

# FIRST QUANTUM MINERALS

**THIRD QUARTER 2016  
CONFERENCE CALL & WEBCAST**

**OCTOBER 28, 2016**



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

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. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, commissioning and reaching commercial production at Sentinel and expected timing of completion of project development at Enterprise and Cobre Panama and are subject to 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 continuing production at all operating facilities, 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. 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, the temporary or permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Panama and Mauritania, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and 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 undertakes 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.





## COBRE PANAMA PROGRESS – MINE/PRE-STRIP



- Mine pre-strip works 40% complete







## COBRE PANAMA PROGRESS – PRE-STRIP







## COBRE PANAMA PROGRESS – PORT



- Conveyor installations commencing



- Fully permitted port
- Export Jetty – key weather risk construction areas completed





## COBRE PANAMA PROGRESS – PORT OVERVIEW







## COBRE PANAMA PROGRESS – POWER STATION







## COBRE PANAMA PROGRESS – COAL SILOS AND BOILER BUILDING







## COBRE PANAMA PROGRESS – 230KV TRANSMISSION LINE







## COBRE PANAMA PROGRESS – PROCESS PLANT

January 2016



- 4 mills installed and 3 gearless mill drives
- Flotation crane installation commencing
- Thickener erection in progress

September 2016





# FINANCIAL REVIEW



FIRST QUANTUM  
MINERALS LTD.



# Q3 2016 HIGHLIGHTS – CONTINUING OPERATIONS<sup>1</sup>

**Record quarterly copper production with higher Kansanshi and pre-commercial Sentinel production**

**Las Cruces had record high production for a quarter on the back of higher overall recoveries**

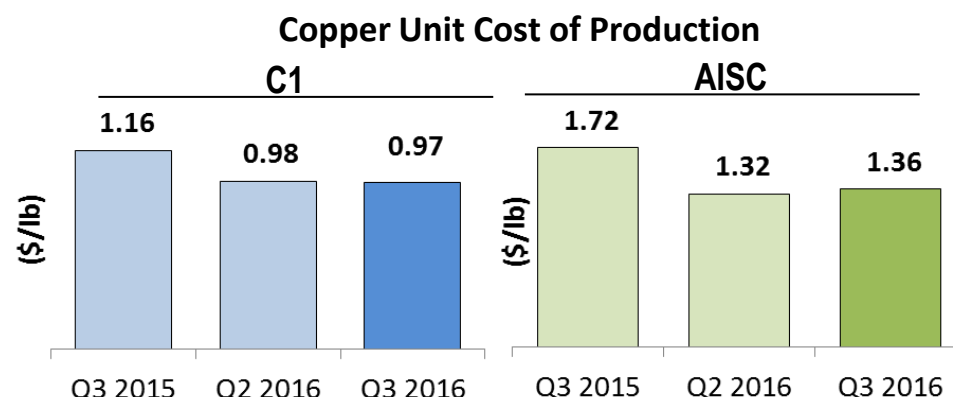
Production	Q3 2016	vs Q2 2016	vs Q3 2015
Copper ('000 tonnes)	143	+11	+39
Nickel ('000 tonnes)	5	+0	-3
Gold ('000 ounces)	53	+2	-1

**Record quarterly copper sales were significantly higher than Q3 2015 driven by higher production from Kansanshi and pre-commercial Sentinel**

Sales	Q3 2016	vs Q2 2016	vs Q3 2015
Copper ('000 tonnes)	136	+4	+35
Nickel ('000 contained tonnes)	5	+0	-3
Gold ('000 ounces)	54	-16	-7

**Copper C1 cost<sup>2</sup> below Q3 2015 due to continued focus on cost savings and efficiencies and higher production**

**Copper AISC<sup>2</sup> below Q3 2015 on lower C1 and royalties**

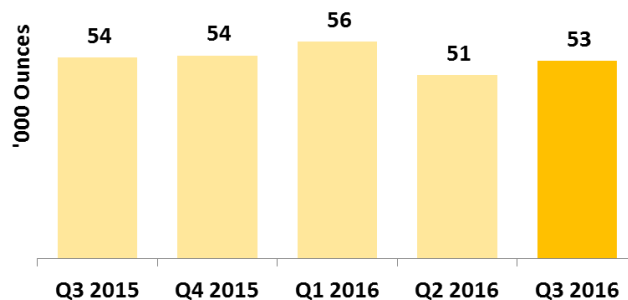
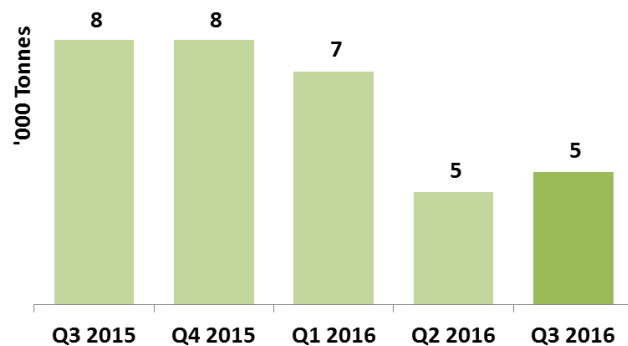
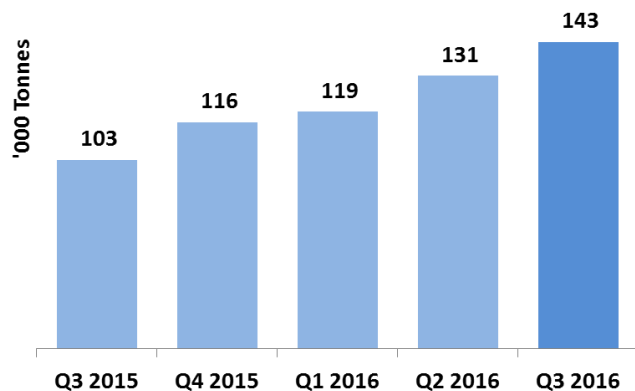


<sup>1</sup> Results are presented on a continuing operations basis and therefore exclude Kevitsa.

<sup>2</sup> Copper C cost and AISC exclude Sentinel which is in pre-commercial production.



# PRODUCTION – CONTINUING OPERATIONS



## Copper production 38% above Q3 2015

- Reflects strong overall performance across continuing operations and continued ramp up of Sentinel
- Kansanshi production of 67kt was 23% higher than Q3 2015
- Sentinel pre-commercial production of 39kt (Q3 2015: 11kt)
- Kansanshi smelter with copper recovery at 97%, processed 276kt of concentrate, produced 63kt of copper anode and 266kt of sulphuric acid, despite a 17-day maintenance shutdown in August

## Nickel production reflects lower grades and throughput

- Production 3kt below Q3 2015 production due to the impact of lower grades as anticipated in the mining plan and lower plant throughput with HPAL being offline

## Gold production 2% below Q3 2015

- Guelb Moghrein 24% lower than Q3 2015 due to lower grades
- Kansanshi 10% higher than Q3 2015 driven by higher copper in concentrate production



# FINANCIAL OVERVIEW – CONTINUING OPERATIONS<sup>1</sup>

## Impact of lower market metal prices partially offset by cost savings, lower royalties and sales hedges

\$ million	Q3 2016	Q2 2016	Q3 2015
Revenue	605	659	632
Gross Profit	80	102	100
Comparative EBITDA <sup>1</sup>	220	257	254
Comparative Earnings <sup>1</sup>	37	38	66
Comparative EPS (Basic) <sup>1</sup>	\$0.05	\$0.06	\$0.10
Net Debt	(4,188)	(4,123)	(4,696)

Gross profit \$20m below Q3 2015 as the impact of lower market prices and higher depreciation was partially offset by cost savings, lower Zambian royalties and sales hedges

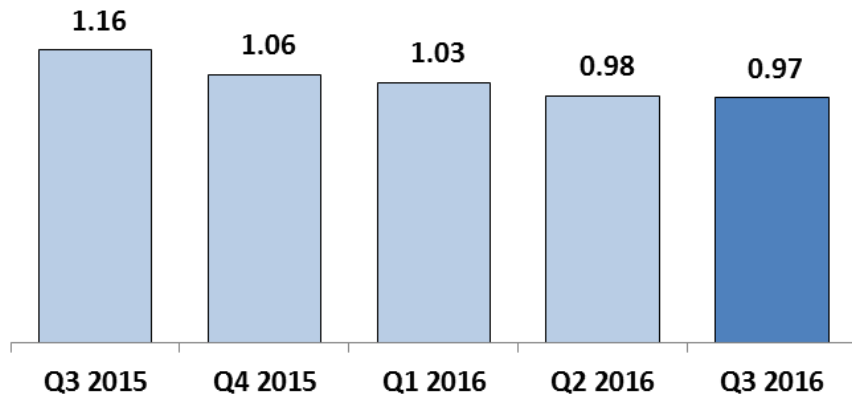
Net debt decreased by \$508m to \$4,188bn with initial sales proceeds from Kevitsa and comparative EBITDA contribution offset by capital expenditure

<sup>1</sup> Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. Items excluded from comparative measures include impairment charges, foreign exchange and revisions in estimates of closed site restoration provisions. A reconciliation of comparative EBITDA and comparative earnings is provided in the Q3 2016 MD&A.



# CASH COSTS – CONTINUING OPERATIONS

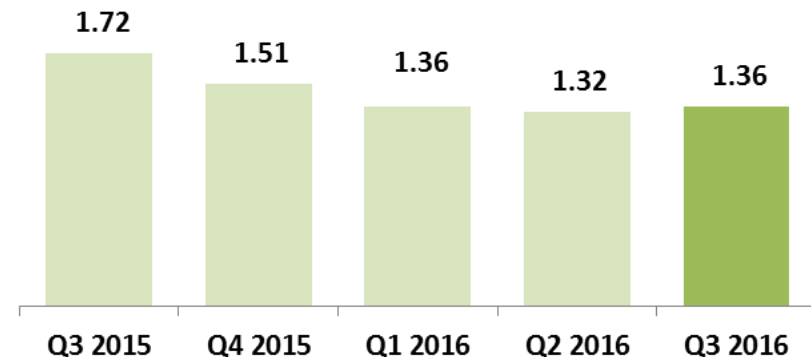
## Copper C1 cost (\$/lb)



### Q3 2016 copper C1 cost 16% lower than Q3 2015

- Continued focus on cost reductions and efficiencies
- Lower fuel costs
- Savings on acid cost at Kansanshi
- Supply chain initiatives and plant optimization
- Benefit from appreciation of the US dollar against local currencies
- Benefit of higher production

## Copper AISC (\$/lb)



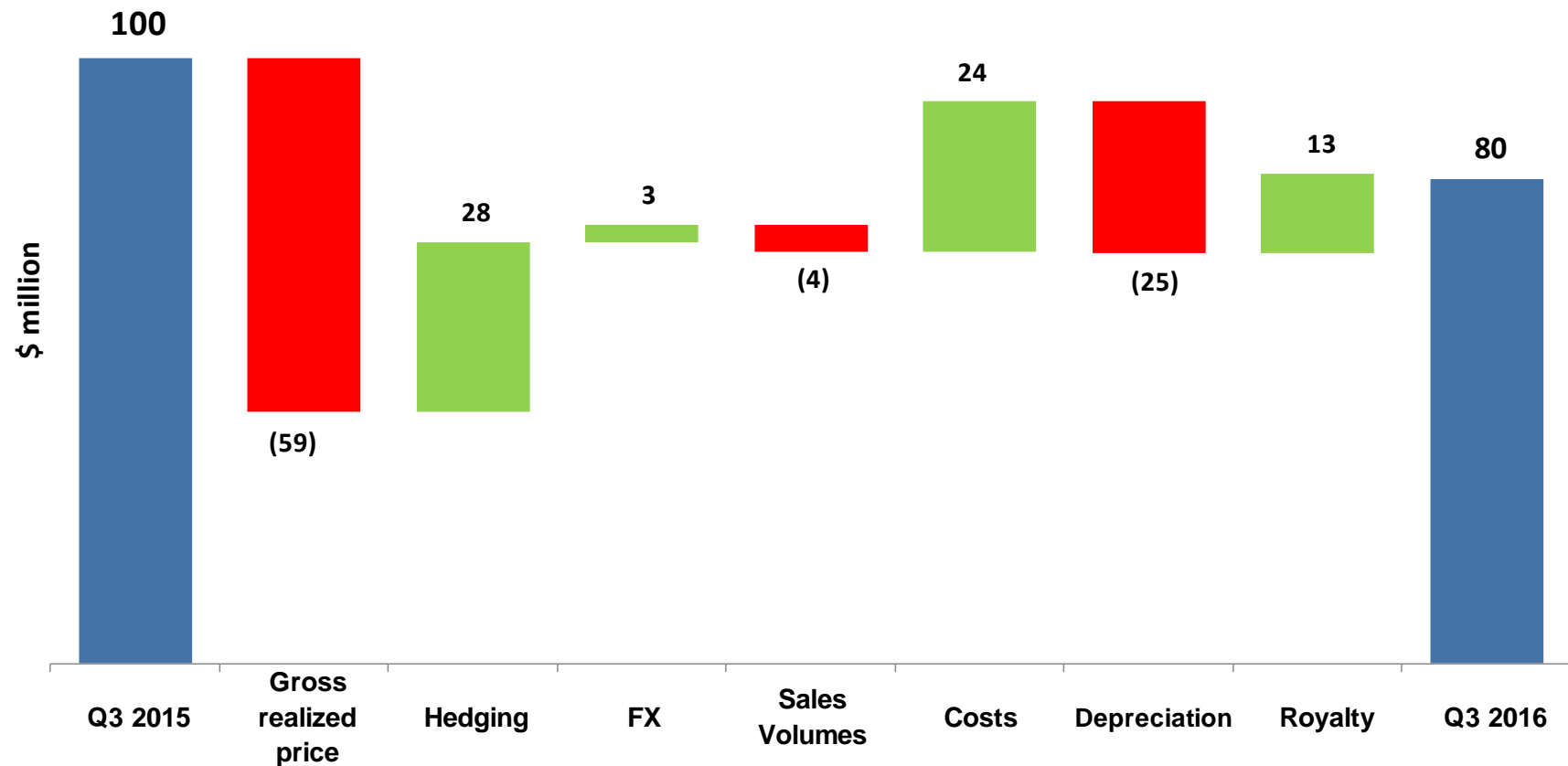
### Q3 2016 AISC 21% lower than Q3 2015

- Lower C1 cost
- Lower royalty costs - 9% Zambian royalty effective in Q3 2015 changed to 5% in June 2016
- Reduction in sustaining capex
- Reduction in exploration and general and administrative expenses



# Q3 2016 GROSS PROFIT VS Q3 2015 – CONTINUING OPERATIONS

Gross profit \$20m below Q3 2015 as lower realized metal prices and higher depreciation are partially offset by cost savings and reduced royalties



Note: All amounts stated above exclude the impact of Sentinel which is in pre-commercial production

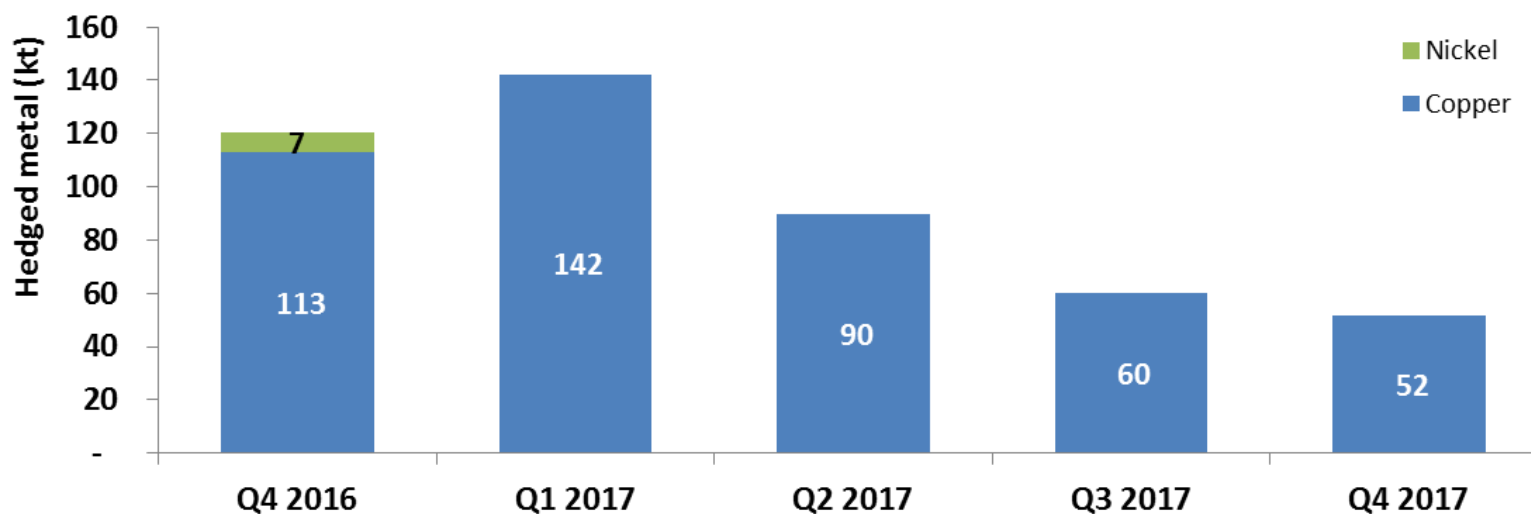


# HEDGING STRATEGY

**Sales hedging program established to protect cash flows in a low metal price environment ahead of Panama project completion.**

- 2015** 89kt of copper hedged and realized at \$2.41/lb, generating \$54m in additional revenue.
- 2016** Total 500kt of copper hedged at \$2.26/lb for the year. \$134m of additional revenue YTD September.  
Total 16kt of nickel hedged at \$4.50/lb for the year. \$1m of additional revenue YTD September.
- 2017** 344kt of copper hedged at \$2.19/lb.

**Hedges in place at 30 September 2016**



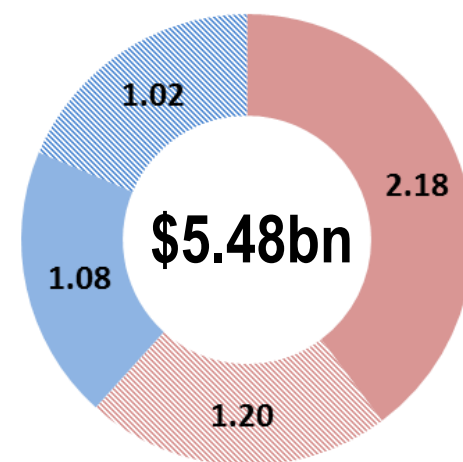
# CAPITAL EXPENDITURE

US\$ million	Q3 2016	YTD 2016	Revised 2016 Guidance
<i>Total Cobre Panama</i>	196	537	750
FQM share of Cobre Panama	118	322	450
Trident project	14	67	75
Stripping costs	38	81	140
Other sustaining capex and other projects	43	95	105
<b>Total FQM net capex<sup>1</sup></b>	<b>213</b>	<b>565</b>	<b>770</b>

US\$ billion	Total	Funded by	
		First Quantum	3rd Party
<b>Cobre Panama project</b>			
Capital spend to December 2015	2.72	1.86	0.86
2016 YTD spend incurred	0.54	0.32	0.22
Estimated 2016 remaining capital spend	0.21	0.13	0.08
Estimated 2017 to completion capital spend	2.01	1.07	0.94
<b>Total Cobre Panama</b>	<b>5.48</b>	<b>3.38</b>	<b>2.10</b>

**Cobre Panama capex higher in 2016, overall project cost remains unchanged at \$5.48bn**

**Cobre Panama Funding (\$bn)**



■ First Quantum incurred  
■ 3rd Party incurred  
■ First Quantum to spend  
■ 3rd Party to spend

<sup>1</sup> Capital expenditure excludes capitalized interest, capitalized pre-production costs and all capital expenditures related to discontinued operations (Kevitsa) up to the date of sale.



# LONG TERM DEBT PROFILE

## Debt Maturity Profile

No bond principle due until 2019

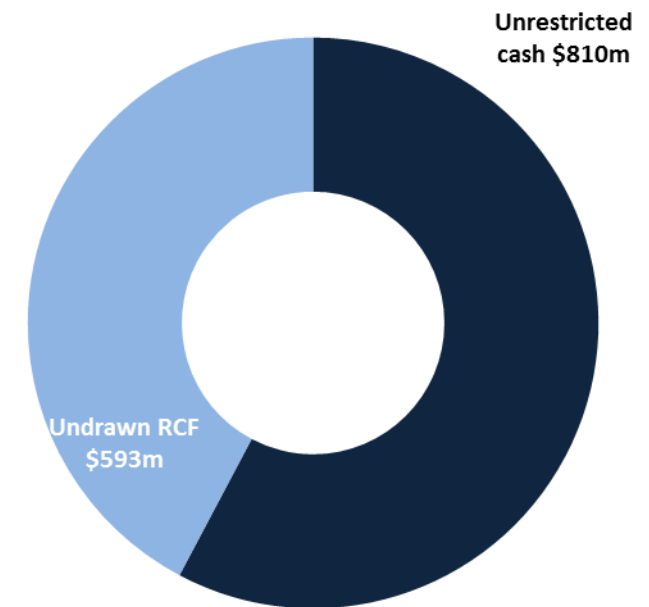
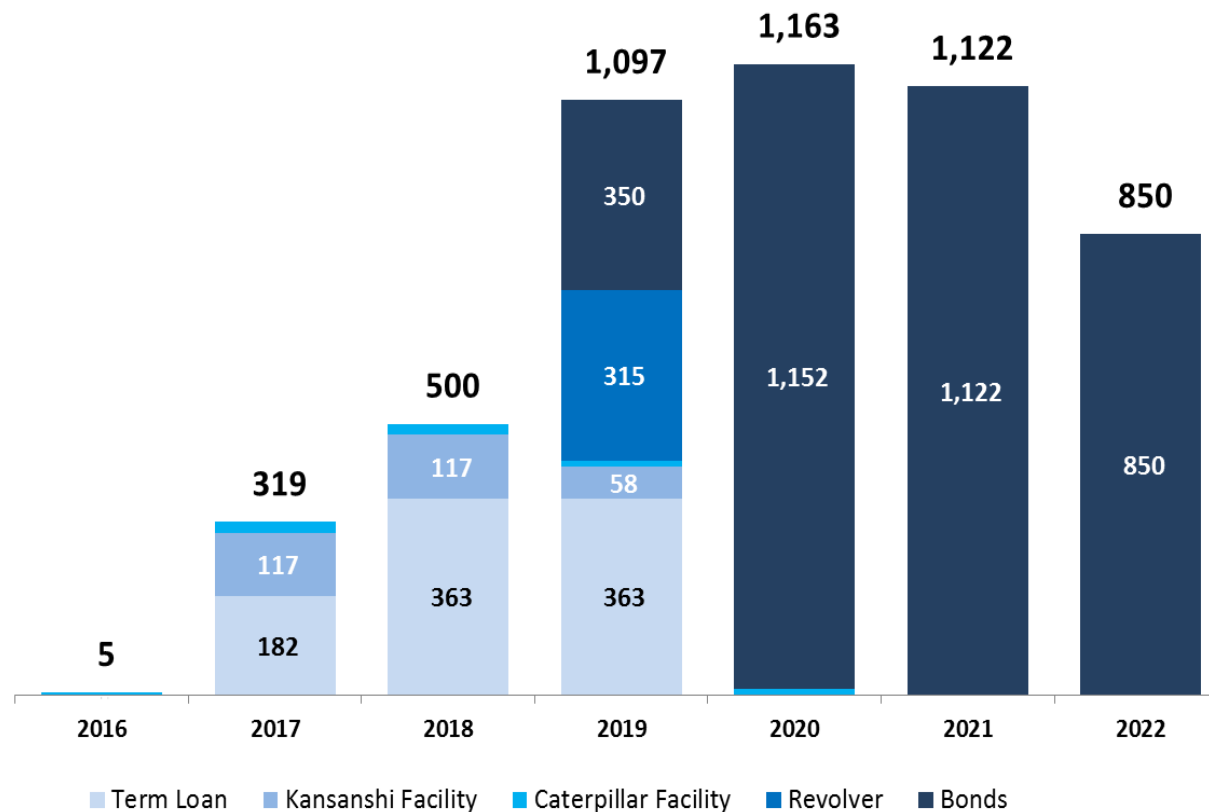
## Covenant Ratio

Net debt/EBITDA covenant ratio of 4.3x - within bank covenant of 5.5x

## Liquidity

Q3 2016 liquidity:  
\$810m unrestricted cash  
\$593m undrawn RCF (expires 2019)

\$m



## 2016 Production guidance - continuing operations

- Overall production guidance for copper<sup>1</sup> and zinc has been increased, nickel and gold guidance remains unchanged
- Sentinel guidance revised to 130,000 tonnes

**Cu production<sup>1</sup>**  
385k tonnes

**Sentinel Cu production**  
130k tonnes

**Ni production**  
23k contained tonnes

**Zn production**  
28k tonnes

**Au production**  
210k ounces

### Copper cost guidance<sup>2</sup> reduced further

	Copper
C1	\$1.00 – 1.05/lb
AISC <sup>3</sup>	\$1.35 – 1.45/lb

### Nickel C1 guidance unchanged

	Nickel
C1	\$4.50 – 4.70/lb
AISC <sup>3</sup>	\$5.00 – 5.30/lb

**Capex guidance increased, with net capital expenditure of approximately \$770m consisting of: \$450m on Cobre Panama, \$140m on capitalized stripping and \$180m sustaining and other project capital. Increase due to rephasing of capex between years at Cobre Panama**

<sup>1</sup> Copper production excludes Sentinel.

<sup>2</sup> C1 and AISC cost guidance excludes Sentinel in 2016.

<sup>3</sup> All-in sustaining costs includes C1, royalties, allocation of general and administrative expenses and sustaining capital expenditure including stripping costs.





# APPENDIX

# QUARTERLY NET DEBT MOVEMENT

<b>Opening Net Debt at June 30, 2016 (\$ million)</b>	<b>(4,123)</b>
Comparative EBITDA	220
Working capital	6
Gross capital expenditure including pre-commercial	(269)
Net interest <sup>1</sup>	(105)
Franco-Nevada precious metal gold stream	40
KMPC contribution	40
Other	3
<b>Closing Net Debt at September 30, 2016 (\$ million)</b>	<b>(4,188)</b>
Net Debt comprised of:	
Cash & cash equivalents <sup>2</sup>	810
Total debt	(4,998)
Available committed undrawn debt facilities at September 30, 2016 <sup>3</sup>	593

<sup>1</sup> Includes \$83m of capitalized interest

<sup>2</sup> Excludes \$76m restricted cash

<sup>3</sup> \$593m on the senior debt facility



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