.7

[1] Results from the Las Cruces mine are only 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 increased by 24% in Q2 2014 compared to Q2 2013, partly due to the leach reactor fire which significantly impacted production in the comparative period. Better overall copper recovery, higher throughput and a more stable underlying plant performance in the second quarter were partly offset by lower grade, in keeping with the life-of-mine reserve grade.

Cash costs in the second quarter were $0.55 per lb lower than Q2 2013, with processing costs benefiting from higher production.

The 33% higher sales revenues in comparison to Q2 2013 were driven by an increase in copper cathode sales volumes, partially offset by lower realized copper prices, both of which flowed through to gross profit. Operating costs in the quarter also benefited from improvements in plant processing, lower electricity prices and cost reduction initiatives. Gross profit in Q2 2013 was reduced by the recognition of $8.6 million of non-recurring acquisition accounting fair value adjustments to inventory.

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 ready to be commissioned early in Q3 2014 and a number of minor projects completed. The latest production stress tests have successfully demonstrated 215 tonnes per hour ball mill throughput rates, which would allow production rates to be maintained despite the expected decline in head grade. Other projects focused on improving leaching recovery and reducing copper losses post-leaching have also been successfully progressed. As a result, leaching recovery is consistently 3% to 4% higher than previous levels and overall recovery has increased as a result.

The infill drilling project, to continue upgrading knowledge of the resource model, is coming to completion with more than 10,000 metres drilled to date, and includes confirmation drilling of the primary massive sulphide resource as well as exploration holes for additional secondary mineralization in close proximity to the existing facilities.

The approval of the southern waste dump extensions permit was finalized with central and regional governments during Q2 2014 and that dump location is now in operation.

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

Guelb Moghrein Copper and Gold Operation	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Sulphide ore tonnes milled (000's)	729	743	1,467	1,439
Sulphide ore grade processed (%)	1.2	1.5	1.2	1.5
Sulphide copper recovery (%)	92	95	93	95
Copper production (tonnes)	8,069	10,734	16,916	20,434
Copper sales (tonnes)	6,064	10,706	12,424	21,694
Gold production (ounces)	12,256	15,572	26,105	31,762
Gold sales (ounces)	9,488	15,712	18,563	35,174
Cash costs (C1) [1] (per lb)	$1.87	$1.36	$1.71	$1.38
Total costs (C3) [1] (per lb)	$2.62	$1.92	$2.40	$1.97
Sales revenues	46.4	88.8	95.7	195.6
Gross profit	9.5	26.7	20.0	63.0
EBITDA[1]	13.1	36.6	27.5	80.3

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

Copper production was 25% below that of Q2 2013 with lower feed grade and recovery rates, in part due to processing ore with a lower copper-to-arsenic ratio in Q2 2014.

Cash costs increased by $0.51 per lb in comparison to Q2 2013, primarily due to a $0.40 per lb increase in mining costs on account of the lower copper production.

Sales revenues and gross profit decreased by 48% and 64%, respectively, compared to Q2 2013, reflecting lower sales volumes and average realized prices for both copper and gold.

Outlook

Copper production in 2014 is expected to be between 35,000 and 38,000 tonnes of copper metal in concentrate. Gold in copper concentrate production is expected to be between 50,000 and 55,000 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 due to be completed late in Q3 2014. After commissioning, production is expected to ramp up to a rate of 1 Mtpa by the end of 2014.

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

Ravensthorpe Nickel Operation	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Beneficiated ore tonnes processed (000's)	828	754	1,589	1,444
Beneficiated ore grade processed (%)	1.5	1.6	1.6	1.6
Nickel recovery (%)	83	81	84	83
Nickel production (contained tonnes)	9,611	8,919	18,981	17,942
Nickel sales (contained tonnes)	8,825	9,902	19,245	19,935
Nickel production (payable tonnes)	7,528	6,818	14,794	13,769
Nickel sales (payable tonnes)	6,879	7,496	14,921	15,109
Cash costs (C1) [1] (per lb)	$4.26	$5.65	$4.14	$5.50
Total costs (C3) [1] (per lb)	$5.66	$6.90	$5.52	$6.75
Sales revenues	131.2	115.8	250.5	248.4
Gross profit	43.1	0.2	67.9	11.5
EBITDA[1]	55.8	15.0	97.9	39.6

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

Strong operations seen in Q1 2014 continued in the quarter with production increasing 8% compared to Q2 2013, primarily as a result of increased throughput and improved recoveries, with a partial offset from lower grade. Crushing and beneficiation plants have operated well during the quarter. The acid plant has also operated well with continued efficient use of power distribution and reduced diesel consumption. Statutory compliance checks on the desalination units and compressor pressure safety valves were successfully completed.

Cash costs were $1.39 per lb lower compared to Q2 2013, primarily due to processing costs reducing by $1.01 per lb in addition to lower mining costs, site administration expenses, freight charges and a higher cobalt credit. Processing efficiencies were achieved mainly from workforce efficiencies, lower cost of sulphur and the benefit of higher production.

Sales revenues in the quarter were 13% higher than Q2 2013. The $42.9 million improvement in gross profit was derived from an increased realized nickel price, a higher nickel payable and processing cost savings compared to Q2 2013.

Outlook

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

Beneficiation and atmospheric leach circuit developments and enhancements remain a major focus and have resulted in higher throughputs and utilization as efforts continue to optimize cyclone efficiencies, density control, mass recoveries and reduce flocculent consumptions in the beneficiation and counter-current decant washing circuits.

Cost saving opportunities are currently being implemented site-wide and will remain a critical focus for the operation in 2014. The cost of operations is highly leveraged to the price of sulphur, which has experienced an upward trend during Q2 2014.

Mechanical installation on the new limestone ball mill is ongoing with good progress. Major repairs to one evaporation pond were completed during the quarter and another repair is underway. The design of the raising of a tailings embankment is in progress.

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

Kevitsa Nickel-Copper-PGE[1] Operation	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Ore tonnes milled (000's)	1,809	1,456	3,336	2,968
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2
Nickel recovery (%)	61	61	63	62
Nickel production (tonnes)	2,611	1,956	5,080	4,005
Nickel sales (tonnes)	1,825	2,025	5,502	3,040
Copper ore grade processed (%)	0.3	0.3	0.3	0.3
Copper recovery (%)	89	83	89	82
Copper production (tonnes)	4,648	3,559	8,636	6,740
Copper sales (tonnes)	5,787	2,905	11,024	5,639
Gold production (ounces)	3,514	2,714	6,543	5,333
Platinum production (ounces)	9,210	6,161	18,067	12,994
Palladium production (ounces)	7,000	4,903	13,485	10,635
Nickel cash costs (C1) [2] (per lb)	$4.02	$4.71	$4.82	$5.02
Nickel total costs (C3) [2] (per lb)	$5.13	$6.50	$5.89	$6.55
Copper cash costs (C1) [2] (per lb)	$0.97	$1.78	$1.22	$1.85
Copper total costs (C3) [2] (per lb)	$1.66	$2.59	$1.96	$2.66
Sales revenues	71.4	46.1	152.0	85.9
Gross profit	11.5	4.5	23.1	20.1
EBITDA[2]	23.3	14.4	50.3	34.3

[1] Platinum-group elements ("PGE").

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

Nickel production increased 33% in Q2 2014 compared to Q2 2013, following a three-week maintenance shutdown that impacted throughput in the prior year quarter. In addition, throughput in Q2 2014 benefited from the installation of the second motor on the secondary mill and conversion from pebble to ball milling.

Copper production increased 31% in Q2 2014 compared to Q2 2013, with higher throughput reflecting the shutdown in Q2 2013 and higher copper recoveries arising from improvements made to the flotation circuit since Q2 2013.

Nickel cash costs decreased by $0.69 per lb compared to Q2 2013, due primarily to lower contractor and maintenance costs within processing and the benefit of higher production levels. Copper cash costs decreased by $0.81 per lb compared to Q2 2013, due to lower processing costs, higher production and higher by-product credits.

Sales revenues increased 55% compared to Q2 2013, due to higher nickel prices and copper sales volumes, partially offset by lower nickel sales volumes and lower copper prices. The higher sales revenues flowing through to gross profit were partially offset by a higher depreciation charge on mineral properties in line with an increase in copper sales in the current quarter.

Outlook

Production for 2014 is expected to be between 17,000 and 20,000 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.

Completion of the secondary mill conversion to a ball mill in early Q2 2014 has resulted in an increase in nickel and copper throughput compared to Q1 2014. The focus in Q3 2014 is to complete the optimization of the ball mill to improve flotation feed particle size distribution and benefit nickel recovery. Other process upgrades and improvements in progress since 2013, with a particular focus on nickel recovery, are planned to be commissioned during the second half of 2014. The Finnish permitting authority (PSAVI) issued the 10 Mtpa Environmental Permit effective from July 11, 2014. Subject to any further appeals within a 30-day period, this permit will enable Kevitsa to increase throughput to 10 Mtpa, resulting in increased production capability.

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

Çayeli Copper and Zinc Operation	Three months to June 30		Six months to June 30		
	2014	2013	2014	March 22 – June 30 2013	Full six months 2013[1]
Ore tonnes milled (000's)	332	333	669	370	656
Copper ore grade processed (%)	3.0	3.2	2.8	3.2	3.2
Copper recovery (%)	83	76	82	76	77
Zinc ore grade processed (%)	3.8	5.1	4.1	5.1	4.9
Zinc recovery (%)	62	68	64	68	68
Copper production (tonnes)	8,229	8,089	15,371	8,998	15,962
Copper sales (tonnes)	7,264	6,866	12,975	7,608	14,946
Zinc production (tonnes)	7,898	11,665	17,689	12,772	21,914
Zinc sales (tonnes)	9,069	14,105	17,708	14,105	21,278
Cash costs (C1) [2] (per lb)	$0.80	$0.11	$0.78	$0.31	$0.55
Total costs (C3) [2] (per lb)	$1.63	$1.13	$1.67	$1.13	$1.35
Sales revenues	52.1	56.3	95.1	61.3	121.6
Gross profit (loss)	15.1	(6.0)	28.7	(7.7)	23.6
EBITDA[2]	26.5	14.0	48.5	13.6	48.0

[1] Results from the Çayeli mine are only 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 increased by 2% from Q2 2013 due to increased copper recovery, partially offset by lower copper grade. Increased mining in the footwall zone, where the stockwork ore is more amenable to processing, contributed to the improved results. Zinc production declined by 32% compared to Q2 2013, primarily due to a lower zinc grade and reduced recovery.

Cash costs in Q2 2014 increased by $0.69 per lb from Q2 2013, due primarily to lower by-product credits as a result of lower zinc sales volumes, partially offset by a lower cost base arising from the US dollar appreciating against the Turkish Lira since Q2 2013.

Sales revenues declined by 7% from Q2 2013, due to lower realized copper and zinc prices, and a reduction in zinc sales volumes. These factors were partially offset by higher copper sales volumes. Gross profit in Q2 2013 was reduced by the recognition of $24.1 million of non-recurring acquisition accounting fair value adjustments to inventory.

Outlook

Production in 2014 is expected to be between 27,000 and 29,000 tonnes of copper and between 34,000 and 37,000 tonnes of zinc. Copper grade is expected to decline compared to 2013, but should be more than offset by an improved recovery. Zinc grade is expected to decline compared to 2013 but throughput is expected to remain steady.

With two ore passes now in operation, the mine should benefit from improved materials handling flexibility, allowing for targets to be consistently achieved. The processing of stockwork mineral reserves in the current mine plan is resulting in improved copper recoveries and, given the relative ease with which this ore can be processed, the opportunity to increase the stockwork reserves and mill throughput will be further investigated.

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

Pyhäsalmi Copper and Zinc Operation	Three months to June 30		Six months to June 30		
	2014	2013	2014	March 22 – June 30 2013	Full six months 2013[1]
Ore tonnes milled (000's)	347	340	689	379	686
Copper ore grade processed (%)	1.0	1.1	1.1	1.1	1.1
Copper recovery (%)	96	95	96	96	96
Zinc ore grade processed (%)	1.9	1.3	1.8	1.3	1.6
Zinc recovery (%)	91	90	91	90	91
Copper production (tonnes)	3,369	3,438	7,286	3,911	7,800
Copper sales (tonnes)	3,259	2,977	7,009	3,248	6,724
Zinc production (tonnes)	5,889	3,954	10,939	4,437	10,138
Zinc sales (tonnes)	6,351	3,935	10,570	4,079	10,673
Pyrite production (tonnes)	224,388	211,444	421,272	232,631	401,399
Pyrite sales (tonnes)	216,244	110,777	408,045	121,730	225,255
Cash costs (C1) [2] (per lb)	$0.18	$0.30	$0.36	$0.30	($0.17)
Total costs (C3) [2] (per lb)	$2.24	$2.53	$2.40	$2.53	$1.06
Sales revenues	37.5	30.4	74.8	33.1	78.0
Gross profit (loss)	5.8	0.5	12.9	(0.5)	32.6
EBITDA[2]	22.0	17.8	44.7	18.2	49.0

[1] Results from the Pyhäsalmi mine are only 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 2% in Q2 2014 compared to Q2 2013, due to a lower copper grade, partially offset by slightly higher throughput and recovery.

Zinc production increased by 49% in Q2 2014 compared to Q2 2013, due to the combination of higher zinc grade, recovery and throughput. The zinc grade was particularly low in Q2 2013 due to the deferral of mining zinc rich stopes.

Cash costs in Q2 2014 declined by $0.12 per lb from the Q2 2013 level, on improved processing costs and higher zinc and pyrite by-product credits.

Sales revenues for the quarter increased by 23% compared to Q2 2013, driven by higher copper, zinc and pyrite sales volumes, which were partially offset by 30% lower realised pyrite prices. The increase in gross profit was attributable to the higher sales revenues and lower operating cost. Gross profit in Q2 2013 was reduced by the recognition of $2.9 million of non-recurring acquisition accounting fair value adjustments to inventory.

<u>Outlook</u>

Production in 2014 is expected to be between 14,000 and 15,000 tonnes of copper and 21,000 and 23,000 tonnes of zinc. Pyrite production is expected to be approximately 800,000 tonnes.

Managing ore and waste subsidence within the ore body and controlling the deteriorated northern contact zone, combined with minimizing underground voids with timely backfill placement, will be necessary to achieve the planned production.

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 by over 65%, into a complex capable of processing 2 Mtpa of copper concentrate. While planning and scoping of the expansion 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.

With detailed design work completed, and essentially all equipment and materials on site, the focus is on site construction and parallel commissioning activities to advance the completion schedule on two shifts. Site construction remains at peak pace with strong progress of around 8% per month being achieved in May and June, and the project achieving 78% overall completion. While construction completion is expected during Q4 2014, initial commissioning activities were started in July, and will likely continue for several months. At completion, it is anticipated that capital expenditure for Phase 1, together with some infrastructure and components shared with the eventual expansion to 2 Mtpa, will 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 Q2 2014, construction activities maintained peak pace and, at the end of the quarter, Sentinel passed 21.5 million man hours worked and achieved 94% overall project completion. Milestones as at the end of Q2 2014 include: 131,000 cubic metres of concrete poured, 98% of project steel on site, with 89% of the site steel erected; erection of all four mills and mill drives are completed. The Chisola raw water coffer dam and inlet water pipelines are completed and the raw water line to the plant site is being commissioned. Commissioning of process plant equipment, including thickeners, flotation cells and potable water systems are all underway. Construction disciplines are fully engaged with the commissioning effort on site. Housing and infrastructure works are 95% complete according to schedule. Mining fleet assembly is progressing well ahead of schedule and 99% complete. The first in-pit crusher is scheduled to undergo dry commissioning early in Q3 2014.

Power transmission line works continue with partners ZESCO Limited and the Company's construction contractors. Stringing of the powerline conductors from the Lumwana mine has progressed well, and will provide the first 90 megawatts of power to the site during Q3 2014 to support the crusher and mill commissioning activities. This will allow continuous operation of the first milling train by Q4 2014. Construction works are in progress on the longer powerline to Lusaka West and Mumbwa for the supply of the full electrical demand at Sentinel, and the contracted completion date for this section is the end of 2014.

Sentinel continues to perform strongly on its capital cost and schedule targets. Capital cost is estimated at $1.9 billion, and the target completion date is unchanged with staged commissioning of milling scheduled to commence from Q3 2014.

Environmental approval for Enterprise nickel, located approximately 12 kilometres north-west of Sentinel, is under application. Engineering design is complete, the SAG and ball mill foundations are complete and the mechanical erection of the SAG mill is underway. Concrete works for the stockpile feed conveyor vault are well-advanced with supporting earthworks underway. Construction is scheduled to be completed in early 2015, with commissioning during the year. The processing plant area under construction for future Enterprise ore will be commissioned and run on Sentinel ore until the Enterprise mine is approved.

Cobre Panama project, Panama

Detailed design continued in accordance with the engineering schedule, and with a focus on progressing the key process plant areas. Concept reviews for all major process plant facilities have been completed and detailed design for these facilities was well progressed by the end of the quarter. Overall detailed design is approaching 30% complete for the process plant and port process facilities, 95% 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.
Steel fabrication for process plant commenced and is scheduled to ramp up through Q3 2014.

Site work made good progress during the quarter with the bulk earthworks for the port area/power station at approximately 50% complete and the process plant at approximately 25% complete. 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. Both areas will provide access for concrete construction commencement in Q3 2014. The tailings dam embankment construction continues with additional work fronts opening up.

Construction erection of the concrete batch plants and aggregate crushing plants are in progress, to allow powerstation and process plant concrete construction beginning during Q3 2014. Construction of the vessel berthing facility at the port progressed well with planned completion during Q3 2014. Road works and road improvements continued in and around the site, with sealing of specific roads also undertaken.

The site was closed for nine days in July due to a labour dispute on the implementation of a new work roster. Since re-opening on July 5, 2014, activity has ramped up to normal levels. Negotiations with the unions have been progressing well and a new work roster of 16 days of work with 5 days off, which was proposed by management, has been agreed to by both unions.

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 10 years; approximately 17% higher than the Inmet plan. Provision has been made for further expansion up to 100 Mtpa beyond Year 10. 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 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. Evaluation drilling was completed on a silica resource for the Kansanshi smelter and two new copper targets are the subject of reconnaissance drill programs on the Kipushi License, approximately 100 kilometres east of Kansanshi.

At Trident, exploration drilling was suspended in June in order to focus on regional opportunities elsewhere in Zambia. Several recently-drilled prospects with nickel and copper intercepts remain to be followed up by a mine-based exploration team in the future. Detailed structural interpretation of Enterprise was completed and is being integrated into a revised resource model. A pre-mining definition drill program is proposed for Enterprise later in 2014 and will be conducted by exploration personnel for the Trident project.

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 major grassroots program focused on sediment-hosted copper is in progress on the Tsodilo Resources Ltd. joint operations area in the north of the country. Wide-spaced reconnaissance drilling has now largely been completed over preferred stratigraphy highlighted by airborne surveys. Drilling is now focused on testing structural and geochemical targets within the prospective package.

On the Dablo project in Burkina Faso, diamond drilling was completed on one of several nickel-copper targets; assay results are awaited.

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 significant intercept of Kevitsa-style disseminated copper-nickel mineralization was reported approximately 2 kilometres south of the current Kevitsa pit, which will be the subject of follow-up drilling and geophysics. In Turkey, at Çayeli, surface and underground drilling is currently in progress, testing recently-defined targets.

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. Follow-up drill programs are planned in the next quarter.

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 local communities are underway and are anticipated to be well-advanced by Q4 2014. The workplan for the remainder of 2014 includes the identification and definition of basic engineering concepts for the environmental impact assessment.

Elsewhere in Peru, drilling recommenced on the Dolores joint operation with Zincore Metals Inc., where several areas of potential have been highlighted in recent geochemistry and mapping.

In Chile, the Mirasol Resources Ltd. joint operation completed detailed geochemistry and mapping on the Rubi property. Ground geophysical surveys are currently in progress to confirm targets for drill testing in the next quarter. Access to two further early stage projects in central Chile is in advanced negotiation.

Corporate development

During the quarter, the Company announced that it had entered into a definitive agreement to acquire 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 that fits well with the Company's growth strategy and complements the otherwise generally early stage exploration portfolio.

Taca Taca currently has a reported National Instrument 43-101 compliant indicated mineral resource estimate of approximately 21.15 billion pounds of copper (9.6 million tonnes of copper) contained in 2.17 billion tonnes grading 0.44% copper, 0.08g/t gold and 0.013% molybdenum (0.57% copper equivalent) and an inferred mineral resource estimate of approximately 7.55 billion pounds of copper (3.4 million tonnes of copper) contained in 921 million tonnes grading 0.37% copper, 0.05g/t gold and 0.012% molybdenum (0.47% copper equivalent), using a 0.3% copper equivalent cut-off. These estimates are defined by 148,000 metres of drilling. The deposit remains open in some areas to depth and along the southern boundary of the northeastern limb.

Based upon the consideration, the total value of 100% of the fully-diluted common shares of Lumina was approximately C$470.0 million (or US$432.9 million) as at the date of the offer, with a maximum cash component of C$222.4 million (or US$204.9 million). First Quantum currently owns 2.5 million shares, or approximately 6%, of Lumina's outstanding common shares. The transaction is expected to close on or before August 30, 2014, after which the Company plans to commence a detailed review of geology, exploration and development options for the project.

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

SALES REVENUES

		Three months ended June 30		Six months ended June 30	
		2014	2013	2014	2013[1]
Kansanshi	- copper	429.4	373.6	819.0	883.7
	- gold	47.9	47.0	88.0	99.8
Las Cruces	- copper	129.5	97.2	260.7	119.3
Guelb Moghrein	- copper	35.1	67.3	73.8	145.1
	- gold	11.3	21.5	21.9	50.5
Ravensthorpe	- nickel	127.7	113.5	243.2	244.0
	- cobalt	3.5	2.3	7.3	4.4
Kevitsa	- nickel	20.1	15.7	50.8	25.9
	- copper	32.8	17.1	63.5	36.4
	- gold, PGE and cobalt	18.5	13.3	37.7	23.6
Çayeli	- copper	38.3	33.3	69.7	38.4
	- zinc, gold and silver	13.8	23.0	25.4	22.9
Pyhäsalmi	- copper	19.9	17.0	42.2	19.7
	- zinc	8.4	5.3	13.8	5.3
	- pyrite, gold and silver	9.2	8.1	18.8	8.1
Corporate and other		(0.3)	14.1	(0.2)	43.4
		945.1	869.3	1,835.6	1,770.5

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

Q2 2014 total sales revenues were 9% or $75.8 million higher than the same quarter in the prior year. The increase was driven by higher copper sales volumes at Kansanshi and Las Cruces, as a result of higher production at both locations, as well as the impact of the higher realized nickel price at Ravensthorpe and Kevitsa. These positive factors were partially offset by a 6% lower net realized copper price during the second quarter of 2014.

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 June 30		Six months ended June 30	
	2014	2013	2014	2013
Average LME cash price	3.08	3.24	3.14	3.42
Realized copper price	2.97	3.10	3.03	3.29
Treatment/refining charges ("TC/RC") and freight charges	(0.26)	(0.23)	(0.26)	(0.24)
Net realized copper price	2.71	2.87	2.77	3.05

Nickel selling price (per lb)	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Average LME cash price	8.38	6.78	7.49	7.32
Realized nickel price per payable lb	8.45	6.82	7.38	7.29
TC/RC charges	(0.41)	(0.55)	(0.52)	(0.44)
Net realized nickel price per payable lb	8.04	6.27	6.86	6.85

SUMMARY FINANCIAL RESULTS

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013[1]
Gross profit (loss)				
Kansanshi	157.2	166.0	321.6	412.9
Las Cruces	46.8	13.7	98.1	19.8
Guelb Moghrein	9.5	26.7	20.0	63.0
Ravensthorpe	43.1	0.2	67.9	11.5
Kevitsa	11.5	4.5	23.1	20.1
Çayeli	15.1	(6.0)	28.7	(7.7)
Pyhäsalmi	5.8	0.5	12.9	(0.5)
Other	3.6	(4.5)	1.9	(7.8)
Total gross profit	292.6	201.1	574.2	511.3
Exploration	(13.2)	(15.1)	(23.4)	(24.8)
General and administrative	(29.0)	(23.8)	(58.3)	(49.5)
Acquisition transaction costs	-	-	-	(29.5)
Other expenses	(15.4)	(8.0)	(23.4)	(10.3)
Net finance income (costs)	2.2	1.4	6.1	(3.0)
Income taxes	(92.5)	(69.8)	(185.4)	(169.1)
Net earnings for the period	144.7	85.8	289.8	225.1
Net earnings for the period attributable to:				
Non-controlling interests	11.1	13.9	29.4	40.8
Shareholders of the Company	133.6	71.9	260.4	184.3
Comparative earnings	133.6	103.6	260.4	257.4
Earnings per share				
Basic	$0.23	$0.12	$0.44	$0.35
Diluted	$0.23	$0.12	$0.44	$0.34
Comparative	$0.23	$0.18	$0.44	$0.48
Basic weighted average number of shares (in ‘000s)	587,164	587,070	587,164	532,877

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

Gross profit for Q2 2014 was 45% or $91.5 million higher than the same period in 2013. Included in the Q2 2013 results was $35.6 million of fair value adjustments related to inventory purchased as part of the Inmet acquisition; this had been completely depleted by Q2 2014. The improvement year-over-year reflects stronger results from Ravensthorpe, Las Cruces, Çayeli, Kevitsa and Pyhäsalmi.

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

Exploration costs include the Company's exploration program and investments in option agreements. Exploration costs in Q2 2014 were 13% lower than in Q2 2013 and comprised primarily of:

- $2.7 million in Finland and Sweden
- $2.5 million in Botswana
- $1.6 million in Zambia
- $1.2 million in Chile
- $1.0 million in Peru

General and administrative costs were 22% higher than in Q2 2013, reflecting the additional costs of the corporate offices required to support the Company's expanding asset base.

Income taxes for the quarter of $92.5 million amount to an effective income tax rate of approximately 39% of earnings, which is comparable to the rate of 40% (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.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30		Six months ended June 30	
	2014	**2013**	**2014**	**2013**
Cash flows from operating activities				
- before changes in working capital and tax paid	388.6	281.6	758.7	606.3
- after changes in working capital and tax paid	184.6	208.2	274.9	624.6
Cash flows from investing activities				
Payments and deposits for property, plant and equipment	(618.6)	(739.5)	(1,206.8)	(1,077.9)
Capitalized borrowing costs paid in cash	(25.1)	(59.8)	(71.2)	(62.0)
Acquisition of Inmet, net of cash acquired	-	(343.8)	-	(963.8)
Partial repayment and prepaid interest from ENRC	-	-	110.0	-
Sale of investments acquired from Inmet	-	1,949.9	-	1,949.9
Other investing activities	6.7	(0.5)	24.3	11.3
Cash flows from financing activities	388.0	(2,094.8)	855.8	(94.0)
Exchange gains (loss) on cash and cash equivalents	(0.6)	-	0.7	-
Net cash inflows (outflows)	(65.0)	(1,080.3)	(12.3)	388.1
Cash balance	682.2	697.1	682.2	697.1
Cash balance including restricted cash	769.4	778.0	769.4	778.0
Total assets	16,689.0	14,117.5	16,689.0	14,117.5
Total current liabilities	879.5	945.2	879.5	945.2
Total long-term liabilities	6,571.7	4,176.8	6,571.7	4,176.8
Cash flows from operating activities per share[1]				
before working capital (per share)	$0.66	$0.48	$1.29	$1.14
after working capital (per share)	$0.31	$0.35	$0.47	$1.17

[1] Cash flows per share is not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

Q2 2014 operating cash flows before changes in working capital and taxes paid are higher than the same period last year by $107.0 million, or 38%, due mainly to higher copper sales volumes, a 24% higher realized nickel price and a 24% lower C1 nickel cash cost.

Changes in working capital during Q2 2014 resulted in a reduction of cash of $204.0 million which includes $65.1 million in taxes that the Company paid during the quarter. Constraints in smelter capacity in Zambia continue to affect inventory levels.

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

Higher inventory at Kansanshi and Guelb Moghrein was offset by lower inventory held at other sites for a net outflow of $8.4 million related to inventory during Q2 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. 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 June 30, 2014 is $213.3 million, of which $177.2 million relates to Kansanshi. The Kansanshi VAT claims made in 2013 total $91.6 million and have been classified on the balance sheet at June 30, 2014 as non-current.

Capital expenditure, excluding capitalized interest, on the Company's key development projects totalled $618.6 million for the quarter and comprised primarily:

- $203.4 million at Trident, including deposits, for site development and long-lead plant and mine equipment
- $209.6 million at Kansanshi for the smelter project and mine pit development costs
- $117.6 million at Cobre Panama for project development

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 Q2 2014 include dividend payments to shareholders of the Company of $50.0 million as well as dividends paid to ZCCM Investment Holdings PLC, the non-controlling interest in Kansanshi, of $100.0 million. Financing activities also include drawdowns of the Company's senior debt facility and on the related party loan with Korea Panama Mining Corporation ("KPMC"), the holder of the non-controlling interest in Cobre Panama.

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

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt	5,115.2	7,454.9	434.4	816.8	2,133.1	4,070.6
Trade and other payables	637.6	637.6	637.6	-	-	-
Current taxes payable	64.2	64.2	64.2	-	-	-
Deferred payments	33.5	33.5	3.4	3.4	3.4	23.3
Finance leases	37.2	53.4	5.9	11.6	10.3	25.6
Commitments	-	1,339.9	1,181.0	126.6	12.0	20.3
Restoration provisions	499.8	569.6	8.3	7.7	9.0	544.6
Total	6,387.5	10,153.1	2,334.8	966.1	2,167.8	4,684.4

During the first half of 2014, the Company advanced a significant financing plan to support the significant capital expansion and development program underway. Progress during Q2 2014 included:

- $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 will be 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

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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.

Progress during Q1 2014 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”).

At June 30, 2014, the Company had committed undrawn facilities totaling $1,900.0 million. The Company had total commitments of $1,339.9 million, of which approximately $1,181.0 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 significant capital expansion and development program, and the expected completion of the acquisition of Lumina Copper Corporation, is expected to be funded using available unrestricted cash of $682.2 million as at June 30, 2014, available committed debt facilities, as detailed above, and future cash flows.

Hedging program

As at June 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	65,532	3.06/lb	3.15/lb	November 2014
Nickel	3,178	8.12/lb	8.49/lb	September 2014
Gold	20,722	1,275/oz	1,314/oz	November 2014
Zinc	3,425	0.95/lb	1.00/lb	August 2014
Platinum	10,577	1,446/oz	1,481/oz	July 2014
Palladium	7,926	833/oz	844/oz	July 2014
Commodity contracts:				
Copper	58,410	3.06/lb	3.15/lb	November 2014
Nickel	3,259	8.12/lb	8.49/lb	September 2014
Gold	22,256	1,275/oz	1,314/oz	November 2014
Zinc	3,425	0.95/lb	1.00/lb	August 2014
Platinum	12,140	1,446/oz	1,481/oz	July 2014
Palladium	9,167	833/oz	844/oz	July 2014

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

	June 30, 2014	December 31, 2013
Commodity contracts:		
Asset position	$3.8	$2.5
Liability position	(27.5)	(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 June 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 590,836,559 shares outstanding.

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

SUMMARY OF RESULTS

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

Consolidated operating statistics	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Sales revenues											
Copper	$559.1	$571.7	$2,232.2	$663.2	$618.8	$663.6	$644.1	$2,589.7	$643.9	$685.1	$1,329.0
Nickel	88.3	100.0	396.5	140.7	129.2	123.2	138.3	531.4	146.2	147.7	293.9
Gold	68.8	94.8	296.4	84.1	74.2	66.9	56.6	281.8	56.1	66.3	122.4
PGE and other elements	8.6	8.1	25.3	13.2	47.1	31.7	58.0	150.0	44.3	46.0	90.3
Total sales revenues	724.8	774.6	2,950.4	901.2	869.3	885.4	897.0	3,552.9	890.5	945.1	1,835.6
Gross profit	261.0	295.0	1,101.0	310.2	201.1	303.1	319.4	1,133.8	281.6	292.6	574.2
EBITDA[1]	276.2	309.7	2,361.2	310.4	284.2	393.1	364.2	1,351.9	363.6	381.5	745.1
Net earnings attributable to shareholders of the Company	107.3	186.7	1,772.9	112.4	71.9	143.0	131.3	458.6	126.8	133.6	260.4
Comparative earnings[2]	107.3	186.7	555.0	153.8	103.6	143.6	133.8	539.4	126.8	133.6	260.4
Basic earnings per share	$0.23	$0.39	$3.74	$0.23	$0.12	$0.24	$0.22	$0.82	$0.22	$0.23	$0.44
Comparative earnings per share	$0.23	$0.39	$1.17	$0.32	$0.18	$0.24	$0.23	$0.96	$0.22	$0.23	$0.44
Diluted earnings per share	$0.23	$0.39	$3.72	$0.23	$0.12	$0.24	$0.22	$0.81	$0.21	$0.23	$0.44
Dividends declared per common share ($CDN per share)	$0.0603	-	$0.1880	$0.1147	-	$0.0583	-	$0.1730	$0.0930	-	$0.0930
Basic weighted average # shares (000's)[3]	473,776	473,718	473,893	478,056	587,070	587,625	587,456	560,009	587,191	587,164	587,164
Cash flows from operating activities											
Before working capital movements	$0.60	$0.67	$2.46	$0.68	$0.48	$0.70	$0.72	$2.57	$0.63	$0.67	$1.30
After working capital movements	($0.21)	$0.15	$0.72	$0.87	$0.35	$0.08	$0.34	$1.55	$0.15	$0.32	$0.47
Copper statistics											
Total copper production (tonnes)	84,144	84,918	307,115	79,308	103,694	114,488	114,791	412,281	113,118	107,808	220,926
Total copper sales (tonnes)	77,396	77,570	295,466	89,109	95,491	105,859	95,598	386,057	102,786	114,449	217,235
Realized copper price (per lb)	3.45	3.46	3.51	3.48	3.10	3.10	3.26	3.22	3.10	2.97	3.03
TC/RC (per lb)	(0.09)	(0.08)	(0.08)	(0.08)	(0.09)	(0.10)	(0.08)	(0.09)	(0.14)	(0.15)	(0.14)
Freight charges (per lb)	(0.18)	(0.15)	(0.17)	(0.17)	(0.14)	(0.12)	(0.12)	(0.14)	(0.12)	(0.11)	(0.12)
Net realized copper price (per lb)	3.19	3.23	3.26	3.23	2.87	2.88	3.06	2.99	2.84	2.71	2.77
Cash costs – copper (C1) (per lb)[1]	$1.44	$1.42	$1.49	$1.52	$1.34	$1.16	$1.23	$1.30	$1.38	$1.45	$1.41
Total costs – copper (C3) (per lb)[1]	$1.86	$1.91	$1.91	$2.06	$1.99	$1.84	$1.81	$1.92	$2.03	$2.16	$2.09
Nickel statistics											
Nickel production (contained tonnes)	9,916	10,096	36,759	11,072	10,875	12,485	12,634	47,066	11,838	12,223	24,061
Nickel sales (contained tonnes)	7,120	8,081	30,379	11,048	11,927	12,335	13,795	49,105	14,097	10,651	24,748
Nickel production (payable tonnes)	6,932	8,039	27,792	8,812	8,575	9,873	9,964	37,224	9,503	9,900	19,403
Nickel sales (payable tonnes)	5,554	6,124	23,320	8,539	9,347	9,482	11,008	38,376	11,113	8,344	19,457
Realized nickel price (per payable lb)	7.69	7.74	7.96	7.80	6.82	6.45	6.37	6.82	6.57	8.45	7.38
TC/RC (per payable lb)	(0.44)	(0.35)	(0.25)	(0.33)	(0.55)	(0.56)	(0.67)	(0.54)	(0.60)	(0.41)	(0.52)
Net realized nickel price (per payable lb)	7.25	7.39	7.71	7.47	6.27	5.89	5.70	6.28	5.97	8.04	6.86
Cash costs – nickel (C1) (per payable lb)[1]	$6.24	$6.12	$5.92	$5.34	$5.45	$4.90	$4.51	$5.02	$4.37	$4.16	$4.30
Total costs – nickel (C3) (per payable lb)[1]	$7.64	$7.30	$7.19	$6.59	$6.82	$6.09	$5.46	$6.20	$5.65	$5.51	$5.61
Gold statistics											
Total gold production (ounces)	50,784	64,383	201,942	55,944	63,567	65,368	63,199	248,078	60,164	60,723	120,887
Total gold sales (ounces)	48,889	61,350	202,303	58,791	59,381	60,391	50,399	228,962	53,126	60,135	113,261
Net realized gold price (per ounce)	1,408	1,546	1,465	1,431	1,272	1,084	1,124	1,231	1,056	1,102	1,081
Platinum statistics											
Platinum production (ounces)	7,100	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857	9,210	18,067
Platinum sales (ounces)	4,066	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931	10,558	20,489
Palladium statistics											
Palladium production (ounces)	6,200	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485	7,000	13,485
Palladium sales (ounces)	3,681	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769	7,285	15,054
Zinc statistics											
Zinc production (tonnes)	-	-	-	1,590	15,619	17,331	15,393	49,933	14,841	13,787	28,628
Zinc sales (tonnes)	-	-	-	143	18,040	15,876	17,866	51,925	12,858	15,420	28,278

[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.

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Kansanshi statistics	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**	**Q2 14**	**YTD 14**
Mining											
Waste mined (000’s tonnes)	24,494	22,365	81,138	15,779	21,427	28,332	18,850	84,388	9,343	11,927	21,270
Ore mined (000’s tonnes)	8,463	9,952	30,447	8,419	9,623	8,365	9,868	36,275	5,688	6,563	12,251
Processing											
Sulphide ore processed (000’s tonnes)	2,763	2,679	9,254	2,521	2,921	2,857	2,790	11,089	2,701	2,347	5,048
Sulphide ore grade processed (%)	0.9	1.0	1.0	0.7	0.7	0.9	0.9	0.8	1.0	0.8	0.9
Sulphide ore recovery (%)	92	92	93	91	93	93	92	92	92	91	91
Mixed ore processed (000’s tonnes)	1,955	1,951	8,561	1,928	1,866	1,886	1,997	7,677	1,316	1,770	3,086
Mixed ore grade processed (%)	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.1
Mixed ore recovery (%)	77	74	69	75	72	68	71	71	72	75	74
Oxide ore processed (000’s tonnes)	1,500	1,738	6,210	1,594	1,739	1,669	1,660	6,662	1,923	2,448	4,371
Oxide ore grade processed (%)	2.6	2.0	2.2	2.2	2.1	2.2	2.4	2.2	2.2	1.7	1.9
Oxide ore recovery (%)	84	90	86	86	83	88	87	86	82	83	83
Copper cathode produced (tonnes)	27,194	25,341	96,747	23,122	23,995	25,599	27,118	99,834	28,022	29,813	57,835
Copper cathode tolled produced (tonnes)	16,701	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560	-	2,560
Copper in concentrate produced (tonnes)	27,589	29,178	92,149	22,731	20,339	32,150	30,994	106,214	39,967	36,483	76,450
Total copper production	71,484	70,431	261,351	63,123	63,962	71,037	72,602	270,724	70,549	66,296	136,845
Concentrate grade (%)	23.9	23.5	25.0	24.7	25.0	25.6	23.2	24.6	24.2	22.5	23.5
Gold produced (ounces)	35,245	45,410	136,056	36,866	43,117	43,904	43,508	167,395	39,734	41,760	81,494
Cash Costs (per lb) [1]											
Mining	$0.50	$0.52	$0.54	$0.60	$0.60	$0.42	$0.46	$0.52	$0.64	$0.73	$0.69
Processing	0.83	0.91	0.86	0.87	0.81	0.73	0.77	0.79	0.78	0.84	0.81
Site administration	0.05	0.06	0.06	0.07	0.07	0.07	0.08	0.07	0.07	0.09	0.08
TC/RC and freight charges	0.37	0.33	0.35	0.35	0.37	0.36	0.30	0.34	0.37	0.34	0.35
Gold credit	(0.29)	(0.37)	(0.32)	(0.32)	(0.37)	(0.33)	(0.33)	(0.34)	(0.29)	(0.30)	(0.30)
Cash costs (C1) (per lb)[1]	$1.46	$1.45	$1.49	$1.55	$1.48	$1.25	$1.28	$1.38	$1.57	1.70	1.63
Total costs (C3) (per lb)[1]	$1.86	$1.90	$1.88	$2.02	$1.94	$1.68	$1.70	$1.83	$2.04	$2.22	$2.12
Revenues ($ millions)											
Copper cathodes	$334.5	$334.6	$1,363.0	$382.5	$309.2	$286.7	$266.8	$1,245.2	$206.4	$244.7	$451.0
Copper in concentrates	127.8	103.3	434.3	127.6	64.4	80.7	128.8	401.5	183.2	184.8	368.0
Gold	44.8	56.4	182.6	52.8	47.0	43.9	41.9	185.6	40.1	47.9	88.0
Total sales revenues	$507.1	$494.3	$1,979.9	$562.9	$420.6	$411.3	$437.5	$1,832.3	$429.7	$477.3	$907.0
Copper cathode sales (tonnes)	27,138	27,946	102,450	32,460	24,726	30,393	28,199	115,778	27,153	36,580	63,733
Copper tolled cathode sales (tonnes)	16,700	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560	-	2,560
Copper in concentrate sales (tonnes)	21,992	17,900	74,979	21,792	13,812	17,685	15,003	68,292	33,357	36,629	69,986
Gold sales (ounces)	33,510	38,179	131,159	37,518	38,991	39,279	36,844	152,632	37,728	43,784	81,512

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

Las Cruces statistics	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**	**Q2 14**	**YTD 14**
Mining											
Waste mined (000’s tonnes)[1]	4,585	4,418	14,464	1,825	6,323	5,645	3,273	17,066	852	4,476	5,328
Ore mined (000’s tonnes)	343	273	1,054	189	208	627	149	1,173	362	558	920
Processing											
Copper ore processed (000’s tonnes)	291	276	1,082	305	255	359	334	1,253	375	372	747
Copper ore grade processed (%)	7.2	6.9	7.1	6.7	6.3	6.1	6.0	6.2	5.5	5.1	5.3
Recovery (%)	88	90	88	88	88	88	91	89	91	90	91
Copper cathode produced (tonnes)	18,750	17,302	67,662	17,927	13,912	19,119	18,346	69,304	18,675	17,197	35,872
Cash Costs (per lb)[2, 3]											
Cash costs (C1) (per lb)[2]	0.95	1.14	1.10	1.00	1.44	0.69	1.24	1.14	0.98	0.89	0.93
Total costs (C3) (per lb)[2]	1.70	1.76	1.79	1.53	2.36	2.07	2.15	2.13	1.92	2.00	1.96
Revenues ($ millions)											
Copper cathode	$163.2	$136.0	$536.6	$138.5	$97.2	$133.6	$120.9	$490.2	$131.2	$129.5	$260.7
Copper cathode sales (tonnes)	20,948	17,394	68,838	17,360	13,872	18,691	16,883	66,806	18,657	18,867	37,524

[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	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Mining											
Waste mined (000’s tonnes)	4,720	5,652	19,577	5,707	5,724	5,229	5,653	22,313	4,390	4,755	9,145
Ore mined (000’s tonnes)	807	723	3,570	637	753	766	735	2,891	682	730	1,412
Processing											
Sulphide ore processed (000’s tonnes)	687	825	3,062	696	743	694	714	2,847	738	729	1,467
Sulphide ore grade processed (%)	1.3	1.4	1.3	1.5	1.5	1.4	1.3	1.4	1.3	1.2	1.2
Recovery (%)	94	93	91	95	95	92	93	94	93	92	93
Copper in concentrate produced (tonnes)	8,656	11,038	37,670	9,700	10,734	8,670	8,866	37,970	8,847	8,069	16,916
Gold produced (ounces)	12,827	16,802	60,519	16,190	15,572	13,093	13,336	58,191	13,849	12,256	26,105
Cash Costs (per lb)[1]											
Mining	$0.55	$0.73	$0.66	$0.58	$0.38	$0.53	$0.55	$0.50	$0.56	$0.78	$0.66
Processing	1.13	1.01	1.16	1.23	1.03	1.20	1.30	1.18	1.06	1.14	1.10
Site administration	0.34	0.31	0.32	0.32	0.28	0.41	0.24	0.32	0.21	0.24	0.23
TC/RC and freight charges	0.57	0.44	0.58	0.54	0.62	0.54	0.54	0.57	0.52	0.57	0.54
Gold credit	(1.17)	(1.36)	(1.24)	(1.25)	(0.96)	(0.84)	(0.77)	(0.99)	(0.79)	(0.86)	(0.82)
Cash costs (C1) (per lb)[1]	$1.43	$1.13	$1.48	$1.43	$1.36	$1.83	$1.86	$1.58	$1.56	$1.87	$1.71
Total costs (C3) (per lb)[1]	$1.93	$1.69	$2.04	$2.05	$1.92	$2.45	$2.11	$2.11	$2.20	$2.62	$2.40
Revenues ($ millions)											
Copper in concentrates	$64.1	$92.5	$286.7	$77.8	$67.3	$52.9	$40.5	$238.5	$38.7	$35.1	$73.8
Gold	21.5	34.8	107.7	29.0	21.5	15.4	10.4	76.3	10.6	11.3	21.9
Total sales revenues	$85.6	$127.3	$394.4	$106.8	$88.8	$68.3	$50.9	$314.8	49.3	46.4	95.7
Copper in concentrate sales (tonnes)	8,962	13,007	40,174	10,988	10,706	8,564	6,327	36,585	6,360	6,064	12,424
Gold sales (ounces)	13,631	20,864	67,089	19,462	15,712	12,585	8,281	56,040	9,075	9,488	18,563

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

Ravensthorpe statistics	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Processing											
Beneficiated ore processed (000’s tonnes)	733	687	2,811	690	754	830	845	3,119	761	828	1,589
Beneficiated ore grade processed (%)	1.4	1.5	1.5	1.7	1.6	1.6	1.6	1.6	1.6	1.5	1.6
Nickel recovery – leach feed to NI produced (%)[1]	79	79	81	85	81	79	81	82	85	83	84
Nickel produced (contained tonnes)	8,032	8,227	32,884	9,023	8,919	9,917	10,244	38,103	9,370	9,611	18,981
Nickel produced (payable tonnes)	6,188	6,338	25,347	6,951	6,818	7,560	7,808	29,137	7,266	7,528	14,794
Cash Costs (per lb)[1]											
Mining	$0.93	$1.00	$0.80	$0.71	$0.84	$0.68	$0.85	$0.77	$0.74	$0.74	$0.74
Processing	4.45	4.16	4.14	3.86	4.00	3.41	2.72	3.47	2.76	2.99	2.88
Site administration	0.51	0.41	0.51	0.40	0.36	0.35	0.27	0.34	0.26	0.28	0.27
TC/RC and freight charges	0.65	0.57	0.64	0.52	0.59	0.56	0.51	0.54	0.48	0.48	0.48
Cobalt credit	(0.11)	(0.09)	(0.12)	(0.12)	(0.14)	(0.15)	(0.12)	(0.13)	(0.22)	(0.23)	(0.22)
Cash costs (C1) (per lb)[1]	$6.43	$6.05	$5.97	$5.36	$5.65	$4.85	$4.23	$4.99	$4.02	$4.26	$4.14
Total costs (C3) (per lb)[1]	$7.84	$7.33	$7.25	$6.59	$6.90	$5.94	$5.39	$6.18	$5.38	$5.66	$5.52
Revenues ($ millions)											
Nickel	$79.6	$93.0	$380.8	$130.5	$113.5	$109.7	$111.5	$465.2	$115.5	$127.7	$243.2
Cobalt	1.7	1.3	6.9	2.1	2.3	2.6	2.2	9.2	3.8	3.5	7.3
Total sales revenues	$81.3	$94.3	$387.7	$132.6	$115.8	$112.3	$113.7	$474.4	$119.3	$131.2	$250.5
Nickel sales (contained tonnes)	6,272	7,288	28,738	10,033	9,902	10,535	10,142	40,612	10,420	8,825	19,245
Nickel sales (payable tonnes)	4,790	5,425	21,857	7,613	7,496	7,842	8,021	30,972	8,042	6,879	14,921

[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.

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

Kevitsa statistics	Q3 12 Pre-commercial production	Q3 12 Post-commercial production	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Mining												
Total tonnes mined (000's tonnes)	558	1,164	5,238	7,460	3,790	5,119	6,624	6,071	21,604	5,626	7,357	12,983
Processing												
Ore tonnes milled (000's tonnes)	720	687	1,413	3,138	1,512	1,456	1,676	1,670	6,314	1,527	1,809	3,336
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	0.2
Nickel recovery (%)	54	60	59	56	64	61	65	64	63	65	61	63
Nickel production (tonnes)	843	1,041	1,870	3,875	2,049	1,956	2,568	2,390	8,963	2,469	2,611	5,080
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	0.3
Copper recovery (%)	87	84	84	83	80	83	84	84	83	88	89	89
Copper production (tonnes)	2,130	1,874	3,448	8,094	3,181	3,559	4,020	4,015	14,775	3,988	4,648	8,636
Gold production (ounces)	1,282	1,431	2,172	5,367	2,619	2,714	3,382	3,008	11,723	3,029	3,514	6,543
Platinum production (ounces)	3,174	3,926	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857	9,210	18,067
Palladium production (ounces)	2,827	3,373	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485	7,000	13,485
Cash costs – Nickel (C1) (per lb)[1,2]	-	3.79	6.37	5.47	5.29	4.71	5.51	5.15	5.24	5.19	4.02	4.82
Total costs – Nickel (C3) (per lb)[1,2]	-	5.35	7.19	6.54	6.57	6.50	7.03	5.35	6.41	6.23	5.13	5.89
Cash costs – Copper (C1) (per lb)[1,2]	-	0.11	1.75	1.28	1.94	1.78	1.56	1.49	1.68	1.52	0.97	1.22
Total costs – Copper (C3) (per lb)[1,2]	-	1.49	3.06	2.61	2.75	2.59	2.70	1.78	2.44	2.30	1.66	1.96
Revenues ($ millions)												
Nickel	-	$8.8	$6.9	$15.7	$10.2	$15.7	$13.5	$26.8	$66.2	$30.7	$20.1	$50.8
Copper	-	18.7	20.6	39.3	19.3	17.1	25.2	16.6	78.2	30.7	32.8	63.5
Gold	-	2.5	3.7	6.2	2.4	1.9	2.8	1.2	8.3	2.8	4.1	6.9
PGE and other	-	5.6	5.3	10.9	7.9	11.4	9.8	15.8	44.9	16.4	14.4	30.8
Total sales revenues	-	$35.6	$36.5	$72.1	$39.8	$46.1	$51.3	$60.4	$197.6	$80.6	$71.4	$152.0
Nickel sales (tonnes)	-	848	792	1,640	1,015	2,025	1,801	3,652	8,493	3,677	1,825	5,502
Copper sales (tonnes)	1,040	2,604	2,805	6,448	2,734	2,905	4,075	2,938	12,652	5,237	5,787	11,024
Gold sales (ounces)	702	1,749	2,306	4,757	1,811	1,710	2,655	1,182	7,358	2,749	3,485	6,234
Platinum sales (ounces)	775	3,291	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931	10,558	20,489
Palladium sales (ounces)	697	2,984	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769	7,285	15,054

[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.

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

Çayeli statistics	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Mining											
Ore mined (000's tonnes)	295	321	1,210	328	340	322	340	1,330	332	337	669
Processing											
Ore milled (000's tonnes)	305	319	1,218	323	333	335	342	1,333	337	332	669
Copper ore grade processed (%)	3.3	3.0	3.3	3.2	3.2	3.1	2.8	3.1	2.7	3.0	2.8
Copper ore recovery (%)	78	74	78	77	76	77	78	77	80	83	82
Zinc ore grade processed (%)	5.2	5.0	5.0	4.6	5.1	5.1	4.5	4.9	4.4	3.8	4.1
Zinc ore recovery (%)	67	69	66	68	68	66	63	66	66	62	64
Copper produced (tonnes)	7,777	7,024	31,396	7,873	8,089	8,010	7,538	31,510	7,142	8,229	15,371
Zinc produced (tonnes)	10,727	11,062	40,692	10,249	11,665	11,346	9,837	43,097	9,791	7,898	17,689
Cash Costs (per lb)[1, 2]											
Cash costs – Copper (C1) (per lb)[1]	0.64	0.57	0.65	0.93	0.11	0.98	0.87	0.76	0.76	0.80	0.78
Total costs – Copper (C3) (per lb)[1]	1.12	1.08	1.14	1.51	1.13	1.76	1.89	1.64	1.72	1.63	1.67
Revenues ($ millions)[3]											
Copper	$71.3	$31.2	$221.1	$52.8	$33.3	$53.6	$45.8	$185.5	$31.4	$38.3	$69.7
Zinc	12.1	11.0	46.6	8.4	19.4	6.1	13.7	47.6	10.1	10.5	20.6
Other	8.3	3.7	23.9	4.1	3.6	4.7	2.8	15.2	1.5	3.3	4.8
Total sales revenues	$91.7	$45.9	$291.6	$65.3	$56.3	$64.4	$62.3	$248.3	$43.0	$52.1	$95.1
Copper sales (tonnes)	10,418	5,088	33,215	8,080	6,866	8,484	7,940	31,370	5,711	7,264	12,975
Zinc sales (tonnes)	9,860	10,019	39,955	7,173	14,105	9,897	12,179	43,354	8,639	9,069	17,708

[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.

[3] 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, 2012.

Pyhäsalmi statistics	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	YTD 14
Mining											
Ore mined (000's tonnes)	347	351	1,384	346	340	348	348	1,382	342	360	702
Processing											
Ore milled (000's tonnes)	347	351	1,384	346	340	348	348	1,382	342	347	689
Copper ore grade processed (%)	1.0	1.0	1.0	1.3	1.1	1.1	1.0	1.1	1.2	1.0	1.1
Copper ore recovery (%)	95	97	96	97	95	96	98	97	97	96	96
Zinc ore grade processed (%)	1.6	3.0	2.0	2.0	1.3	2.0	1.7	1.7	1.6	1.9	1.8
Zinc ore recovery (%)	90	93	92	92	90	92	92	92	90	91	91
Copper produced (tonnes)	3,136	3,273	12,610	4,362	3,438	3,632	3,422	14,854	3,917	3,369	7,286
Zinc produced (tonnes)	5,050	9,660	25,637	6,184	3,954	5,985	5,556	21,679	5,050	5,889	10,939
Pyrite produced (tonnes)	243,261	222,534	891,728	189,955	211,444	221,734	202,688	825,821	196,884	224,388	421,272
Cash Costs (per lb)[1]											
Cash costs – Copper (C1) (per lb)[1]	(0.44)	(1.62)	(0.53)	(0.55)	0.30	0.65	0.03	0.14	0.52	0.18	0.36
Total costs – Copper (C3) (per lb)[1]	(0.05)	(1.19)	(0.14)	(0.10)	2.53	2.48	2.51	1.82	2.54	2.24	2.40
Revenues ($ millions)											
Copper	$23.0	$22.7	$95.7	$27.3	$17.0	$31.6	$24.7	$100.6	$22.3	$19.9	$42.2
Zinc	6.9	11.8	32.1	9.1	5.3	5.7	7.0	27.1	5.4	8.4	13.8
Pyrite	7.5	12.6	32.1	4.9	6.8	5.8	15.2	32.7	5.0	5.6	10.6
Other	4.9	4.7	21.9	6.3	1.3	1.8	4.1	13.5	4.6	3.6	8.2
Total sales revenues	$42.3	$51.8	$181.8	$47.6	$30.4	$44.9	$51.0	$173.9	$37.3	$37.5	$74.8
Copper sales (tonnes)	3,269	3,237	13,407	3,747	2,977	4,678	3,819	15,221	3,750	3,259	7,009
Zinc sales (tonnes)	5,614	8,984	25,101	6,738	3,935	5,979	5,687	22,339	4,219	6,351	10,570
Pyrite sales (tonnes)	213,442	299,676	852,463	114,478	110,777	89,999	454,665	769,919	191,801	216,244	408,045

[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.

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

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 our 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 and the recycling of impairment of an investment. These measures may differ from those used by other issuers.

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Net earnings attributable to shareholders of the Company	133.6	71.9	260.4	184.3
Add:				
Acquisition and other costs relating to Inmet (net of tax)	-	-	-	27.0
Non-recurring acquisition accounting inventory adjustments (net of tax)	-	19.3	-	28.0
Reclassification of impairment of an investment to net earnings	-	12.4	-	18.1
Comparative earnings	133.6	103.6	260.4	257.4
Earnings per share as reported	$0.23	$0.12	$0.44	$0.35
Comparative earnings per share	$0.23	$0.18	$0.44	$0.48

a) 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 judgements used in the financial statements at June 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:

<u>Credit risk</u>

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 June 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 six months ended June 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 June 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 June 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 June 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 Lire ("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").

New and amended standards

The following changes to IFRS and IFRICs have been adopted for these condensed interim consolidated financial statements:

- *IAS 32 - Financial Instruments Presentation*. This amendment updates the application guidance in IAS 32, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendment becomes effective for annual periods beginning on or after January 1, 2014. This amendment does not have a material effect on the Company's consolidated financial statements.
- *IFRIC 21 – Levies*. IFRIC 21 addresses the accounting for an obligation to pay a levy that is not an income tax. The guidance addresses the accounting for a liability to pay a levy recognized in accordance with *IAS 37 - Provisions*, and the liability to pay a levy whose timing and amount is certain. The amendment becomes effective for annual periods beginning on or after January 1, 2014. This guidance is not expected to have a material effect on the Company's consolidated financial statements.

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 June 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 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.