FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

First Quarter – March 31, 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, except where indicated and share and per share amounts)

		Three months ended March 31	
	Note	2014	2013
Sales revenues	11	890.5	901.2
Cost of sales	12	(608.9)	(591.0)
Gross profit		281.6	310.2
Exploration		(10.2)	(9.7)
General and administrative		(29.3)	(25.7)
Acquisition transaction costs		-	(29.5)
Other expenses		(8.0)	(2.3)
Operating profit		234.1	243.0
Finance income		10.8	7.2
Finance costs	13	(6.9)	(11.6)
Earnings before income taxes		238.0	238.6
Income taxes		(92.9)	(99.3)
Net earnings for the period		145.1	139.3
Net earnings for the period attributable to:			
Non-controlling interests		18.3	26.9
Shareholders of the Company		126.8	112.4
Earnings per common share (expressed in $ per share)			
Basic	10b	0.22	0.23
Diluted	10b	0.21	0.23
Weighted average shares outstanding (000's)			
Basic	10b	587,191	478,056
Diluted	10b	590,836	480,704
Total shares issued and outstanding (000's)	10a	590,836	575,178

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)

	Three months ended March 31	
	2014	**2013**
Net earnings for the period	145.1	139.3
Other comprehensive income (loss)		
Items that may be reclassified subsequently to net earnings:		
Unrealized loss on available-for-sale investments (net of taxes of $nil; March 31, 2013: net of taxes of $0.9 million)	(2.3)	(2.8)
Reclassification to net earnings of net loss on available-for-sale investments (net of taxes of $nil; March 31, 2013: net of taxes of $1.9 million)	-	5.7
Comprehensive income for the period	142.8	142.2
Total comprehensive income for the period attributable to:		
Non-controlling interests	18.3	26.9
Shareholders of the Company	124.5	115.3
Total comprehensive income for the period	142.8	142.2

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)

	Note	Three months ended March 31, 2014	2013
Cash flows from operating activities			
Net earnings for the period		145.1	139.3
Items not affecting cash			
Depreciation		129.5	67.4
Unrealized foreign exchange (gain) loss		(0.9)	0.8
Tax expense		92.9	99.3
Share-based compensation expense		6.3	5.2
Net finance (income) loss		(3.9)	4.4
Reclassification to income of net loss on available-for-sale investments		-	5.7
Other		1.1	2.6
		370.1	324.7
Taxes paid		(96.5)	(25.4)
Change in non-cash operating working capital			
Increase in trade, other receivables and derivatives		(31.3)	(23.7)
(Increase) decrease in inventories		(35.4)	42.6
Increase (decrease) in trade and other payables		(104.4)	98.2
Long term incentive plan contributions[1]		(12.2)	-
		90.3	416.4
Cash flows from (used by) investing activities			
Acquisition of Inmet Mining Corporation, net of cash acquired		-	(620.0)
Purchase and deposits on property, plant and equipment		(588.2)	(338.0)
Interest paid and capitalized to property, plant and equipment		(46.1)	-
Proceeds from sale of property, plant and equipment		1.2	-
Acquisition of investments		(5.3)	(4.0)
Proceeds from sale of investments		2.2	-
Partial repayment of ENRC promissory note	7	70.0	-
Prepaid interest received on ENRC promissory note	7	40.0	-
Interest received		19.5	15.4
		(506.7)	(946.6)
Cash flows from financing activities			
Net movement in short term borrowing facility		47.2	(17.0)
Proceeds from debt		589.5	2,116.4
Repayments of debt		(160.0)	(14.8)
Finance lease payments		(1.4)	(0.5)
Interest paid		(4.8)	(5.3)
Movement in restricted cash		(2.7)	-
		467.8	2,078.8
Increase in cash and cash equivalents		51.4	1,548.6
Exchange gains on cash and cash equivalents		1.3	-
Cash and cash equivalents – beginning of period		694.5	309.0
Cash and cash equivalents – end of period		747.2	1,857.6

[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	March 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents		747.2	694.5
Trade and other receivables		509.3	548.1
Inventories	4	1,164.7	1,123.6
Promissory note receivable – current portion	7	-	25.0
Current portion of other assets	6	214.1	151.8
		2,635.3	2,543.0
Restricted cash		86.1	84.0
Investments		58.4	58.4
Property, plant and equipment	5	12,463.0	11,986.2
Promissory note receivable	7	422.2	465.1
Goodwill	3	236.7	236.7
Other assets	6	93.2	97.8
Total assets		15,994.9	15,471.2
Liabilities			
Current liabilities			
Trade and other payables		565.9	667.8
Current taxes payable		42.4	55.3
Current debt	8	1,579.6	1,046.1
Current provisions and other liabilities		28.7	35.7
		2,216.6	1,804.9
Debt	8	2,981.7	3,027.3
Provisions and other liabilities		625.5	619.5
Deferred income tax liabilities		945.6	930.9
Total liabilities		6,769.4	6,382.6
Equity			
Share capital		4,198.1	4,204.0
Retained earnings		3,892.0	3,765.2
Accumulated other comprehensive loss		(3.2)	(0.9)
Total equity attributable to shareholders of the Company		8,086.9	7,968.3
Non-controlling interests		1,138.6	1,120.3
Total equity		9,225.5	9,088.6
Total liabilities and equity		15,994.9	15,471.2
Commitments and contingencies	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)

	Note	Three months ended March 31	
		2014	2013
Share capital			
Common shares			
Balance – beginning of period		4,302.8	2,003.8
Shares issued on acquisition of Inmet		-	2,108.2
Balance – end of period		4,302.8	4,112.0
Treasury shares			
Balance – beginning of period		(137.5)	(98.9)
Shares purchased		(12.2)	-
Balance – end of period		(149.7)	(98.9)
Contributed surplus			
Balance – beginning of period		38.7	24.7
Share-based compensation expense for the period		6.3	5.2
Balance – end of period		45.0	29.9
Total share capital		4,198.1	4,043.0
Retained earnings			
Balance – beginning of period		3,765.2	3,405.7
Earnings for the period attributable to shareholders of the Company		126.8	112.4
Balance – end of period		3,892.0	3,518.1
Accumulated other comprehensive income (loss)			
Balance – beginning of period		(0.9)	(4.3)
Other comprehensive (loss) income for the period		(2.3)	2.9
Balance – end of period		(3.2)	(1.4)
Non-controlling interests			
Balance – beginning of period		1,120.3	550.4
Earnings attributable to non-controlling interests		18.3	26.9
Acquisition of Inmet[1]	3	-	1,151.2
Balance – end of period		1,138.6	1,728.5

[1] At March 31, 2013, only 85.5% of the Inmet shares had been acquired by the Company; in April 2013 the remainder of the shares were purchased and the non-controlling interest updated, as described in note 3.

1 Nature of operations

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold, zinc, 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 April 29, 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 the 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 1 January 2014. This amendment does not have a material effect on the Company's consolidated financial statements.
- *IAS 36 - Impairment of Assets*. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment became effective for annual periods beginning on or after 1 January 2014. This amendment affects presentation only and has been incorporated into the Company's financial reporting.
- *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 1 January 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. 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.

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

3 Acquisition of Inmet

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

Under the terms of the Acquisition former Inmet shareholders received either C$72.00 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 principle 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; the net of cash consideration paid of $2,518.8 million (including the Panama capital gains tax payment) less the acquired cash balance of $1,474.8 million (excluding restricted cash).

Net assets acquired:	
Cash	1,474.8
Trade and other receivables	115.1
Inventories	131.9
Restricted cash	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.

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

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

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

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

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

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

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

On April 22, 2013 Inmet amalgamated with FQM (Akubra) Inc., a wholly owned subsidiary of the Company. The amalgamated company has succeeded all of the obligations of Inmet, including obligations under the Inmet Senior Notes (refer to note 8).

4 Inventories

	March 31, 2014	December 31, 2013
Ore in stockpiles	290.3	294.6
Work-in-progress	26.5	27.8
Finished product	369.7	338.3
Total product inventory	686.5	660.7
Consumable stores	478.2	462.9
	1,164.7	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	-	532.0	-	-	532.0
Disposals	(5.7)	-	-	-	(5.7)
Transfers between categories	22.4	(93.1)	68.7	2.0	-
Restoration provision	-	-	4.6	3.7	8.3
Capitalized interest	-	74.6	-	-	74.6
As at March 31, 2014	4,642.6	5,902.6	1,969.7	1,991.7	14,506.6
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	(89.4)	-	(47.1)	-	(136.5)
Disposals	4.1	-	-	-	4.1
As at March 31, 2014	(1,624.6)	-	(419.0)	-	(2,043.6)
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 March 31, 2014	3,018.0	5,902.6	1,550.7	1,991.7	12,463.0

During the three months ended March 31, 2014, $74.6 million of interest (March 31, 2013: $2.2 million) was capitalized relating to qualifying assets. The amount capitalized to March 31, 2014 was determined by applying the weighted average cost of borrowings of 3.86% to the accumulated qualifying expenditures on mining interests.

Included within capital work-in-progress and mineral properties – operating mines at March 31, 2014 is $79.9 million and $263.9 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

	March 31, 2014	December 31, 2013
Deposits on property, plant and equipment	20.5	25.9
Deferred income tax assets	65.3	64.8
Derivative instruments	22.7	2.5
Prepaid expenses	198.8	156.4
Total other assets	307.3	249.6
Less: current portion of other assets	(214.1)	(151.8)
	93.2	97.8
Current portion consists of:		
Derivative instruments	22.7	2.5
Prepaid expenses	191.4	149.3
	214.1	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

		March 31, 2014	December 31, 2013
Drawn debt			
Senior notes			
FQM (Akubra) (formerly Inmet) 8.75% issued May 18, 2012	(a)	33.6	1,634.6
FQM (Akubra) (formerly Inmet) 7.5% issued December 18, 2012	(b)	1.0	536.7
First Quantum Minerals Ltd. 6.75% due 2020	(c)	1,058.7	-
First Quantum Minerals Ltd. 7.00% due 2021	(d)	1,058.5	-
First Quantum Minerals Ltd. 7.25% due 2019	(e)	341.1	340.7
FQM (Akubra) revolving debt facility	(f)	1,477.0	990.6
Kansanshi senior term and revolving facility	(g)	350.0	420.0
Amount owed to related party	(i)	138.5	95.1
Short-term borrowings	(j)	102.6	55.5
Other		0.3	0.2
Total debt		4,561.3	4,073.4
Less: current maturities and short term debt		(1,579.6)	(1,046.1)
		2,981.7	3,027.3
Undrawn debt			
FQM (Akubra) revolving debt facility[1]	(f)	1,019.0	1,495.0
Kevitsa facility	(k)	-	215.0
Short-term borrowings	(j)	127.4	74.5
Kansanshi senior term loan and revolving facility[2]	(g)	-	580.0

[1]At the date of releasing these financial statements, this facility is no longer available and has been replaced by other financing options, as described in (f) and in note 17.

[2]Notice was given on March 27, 2014, to terminate the Kansanshi term loan and revolving facility as described in note (g) and note 17.

a) FQM (Akubra) (formerly Inmet) 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 and $30.5 million remained outstanding at March 31, 2014. The carrying value of the remaining notes includes the fair value uplift recognized on acquisition of Inmet by the Company.

FQM (Akubra) 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, FQM (Akubra) 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.

FQM (Akubra) and its subsidiaries are subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

b) FQM (Akubra) (formerly Inmet) senior notes – 7.5%

On December 18, 2012, Inmet issued $500.0 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.5%. 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 and $1.0 million remained outstanding at March 31, 2014. The carrying value of the remaining notes includes the fair value uplift recognized on acquisition of Inmet by the Company.

FQM (Akubra) 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.

FQM (Akubra) and its subsidiaries are subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

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. 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 103.500% in the first year to 100% in the final year, plus 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 107.00% 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 notes are guaranteed on a subordinated basis by certain subsidiaries of the Company. 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) FQM (Akubra) revolving debt facility

FQM (Akubra) Inc. 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. Interest is payable monthly in arrears and calculated at a rate equal to LIBOR plus 2.75%. Cash drawn down under the facility since the initiation of $1,481.0 million is net of issue and transaction costs of $14.4 million. The facility having been extended on October 30, 2013, is available to the Company until June 30, 2014.

On January 27, 2014, the Company announced that it had signed a term sheet to replace this facility as part of a funding restructuring for the Company. The FQM (Akubra) revolving facility was repaid subsequent to the period end using the proceeds of the new loan and credit financing.

Subsequent to the period end on April 11, 2014, the revolving debt facility was repaid and terminated. Refer to Note 17.

g) Kansanshi senior term 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. The loan is repayable in six equal semi-annual instalments commencing on July 25, 2014 and interest is calculated at a rate equal to LIBOR plus 3%. The revolving facility is required to be repaid by January 24, 2017 and interest is calculated at a rate of either three or six month LIBOR plus 3%, and a utilization fee ranging from 0.25% to 0.5% of the drawn amount. On March 27, 2014, notice was issued to cancel the term loan and the revolving facility. Subsequent to the period end on April 3, 2014, the Kansanshi revolving credit facility and term loan were repaid and terminated. Refer to Note 17.

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%.

h) First Quantum Minerals Ltd senior debt facility

In February 2014, a mandate letter was established for a $2,500.0 million five-year term loan and revolving facility. The facility is composed of a $1,000.0 million term loan facility available to draw for a period of 24 months from the date of signing of the agreement with a margin of 2.75% and a $1,500.0 million revolving credit facility available to draw for a period of 59 months from the date of signing of the facilities agreement with a margin of 2.75% per annum. All outstanding amounts under the facility must be repaid on the date five years from the date of signing of the agreement.

Subsequent to the period end on April 8, 2014, the senior debt facility agreement was signed. Refer to Note 17.

i) 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 Cobre Panama and is therefore a related party. Interest is due semi-annually at an annual rate of 9%. As of March 31, 2014, the accrual for interest payable is $2.4 million (December 31, 2013: $2.1 million).

j) Short-term borrowings

The Company's metal marketing division has four uncommitted borrowing facilities totalling $230.0 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.

k) Kevitsa facility

On January 27, 2014, the Company disclosed that this facility was to be terminated as part of the funding restructuring, and on February 10, 2014, this facility was terminated.

9 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. During the three months ended March 31, 2014 the provision increased by $8.7 million to $492.9 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.

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

10 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2013 and March 31, 2014	590,836

b) Earnings per share

	Three months ended March 31	
	2014	**2013**
Basic and diluted earnings attributable to shareholders of the Company	126.8	112.4
Basic weighted average number of shares outstanding (000's of shares)	587,191	478,056
Effect of dilutive securities:		
Treasury shares	3,645	2,648
Diluted weighted average shares outstanding	590,836	480,704
Earnings per common share – basic	0.22	0.23
Earnings per common share – diluted	0.21	0.23

c) Dividends

On February 20, 2014, the Company declared a final dividend payment of $0.0930 CAD per share, or $54.9 million, in respect of the financial year ended December 31, 2013 (March 5, 2013: $0.1147 CAD per share or $54.6 million) to be paid to shareholders of record on April 14, 2014.

11 Sales revenues by nature

	Three months ended March 31	
	2014	**2013**
Copper	643.9	663.2
Nickel	146.2	140.7
Gold	56.1	84.1
Zinc	15.5	-
Other	28.8	13.2
	890.5	901.2

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

12 Cost of sales

	Three months ended March 31	
	2014	**2013**
Costs of production	(505.8)	(463.6)
Depreciation	(136.5)	(69.3)
Movement in inventory	26.4	(60.0)
Movement in depreciation in inventory	7.0	1.9
	(608.9)	(591.0)

13 Finance costs

	Three months ended March 31	
	2014	**2013**
Interest expense on financial liabilities measured at amortized cost	(77.8)	(11.8)
Interest expense other	(0.3)	(0.2)
Accretion on restoration provision	(3.4)	(1.8)
Total finance costs	(81.5)	(13.8)
Less: interest capitalized (note 5)	74.6	2.2
	(6.9)	(11.6)

(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 segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration. Included in the corporate 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 rainy season in Zambia. The rainy 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 rainy 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.

For the three month period ended March 31, 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	429.7	(237.4)	(27.9)	(18.9)	145.5	(57.3)
Las Cruces	131.2	(44.7)	(35.2)	(0.8)	50.5	(13.9)
Guelb Moghrein	49.3	(33.0)	(5.8)	(1.9)	8.6	(2.0)
Ravensthorpe	119.3	(77.8)	(16.7)	0.6	25.4	(3.8)
Kevitsa	80.6	(53.1)	(15.9)	(0.5)	11.1	(2.0)
Çayeli	43.0	(19.6)	(9.8)	(1.4)	12.2	(3.3)
Pyhäsalmi	37.3	(14.2)	(16.0)	(0.4)	6.7	(1.2)
Corporate & other	0.1	0.4	(2.2)	(24.2)	(25.9)	(9.4)
Total	890.5	(479.4)	(129.5)	(47.5)	234.1	(92.9)

[1] Excludes intersegment revenues of $27.5 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 are disclosed for the statement of earnings as these projects were under development at March 31, 2014. The exploration and development costs for these properties are capitalized.

For the three month period ended March 31, 2014, segmented information of balance sheet items is presented as follows:

	Property, plant and equipment	Total assets	Total liabilities	Capital expenditures
Kansanshi	2,678.8	3,859.5	1,186.9	222.0
Las Cruces	1,143.1	1,472.7	425.3	4.2
Guelb Moghrein	248.8	428.5	41.5	20.6
Ravensthorpe	867.5	996.1	180.1	2.4
Kevitsa	855.9	887.6	38.3	24.3
Sentinel	1,800.3	1,694.3	47.5	191.9
Çayeli	236.2	425.1	135.2	2.8
Pyhäsalmi	299.7	413.1	116.1	0.4
Cobre Panama	3,662.6	4,005.3	300.9	114.9
Corporate & other	670.1	1,812.7	4,297.6	4.7
Total	12,463.0	15,994.9	6,769.4	588.2

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

For the three month period ended March 31, 2013, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit[2]	Income taxes
Kansanshi	562.9	(285.0)	(31.0)	(2.5)	244.4	(96.0)
Las Cruces	22.1	(10.5)	(5.5)	(0.1)	6.0	(4.2)
Guelb Moghrein	106.8	(61.2)	(9.3)	(1.9)	34.4	(7.3)
Ravensthorpe	132.6	(108.4)	(12.9)	0.4	11.7	(2.7)
Kevitsa	39.8	(19.3)	(4.9)	(0.6)	15.0	(1.4)
Çayeli	5.0	(5.4)	(1.3)	-	(1.7)	(0.7)
Pyhäsalmi	2.7	(2.2)	(1.5)	(0.1)	(1.1)	(0.4)
Corporate & other	29.3	(31.6)	(1.0)	(62.4)	(65.7)	13.4
Total	901.2	(523.6)	(67.4)	(67.2)	243.0	(99.3)

[1] Excludes intersegment revenues of $23.7 million

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

[3] No segmented information for Sentinel and Cobre Panama are disclosed for the statement of earnings as these projects were under development at March 31, 2014. The exploration and development costs for these properties are capitalized.

For the three month period ended March 31, 2013, segmented information of balance sheet items is presented as follows:

	Property, plant and equipment	Total assets	Total liabilities	Capital expenditures
Kansanshi	1,787.1	2,669.4	813.1	129.3
Las Cruces	1,250.3	1,679.1	232.9	0.5
Guelb Moghrein	213.2	364.7	47.5	12.3
Ravensthorpe	933.3	1,115.5	221.7	6.9
Kevitsa	806.3	834.5	28.2	6.1
Sentinel	809.7	743.3	57.3	151.9
Çayeli	280.8	614.7	66.2	0.4
Pyhäsalmi	357.1	459.6	63.8	0.2
Cobre Panama	2,688.2	2,909.6	235.7	25.1
Corporate & other	654.1	5,178.2	5,514.0	5.3
Total	9,780.1	16,568.6	7,280.4	338.0

(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 March 31, 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	747.2	-	-	-	747.2	747.2
Cash and cash equivalents – restricted cash	86.1	-	-	-	86.1	86.1
Trade receivables and other prepayments [1]	265.3	-	-	-	265.3	265.3
Derivative instruments	-	-	22.7	-	22.7	22.7
Investments						
At cost [2]	-	38.3	-	-	38.3	n/a
At fair value	-	20.1	-	-	20.1	20.1
Promissory note receivable [3]	422.2	-	-	-	422.2	387.6
Financial liabilities						
Trade and other payables	-	-	-	565.9	565.9	565.9
Derivative instruments	-	-	3.2	-	3.2	3.2
Finance leases	-	-	-	37.9	37.9	37.9
Debt	-	-	-	4,561.3	4,561.3	4,743.4

[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

Fair Values

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at March 31, 2014, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – OTC contracts [1]	-	22.7	-	22.7
Investments [2]	17.0	-	3.1	20.1
Financial liabilities				
Derivative instruments – OTC contracts [1]	-	3.2	-	3.2

[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. 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.

(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	-	0.7	-	0.7
Investments	28.0	-	3.1	31.1
Financial liabilities				
Derivative instruments – LME contracts [1]	1.1	-	-	1.1
Derivative instruments – OTC contracts	-	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.

Derivatives not designated as hedged instruments

As at March 31, 2014, the following derivative positions were outstanding:

		Average price		
	Open positions (tonnes/ounces)	**Contract**	**Market**	**Maturities through**
Embedded derivatives in provisional sales contracts:				
Copper	58,166	3.11/lb	3.02/lb	September 2014
Nickel	3,284	6.89/lb	7.10/lb	April 2014
Gold	13,538	1,317/oz	1,336/oz	July 2014
Zinc	4,300	0.92/lb	0.94/lb	May 2014
Platinum	15,593	1,451/oz	1,451/oz	April 2014
Palladium	11,388	748/oz	772/oz	April 2014
Commodity contracts:				
Copper	52,268	3.11/lb	3.02/lb	September 2014
Nickel	2,180	6.89/lb	7.10/lb	April 2014
Gold	13,538	1,317/oz	1,336/oz	July 2014
Zinc	4,300	0.92/lb	0.94/lb	May 2014
Platinum	15,768	1,451/oz	1,451/oz	April 2014
Palladium	11,561	748/oz	772/oz	April 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:

		Average price		
	Open positions (tonnes/ounces)	**Contract**	**Market**	**Maturities through**
Embedded derivatives in provisional sales contracts:				
Copper	43,786	$3.26/lb	$3.27/lb	April 2014
Nickel	3,972	6.40/lb	6.31/lb	March 2014
Gold	11,358	1,245/oz	1,223/oz	April 2014
Zinc	2,900	0.88/lb	0.90/lb	February 2014
Platinum	14,024	1,361/oz	1,358/oz	January 2014
Palladium	11,087	715/oz	718/oz	January 2014
Commodity contracts:				
Copper	43,997	$3.26/lb	$3.27/lb	April 2014
Nickel	3,379	6.40/lb	6.31/lb	March 2014
Gold	13,846	1,245/oz	1,223/oz	April 2014
Zinc	3,125	0.88/lb	0.90/lb	February 2014
Platinum	15,284	1,361/oz	1,358/oz	January 2014
Palladium	11,742	715/oz	718/oz	January 2014

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

	March 31, 2014	**December 31, 2013**
Commodity contracts:		
Asset position	22.7	2.5
Liability position	(3.2)	(10.5)

16 Commitments and contingencies

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 $2,341.5 million (December 31, 2013: $2,347.8 million) in capital expenditures.

Revenue stream commitment

The Company's subsidiary MPSA has an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a $1 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.

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 March 31, 2014, the Company had accrued VAT receivable in Zambia of $192.6 million which is classified as current on the balance sheet (December 31, 2013: $159.3 million). 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 later in 2014 (date to be determined). If the case does not resolve at mediation, and a claim is commenced, the contract requires arbitration in accordance with the International Arbitration Rules of the International Chamber of Commerce in Toronto, Canada.

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 Post balance sheet events

a) Kansanshi revolving facility and term loan

On April 3, 2014, the Kansanshi revolving credit facility and term loan were repaid and terminated.

b) FQM (Akubra) revolving debt facility

On April 11, 2014, the revolving facility held by FQM (Akubra) Inc. was repaid and terminated.

c) First Quantum Minerals Ltd senior debt facility

On April 8, 2014 the agreement for the senior debt facility was signed, and on April 11, 2014, funds were drawn from the term loan and revolving facility.

d) 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.

FIRST QUANTUM
MINERALS LTD.

Management's Discussion and Analysis

First quarter ended March 31, 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 months ended March 31, 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 May 1, 2014.

SUMMARIZED OPERATING AND FINANCIAL RESULTS[1]

(USD millions unless otherwise noted)	Q1 2014	Q4 2013	Q1 2013
Copper production (tonnes)	113,118	114,791	79,308
Copper sales (tonnes)	102,786	95,598	89,109
Cash cost of copper production (C1)[2] (per lb)	$1.38	$1.23	$1.52
Realized copper price (per lb)	$3.10	$3.26	$3.48
Nickel production (contained tonnes)	11,838	12,634	11,072
Nickel sales (contained tonnes)	14,097	13,795	11,048
Cash cost of nickel production (C1)[2] (per lb)	$4.37	$4.51	$5.34
Realized nickel price (per payable lb)	$6.57	$6.37	$7.80
Gold production (ounces)	60,164	63,199	55,944
Gold sales (ounces)	53,126	50,399	58,791
Sales revenues	890.5	897.0	901.2
Gross profit before Inmet acquisition accounting adjustments[2]	308.3	350.3	322.6
Gross profit	281.6	319.4	310.2
EBITDA[2]	363.6	364.2	310.4
Net earnings attributable to shareholders of the Company	126.8	131.3	112.4
Earnings per share	$0.22	$0.22	$0.23
Diluted earnings per share	$0.21	$0.22	$0.23
Comparative earnings[3]	126.8	133.8	153.8
Comparative earnings per share[3]	$0.22	$0.23	$0.32

[1] Results of operations and financial results for the three months ended March 31, 2013 in this section include the results of the Çayeli mine (100%), the Las Cruces 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 three months for the acquired operations without adjustment for acquisition accounting.

[2] Cash costs (C1), earnings before interest, tax, depreciation and amortization ("EBITDA") and gross profit before Inmet acquisition accounting adjustments are not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

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

[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.

FIRST QUARTER HIGHLIGHTS

Copper production 43% higher after a full quarter of contribution from the acquired operations and increased production at Kansanshi despite an unusually harsh wet season

- Copper production of 113,118 tonnes increased by 33,810 tonnes over Q1 2013, reflecting a higher contribution of 26,429 tonnes from the acquired operations and an additional 7,426 tonnes at Kansanshi.

Nickel production 7% higher

- Nickel production of 11,838 tonnes increased by 766 tonnes over Q1 2013, reflecting higher production at both Ravensthorpe and Kevitsa.

Gold production increased 8%

- Gold production of 60,164 ounces in Q1 2014 reflected higher gold production at Kansanshi and Kevitsa, offset in part by lower output at Guelb Moghrein.

Higher sales volumes

- Sales of copper increased 15% to 102,786 tonnes, with a full quarter of sales from the acquired operations offsetting a 12% reduction at Kansanshi compared to Q1 2013.
- Nickel sales volumes increased by 28% to 14,097 tonnes.

Sales revenues held firm despite lower metal prices

- Sales revenues decreased by 1% to $890.5 million compared to Q1 2013 including an additional $181.7 million contributed by the acquired operations, which was offset by the impact of lower year-on-year net realized prices for copper and nickel of 12% and 20%, respectively, lower copper volumes at Kansanshi and lower gold volumes at Guelb Moghrein.

Copper production cash costs 9% lower

- Average copper production cash cost of $1.38 per lb decreased from $1.52 per lb in Q1 2013. This reflects the benefit of a full quarter of activity at the acquired operations in Q1 2014, partially offset by higher unit cash costs at Kansanshi and Guelb Moghrein.

Nickel production cash costs 18% lower

- Average nickel production cash cost was $4.37 per lb compared to $5.34 per lb in Q1 2013, as both Ravensthorpe and Kevitsa recorded lower average costs, primarily due to lower processing costs.

Gross profit affected by the decrease in metal prices

- Better overall performance by the Company's operations was more than offset by lower metal prices.

(USD millions unless otherwise noted)

Gross profit in Q1 2013	$310.2
Lower realized metal prices at pre-acquisition operations[1]	(117.7)
Lower sales volumes at pre-acquisition operations[1]	(27.6)
Increase in depreciation at pre-acquisition operations[1]	(8.1)
Decrease in costs excluding depreciation at pre-acquisition operations[1]	56.6
Increase in gross profit contribution from acquired operations	82.6
Change in acquisition accounting adjustments:	
Recurring: depreciation of acquired property, plant and equipment[2]	(22.9)
Non-recurring: sale of inventory at acquired operations in Q1 2013	8.5
Gross profit in Q1 2014[3]	$281.6

[1] Pre-acquisition operations comprise the Kansanshi mine, the Guelb Moghrein mine, the Ravensthorpe mine and the Kevitsa mine.
[2] The 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 mineral property, plant and equipment. This adjustment will continue on a systematic basis over the remaining lives of the mines. The adjustment before tax was $26.7 million in Q1 2014 and $3.7 million in Q1 2013.
[3] Gross profit is reconciled to EBITDA by including: exploration costs of $10.2 million; general, administrative and other costs of $37.3 million; and adding back depreciation of $129.5 million.

EBITDA 17% higher than Q1 2013 and in line with the prior quarter

EBITDA of $363.6 million was higher than Q1 2013 as lower corporate expenses, including transaction costs in the prior year quarter, and the contribution from acquired operations offset the impact of lower metal prices.

Improved financial structure and strong operating cash flow

- The Company ended Q1 2014 with $747.2 million of unrestricted cash and cash equivalents in addition to $1,019.0 million of committed undrawn facilities.
- Operating cash inflows before changes in working capital and taxes paid of $370.1 million compared to $324.7 million in Q1 2013.
- In 2014, the Company has completed the major elements of the reorganization of its financing structure following the acquisition of Inmet Mining Corporation (“Inmet”), enhancing the capital structure of the group and replacing short-term debt with longer term financing, including, in February 2014:
    - The exchange of the 8.75% Senior Notes due 2020 and 7.50% Senior Notes due 2021 issued by Inmet, prior to the acquisition, for 6.75% Senior Notes due 2020 and 7.00% Senior Notes due 2021, issued by First Quantum.
    - The execution of certain amendments to the $350.0 million indenture dated October 10, 2012 governing the Company's outstanding 7.25% Senior Notes due 2019.
    - The cancellation of the $250.0 million Kevitsa project finance facility.
- In April 2014, the Company announced;
    - The signing and draw down on its $1.0 billion Term Loan Facility and $1.5 billion Revolving Credit Facility, which are available to draw until April 8, 2016 and March 8, 2019, respectively, each with an interest rate of LIBOR plus 2.75% per annum. The $2.5 billion FQM (Akubra) revolving debt facility has been cancelled.
    - The cancellation of the $1.0 billion facility for Kansanshi Mining PLC (“Kansanshi”) and replacement with an unsecured $350.0 million facility.
    - The revision of the terms of the $500.0 million Promissory Note from Eurasia Natural Resource Corporation plc (“ENRC”), including the receipt of $70.0 million in principal reduction and prepayment of interest on a new Promissory Note of $430.0 million at an increased rate of 5.0% per annum.
    - A new $100.0 million equipment finance facility with Caterpillar Financial Services Corporation to purchase mobile equipment for the Sentinel and Enterprise mines.
- The consolidated statement of cash flow in Q1 2014 does not include any Value Added Tax (“VAT”) refunds in Zambia during the quarter. 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 also commenced a judicial review action in the High Court of Zambia, challenging the application of rules established by the Commissioner General to deny its 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.

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. Completion of construction and the start of commissioning of this phase is expected during Q3 2014, followed by hot commissioning and first treatment of concentrate during Q4 2014.
- Construction activities at Sentinel continued at peak pace with 86% overall completion achieved by the end of the quarter. Work on the required power transmission lines continued on track towards completion of the first line at the end of Q2 2014 and the second line by the end of the year. The estimated capital cost is unchanged at $1.9 billion. Target completion is also unchanged with staged commissioning to commence in Q3 2014.
- Work continued at Enterprise towards a target commissioning in Q1 2015.
- At Cobre Panama, detailed design is progressing using concepts from Sentinel. Overall detailed design is approximately 20% complete for the process plant, 75% complete for shiploading and jetty, and 75% complete for the power station. On site earthworks construction has progressed significantly.

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**	**42-47**	**221-246**	**59-65**
Kansanshi	255-270	-	145-160	-
Las Cruces	69-72	-	-	-
Guelb Moghrein	36-39	-	55-60	-
Kevitsa	17-19	9-10	12-13	-
Ravensthorpe	-	33-37	-	-
Çayeli	27-29	-	3-5	38-42
Pyhäsalmi	14-15	-	6-8	21-23

Production:

- Production guidance is set out in the above table and is unchanged from Q4 2013.
- Palladium and platinum production expectations are also unchanged at between 22,000 and 24,000 ounces each.

Cash operating cost:

- Guidance on expected average cash cost of copper is unchanged at approximately $1.32 to $1.48 per lb.
- Guidance on 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 approximately $2.1 billion to $2.2 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	Q1 2014	Q4 2013	Q1 2013
Sulphide ore tonnes milled (000's)	2,701	2,790	2,521
Sulphide ore grade processed (%)	1.0	0.9	0.7
Sulphide copper recovery (%)	92	92	91
Mixed ore tonnes milled (000's)	1,316	1,997	1,928
Mixed ore grade processed (%)	1.1	1.2	1.1
Mixed copper recovery (%)	72	71	75
Oxide ore tonnes milled (000's)	1,923	1,660	1,594
Oxide ore grade processed (%)	2.2	2.4	2.2
Oxide copper recovery (%)	82	87	86
Copper production (tonnes)	70,549	72,602	63,123
Copper sales (tonnes)	63,070	57,691	71,522
Gold production (ounces)	39,734	43,508	36,866
Gold sales (ounces)	37,728	36,844	37,518
Cash costs (C1) (per lb)[1]	$1.57	$1.28	$1.55
Total costs (C3) (per lb)[1]	$2.04	$1.70	$2.02
Sales revenues	429.7	437.5	562.9
Gross profit	164.4	207.9	246.9
EBITDA[1]	173.4	227.5	275.4

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

Despite the harshest wet season experienced in Kansanshi's operating history, overall copper production was 12% higher compared to Q1 2013, due primarily to higher volume of sulphide and oxide ore milled, and higher grade sulphide ore processed.

Sulphide concentrate production increased 50% compared to Q1 2013, primarily the result of processing higher grade ore from the pit and a maintenance shutdown during Q1 2013. Mixed ore production decreased 33% as throughput was lower in favour of processing higher volumes of oxide ore. Copper production from the oxide circuit was 15% higher than Q1 2013 with the benefit of the expanded oxide circuit, while also aiming to produce an increasing amount of copper cathodes from oxide ore. Feed grades were consistent with Q1 2013; however recovery rates were impacted by a change in the mineralogy of the oxide ore with a higher amount of insoluble copper treated. Gold production was 8% higher than Q1 2013 as a result of an increase in gravity recoverable gold ("GRG") from enhancements in the gold processing plant and an increase in the gold content in the processed ore.

Cash costs were broadly in line with Q1 2013.

Sales revenues were 24% lower compared to Q1 2013. Copper cathode sales volumes were lower than Q1 2013 due to continued local Zambian smelter constraints. Gold sales volumes were marginally higher than Q1 2013, with an increase in the sales of gold dore partially offset by a marginal decline in gold in concentrate sales. Revenue was also 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 145,000 and 160,000 ounces of gold.

Following the successful switching of operating circuits to treat oxide ore through the higher throughput mixed milling circuit, and subsequent downstream treatment through the expanded facilities, debottlenecking and optimization under higher throughput conditions are being undertaken through Q2 2014. Incorporation of significant extra flotation capacity for the oxide processing route, by way of the six new 300 cubic metre flotation cells, is planned to be completed during Q2 2014, which should make some of the existing flotation capacity available for additional concentrate upgrade duties. 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 GRG extraction capacity are underway, with civil works progressing well. Commissioning is planned for Q3 2014.

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

Las Cruces Copper Operation	Q1 2014	Q4 2013	March 22 – 31 2013	Full Quarter Q1 2013[1]
Ore tonnes processed (000's)	375	334	30	305
Copper ore grade processed (%)	5.5	6.0	6.8	6.7
Copper recovery (%)	91	91	90	88
Copper cathode production (tonnes)	18,675	18,346	1,923	17,927
Copper cathode sales (tonnes)	18,657	16,883	2,852	17,360
Cash costs (C1) (per lb)[2]	$0.98	$1.24	n/a	$1.00
Total costs (C3) (per lb)[2,3]	$1.92	$2.15	n/a	$1.53
Sales revenues	131.2	120.9	22.1	138.5
Gross profit before fair value adjustments[4]	61.1	50.2	11.4	79.3
Gross profit[4]	51.3	36.5	6.1	74.0
EBITDA[2]	85.7	66.1	11.5	101.8

[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. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] 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.

[4] Gross profit is defined as sales revenues less cost of sales; disclosure regarding the Las Cruces mine in Inmet's historical financial reporting defined sales revenues less cost of sales as "operating earnings".

Copper production increased by 4% compared to Q1 2013 due to a 23% increase in throughput as a result of successful process improvement projects during 2013, and higher recoveries, partially offset by lower copper grade. Cash costs in the quarter were broadly in line with Q1 2013.

The 5% decrease in sales revenues in comparison to Q1 2013 was driven by lower realized copper prices, partially offset by an increase in copper cathode sales volumes.

Gross profit in Q1 2014 was impacted by the recognition of $9.8 million of acquisition accounting fair value adjustments to the value of mineral property, plant and equipment, compared to $5.3 million of adjustments in Q1 2013. Gross profit before fair value adjustments decreased by 23% from Q1 2013, primarily due to lower metal prices, offset partially by higher sales volumes. Operating costs in the quarter benefited compared to Q4 2013 from improvements in plant processing, lower electricity prices and cost reduction initiatives.

Outlook

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

Debottlenecking works have progressed well with a fines bypass system to be implemented by mid-2014 and a new classification cyclone commissioned in early Q1 2014. The latest production stress tests have indicated good potential for a throughput increase of between 10% and 15% in 2014, which would offset the expected decline in head grades and allow for the maintenance of planned copper production. Other debottlenecking projects are focused on improving leaching recovery and reducing copper losses post-leaching. To that end, the pregnant leach solution ("PLS") recycling project has been commissioned and has allowed the increased throughput to be achieved with higher copper recoveries than previously possible. The commissioning of the new vacuum filters has resulted in improved washing and PLS recovery from the belt filters, reducing the post-leaching copper losses.

Infill drilling activities were undertaken during Q1 2014 to continue upgrading knowledge of the resource model. Plant feed grade has reduced over the last six months and this is expected to continue during 2014 as the average grade declines in the areas being mined. The debottlenecking activity conducted during 2012 and 2013 has so far mitigated the loss of grade and production levels have been maintained. This may become more difficult as the grade continues to drop. Key permitting activities are ongoing on a variety of outstanding permits, with access to the southern waste dump extensions now in the final stages of approval with the Central and Regional Governments.

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

Guelb Moghrein Copper and Gold Operation	Q1 2014	Q4 2013	Q1 2013
Sulphide ore tonnes milled (000's)	738	714	696
Sulphide ore grade processed (%)	1.3	1.3	1.5
Sulphide copper recovery (%)	93	93	95
Copper production (tonnes)	8,847	8,866	9,700
Copper sales (tonnes)	6,360	6,327	10,988
Gold production (ounces)	13,849	13,336	16,190
Gold sales (ounces)	9,075	8,281	19,462
Cash costs (C1) (per lb)[1]	$1.56	$1.86	$1.43
Total costs (C3) (per lb)[1]	$2.20	$2.11	$2.05
Sales revenues	49.3	50.9	106.8
Gross profit	10.5	20.5	36.3
EBITDA[1]	14.4	23.3	43.7

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

Copper production was 9% lower than Q1 2013 with lower feed grade and lower recovery rates, in part due to processing a lower copper-to-arsenic ratio in the quarter. A higher volume of tonnes was milled due to an improved milling rate, a result of favourable ore feed.

Cash costs increased by $0.13 per lb in comparison to Q1 2013. The gold credit was $0.46 per lb less than Q1 2013, reflecting both the significantly lower gold sales volumes and a reduction in the average realized gold price. Total mining costs were $0.02 per lb lower than Q1 2013 due to lower maintenance, fuel and consumables usage in line with significantly less waste tonnes mined. Processing costs were $0.17 per lb lower compared to Q1 2013, primarily due to better mill availability. Administration costs were $0.11 per lb lower than Q1 2013. Freight parity charges in Q1 2014 decreased from the Q1 2013 level which was impacted by additional freight, storage and inspection costs relating to blending the high arsenic material produced.

The decrease in sales revenues compared to Q1 2013 reflects the combination of lower copper and gold sales volumes and the decrease in average realized prices for both metals.

Outlook

Copper production in 2014 is expected to be between 36,000 and 39,000 tonnes of copper metal in concentrate. Gold in copper concentrate production is expected to be between 55,000 and 60,000 ounces.

Going forward, it is expected that the majority of ore production will come from Cutback 2 and waste stripping in Cutback 3 will accelerate in order to expose more ore. In the plant, two major capital projects are expected to soon reach mechanical completion, be commissioned and turned over to operations for production. Mechanical completion of the Semi Autogenous Grinding mill is expected in Q2 2014 and the magnetite plant is planned to be commissioned in Q3 2014, with first production of magnetite concentrate also scheduled to commence 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	Q1 2014	Q4 2013	Q1 2013
Beneficiated ore tonnes processed (000's)	761	845	690
Beneficiated ore grade processed (%)	1.6	1.6	1.7
Nickel recovery – leach feed to Ni produced (%)[1]	85	81	85
Nickel production (contained tonnes)	9,370	10,244	9,023
Nickel sales (contained tonnes)	10,420	10,142	10,033
Nickel production (payable tonnes)	7,266	7,808	6,951
Nickel sales (payable tonnes)	8,042	8,021	7,613
Cash costs (C1) (per lb)[2]	\$4.02	\$4.23	\$5.36
Total costs (C3) (per lb)[2]	\$5.38	\$5.39	\$6.59
Sales revenues	119.3	113.7	132.6
Gross profit	24.8	10.0	11.3
EBITDA[1]	42.1	25.1	24.6

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

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

Production increased 4% compared to Q1 2013, primarily as a result of increased throughput, offset partly by lower grade and lower recoveries.

Strong operational performance continued in the quarter with cash costs lower by \$1.34 per lb in comparison to Q1 2013, primarily due to reduced processing costs, site administration expenses and freight charges. Processing efficiencies were achieved mainly from overall maintenance and operational improvements, lower cost sulphur in the production process and the benefit of higher production. Site administration expenses were lower mainly due to favorable foreign exchange gains on depreciation of the Australian dollar against the U.S. dollar, along with a reduction in staff costs.

Sales revenues for Q1 2014 decreased by 10% compared to Q1 2013, as higher nickel sales volumes were offset by lower realized nickel prices. However, the processing cost savings more than offset this impact to generate a significant increase in gross profit compared to Q1 2013.

High pressure acid leaching ("HPAL") circuits have operated within design specifications with ongoing trials on increased tonnage throughputs. Leaching and precipitation circuits have operated well in the quarter. During the quarter, HPAL 2 was taken off for periodic maintenance and statutory compliance checks have been successfully completed.

<u>Outlook</u>

Production for 2014 is expected to be between 33,000 and 37,000 tonnes of nickel.

Crushing and beneficiation plants have operated well during the quarter. 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, mass recoveries and reduce flocculent consumptions in the beneficiation and counter-current decant washing circuits.

The acid plant has 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. 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 Q1 2014.

Mechanical installation on the additional limestone ball mill was started in the quarter. Major repairs to two evaporation ponds are underway and are expected to be completed before the winter rains begin in Q2 2014.

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

Kevitsa Nickel-Copper-PGE[1] Operation	Q1 2014	Q4 2013	Q1 2013
Ore tonnes milled (000's)	1,527	1,670	1,512
Nickel ore grade processed (%)	0.2	0.2	0.2
Nickel recovery (%)	65	64	64
Nickel production (tonnes)	2,469	2,390	2,049
Nickel sales (tonnes)	3,677	3,652	1,015
Copper ore grade processed (%)	0.3	0.3	0.3
Copper recovery (%)	88	84	80
Copper production (tonnes)	3,988	4,015	3,181
Copper sales (tonnes)	5,237	2,938	2,734
Gold production (ounces)	3,029	3,008	2,619
Platinum production (ounces)	8,857	7,993	6,833
Palladium production (ounces)	6,485	6,600	5,732
Nickel cash costs (C1) (per lb)[2]	$5.19	$5.15	$5.29
Nickel total costs (C3) (per lb)[2]	$6.23	$5.35	$6.57
Copper cash costs (C1) (per lb)[2]	$1.52	$1.49	$1.94
Copper total costs (C3) (per lb)[2]	$2.30	$1.78	$2.75
Sales revenues	80.6	60.4	39.8
Gross profit (loss)	11.6	(4.2)	15.6
EBITDA[2]	27.0	5.4	19.9

[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 20% in Q1 2014 compared to Q1 2013 with production benefiting from higher grade, due to an increase in ore availability, and an improved recovery rate due to efforts during 2013 to improve nickel recoveries, with a focus on grind and pulp chemistry optimization. Throughput in Q1 2014 was in line with Q1 2013. Nickel cash costs decreased by $0.10 per lb compared to Q1 2013, due primarily to lower contractor costs within processing, partly offset by lower by-product credits.

Copper production increased 25% compared to Q1 2013 as a result of improved recoveries and higher grade. Copper cash costs decreased by $0.42 per lb compared to Q1 2013 due to higher production and lower processing costs.

Sales revenues more than doubled compared to Q1 2013 on higher nickel sales volumes, partially offset by lower realized metal prices. The higher sales revenues flowing through to gross profit were more than offset by a higher depreciation charge on mineral properties in line with an increase in both copper and nickel production in Q1 2014 compared to Q1 2013.

Outlook

Production for 2014 is expected to be between 17,000 and 19,000 tonnes of copper, 9,000 and 10,000 tonnes of nickel, 12,000 and 13,000 ounces of gold, and between 22,000 and 24,000 ounces each of platinum and palladium.

Comparatively lower copper production in Q1 2014 compared to Q4 2013 will be compensated for as plant throughput normalizes following the completion of mill relines and modification shutdowns during Q1 2014. A number of process upgrades and improvements to the flotation circuit, with a particular focus on nickel recovery, have been ongoing since 2013. Several of these upgrades were recently commissioned, resulting in a nickel recovery improvement of approximately 8% in both February and March 2014. The remaining upgrades will be commissioned during the second half of 2014.

Discussions with the relevant authorities regarding the environmental expansion permit have continued. The decision, originally anticipated to be made in Q1 2014, is now expected mid-year; however this is not expected to have a material effect on production guidance for 2014.

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

Cayeli Copper and Zinc Operation	Q1 2014	Q4 2013	March 22 – 31 2013	Full Quarter Q1 2013[1]
Ore tonnes processed (000's)	337	342	37	323
Copper ore grade processed (%)	2.7	2.8	3.2	3.2
Copper recovery (%)	80	78	76	77
Zinc ore grade processed (%)	4.4	4.5	4.5	4.6
Zinc recovery (%)	66	63	66	68
Copper production (tonnes)	7,142	7,538	909	7,873
Copper sales (tonnes)	5,711	7,940	742	8,080
Zinc production (tonnes)	9,791	9,837	1,107	10,249
Zinc sales (tonnes)	8,639	12,179	-	7,173
Cash costs (C1) (per lb)[2]	$0.76	$0.87	n/a	$0.93
Total costs (C3) (per lb)[2,3]	$1.72	$1.89	n/a	$1.51
Sales revenues	43.0	62.3	5.0	65.3
Gross profit before fair value adjustments[4]	17.8	27.3	2.5	35.5
Gross profit[4]	13.6	22.1	(1.7)	31.3
EBITDA[2]	22.0	38.0	(0.4)	38.2

[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. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] 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.

[4] Gross profit is defined as sales revenues less cost of sales; disclosure regarding the Çayeli mine in Inmet's historical financial reporting defined sales revenues less cost of sales as "operating earnings".

Copper production decreased by 9% from Q1 2013 due to lower grade processed, offset partially by higher recovery. Zinc production decreased by 4% over Q1 2013 due to lower grades and recoveries, partially mitigated by higher throughput in Q1 2014.

Cash costs in Q1 2014 decreased by $0.17 per lb from Q1 2013, due primarily to lower operating costs attributable to the appreciation of the US dollar against the Turkish Lira and higher by-product credits, driven by higher zinc sales volumes.

Sales revenues were 34% lower than Q1 2013 due to timing of copper sales and lower realized metal prices this quarter.

Gross profit in Q1 2014 was impacted by the recognition of $4.2 million of acquisition accounting fair value adjustments to the value of mineral property, plant and equipment compared to $4.2 million of adjustments in Q1 2013. Gross profit before fair value adjustments was 50% lower than Q1 2013, primarily due to lower copper sales volumes and lower realized metal prices.

Outlook

Production in 2014 is expected to be between 27,000 and 29,000 tonnes of copper and between 38,000 and 42,000 tonnes of zinc.

The copper grade is expected to improve marginally while the zinc grade and throughput are expected to remain steady. The mine is expected to benefit from the commissioning of a second new ore pass by mid-2014. The improved materials handling, together with the extension of the shotcrete slickline deeper into the mine and a continued focus on ground conditions, should ensure a more constant supply of feed to the processing plant. Improved copper recoveries with the processing of stockwork mineral reserves in the current mine plan is showing some promise and presents a good future opportunity.

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

Pyhäsalmi Copper and Zinc Operation	Q1 2014	Q4 2013	March 22 – 31 2013	Full Quarter Q1 2013[1]
Ore tonnes processed (000's)	342	348	39	346
Copper ore grade processed (%)	1.2	1.0	1.3	1.3
Copper recovery (%)	97	98	96	97
Zinc ore grade processed (%)	1.6	1.7	1.4	2.0
Zinc recovery (%)	90	92	90	92
Copper production (tonnes)	3,917	3,422	473	4,362
Copper sales (tonnes)	3,750	3,819	271	3,747
Zinc production (tonnes)	5,050	5,556	483	6,184
Zinc sales (tonnes)	4,219	5,687	144	6,738
Pyrite production (tonnes)	196,884	202,688	21,187	189,955
Pyrite sales (tonnes)	191,801	454,665	10,953	114,478
Cash costs (C1) (per lb)[2]	$0.52	$0.03	n/a	($0.55)
Total costs (C3) (per lb)[2,3]	$2.54	$2.51	n/a	($0.10)
Sales revenues	37.3	51.0	2.7	47.6
Gross profit before fair value adjustments[4]	19.7	24.9	1.9	33.4
Gross profit[4]	7.1	12.9	(1.0)	30.5
EBITDA[2]	22.7	26.4	0.4	34.2

[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. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] 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.

[4] Gross profit is defined as sales revenues less cost of sales; disclosure regarding the Pyhäsalmi mine in Inmet's historical financial reporting defined sales revenues less cost of sales as "operating earnings".

Copper production in Q1 2014 decreased by 10% compared to Q1 2013 due to lower copper grades, with throughput and recovery in line with Q1 2013.

Zinc production was 18% lower than Q1 2013 due to the deferral of the mining of several high grade stopes to 2015 and beyond, resulting in lower zinc grade and recovery.

Cash costs in Q1 2014 increased by $1.07 per lb compared to Q1 2013, primarily due to higher processing costs, lower production volumes and lower by-product credits due to lower zinc sales volumes and higher pyrite freight charges.

Sales revenues for the quarter decreased by 22% compared to Q1 2013, driven by lower zinc sales volumes and metal prices, which were partially offset by higher pyrite sales volumes.

Gross profit in Q1 2014 was impacted by the recognition of $12.7 million of acquisition accounting fair value adjustments to the value of mineral property, plant and equipment compared to $2.9 million of adjustments in Q1 2013. Gross profit excluding fair value adjustments was 41% lower than Q1 2013 due to lower zinc sales volumes and metal prices.

Outlook

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 860,000 tonnes, in line with the previous year. Managing deteriorating ground conditions in the latter stages of the mine life and 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 which is now at peak activity levels, with all discipline works in progress. A construction nightshift has been implemented to accelerate the completion of construction, and further improvement should be gained with the onset of the dry season. Completion of construction and commencement of commissioning is expected during Q3 2014, with hot commissioning and first treatment of concentrate during Q4 2014. By this stage, 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 $800.0 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 Q1 2014, construction activities reached peak pace and, at the end of March 2014, Sentinel passed 16 million man hours worked and achieved 86% overall completion. Milestones for Q1 2014 include: 110,000 cubic meters of concrete poured on site, 98% of project steel on site, with 83% of the site steel erected; erection of all four mills and 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 on schedule for commissioning during Q2 2014. Construction of the tailings dam has progressed well. All construction disciplines are fully engaged on site, including civil, piping, mechanical and electrical disciplines. Housing and infrastructure works are well on track according to schedule, with the majority of the initial planned infrastructure largely completed. Mining fleet assembly is progressing well and all three shovels are on site, the first in-pit crusher was transported to the pit in April with commissioning of the crusher scheduled during Q2 2014 to support operations.

Power transmission line works continue with partners ZESCO Limited and the Company’s construction contractors. Stringing of the powerline conductors from the Lumwana mine is continuing, and this will provide the first 90 megawatts of power to site during Q2 2014, on schedule for the staged commissioning. This will allow continuous operation of the first milling train. 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 scheduled to commence from Q3 2014.

Environmental approval for the Enterprise mine, located approximately 12 kilometres north-west of Sentinel, remains under application. Engineering design is complete, and drawings have been issued for construction. Construction is expected to be completed by the end of Q4 2014, with commissioning in Q1 2015.

Cobre Panama project, Panama

Detailed design is progressing with a preferred engineering group and using design concepts from Sentinel. The locations of key site infrastructure including the processing facilities have been set, and detailed design is in progress for all areas. Overall detailed design is approximately 20% complete for the process plant, 75% complete for shiploading and jetty, and 75% complete for the power station. Procurement of main process plant equipment is in progress and the first structural steel packages have been issued for tender.

Significant quantities of on-site equipment were previously purchased by the Company from contractors whose contracts had been either cancelled or modified. The construction is now largely progressing in a self-perform mode, with the construction utilizing First Quantum-owned equipment. This enables the Company to fully control all site development activities which provides for greater flexibility and significantly reduced risk. The current site construction focus is on earthworks, leading into preparation for concrete works to commence. Construction of the tailings storage facility has also started.

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 are active on near mine resource definition, currently focused on extensions to the Main pit and the Southeast Dome. A significant reconnaissance program has commenced on the extensive Solwezi East license immediately adjoining the Kansanshi Mining License. Two targets are the subject of reconnaissance drill program in the Kipushi license approximately 100 kilometres east of Kansanshi.

At Trident, resource definition drilling on Enterprise was largely finalized in 2013, however comprehensive geological and resource modeling continues. A plan has been prepared for more detailed drilling to confirm mining boundaries of this high grade, but relatively complex, orebody. During the quarter, a geology campaign was completed to refine and re-interpret the Sentinel ore system. The program, including relogging, petrological, geochemical and geophysical studies, has delivered a much more robust structural model for the deposit as well as some useful proxies for hardness, sulphides species distribution and grade envelope geometry. Regional targets defined in recent magneto-telluric geophysical surveys await drill testing after the end of the wet season in April.

In Botswana, a major grassroots program focused on sediment-hosted copper is in progress on the Tsodilo Resources Ltd. joint venture area. Reverse circulation and diamond core drilling are in progress to derive geochemical data and regional architecture, respectively. Extensive airborne geophysical surveys are now being used to delimit prospective stratigraphy and structural targets. Integration of these datasets is now in progress and drill testing of initial targets commenced during the quarter.

On the Dablo nickel-copper Newgenco joint venture in Burkina Faso, detailed ground geophysical surveys are in progress together with shallow drill testing over the main target area. Diamond drilling is proposed to commence in Q2 2014.

Eurasia

Near mine exploration activities continued around Kevitsa and Pyhäsalmi in Finland and Çayeli in Turkey. Near mine drilling on geophysical targets to the west of Kevitsa has returned encouraging intercepts of disseminated and locally semi-massive sulphides near the basal contact of the Kevitsa intrusion. Surface drilling on an electro-magnetic anomaly approximately five kilometres south east of Pyhäsalmi has encountered a new sulphide body with a narrow intercept of moderate-grade zinc. Further drilling is required. At Çayeli, a systematic program of geochemical sampling and mapping is progressing well and a ground geophysical program has commenced over near mine targets.

Regional exploration in Fenoscandia continues to be focused on high-grade nickel targets around Kevitsa and some greenfields regional copper targets in Finland and Sweden. Several high-priority targets in the Kevitsa district have been granted as exploration claims (after up to two years) allowing exploration to commence.

The porphyry copper target generation program in the Tethyan belt continues with early stage testing of targets in Serbia and Turkey as part of an exploration alliance with Columbus Copper Corporation.

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. During Q1 2014, discussions with the local communities were started with respect to surface rights and resettlement and the workplan over the course of 2014 includes the identification and definition of basic engineering concepts for the environmental impact assessment.

Elsewhere in Peru, exploration activities have been restricted to project generation targeting and reconnaissance exploration on the Dolores joint venture with Zincore Metals Inc. Permitting is in progress to drill several regional porphyry targets identified within the Zincore property package in the vicinity of the Dolores project area.

In Q1 2014 the Company withdrew from a joint venture with Verde Resources Inc. on the Antabamba project following disappointing drill results.

In Chile, the Mirasol Resources Ltd. option/joint venture progressed an intensive geochemistry, mapping and geophysical program over the Rubi Property. Several other prospective ground packages are currently being evaluated in Chile.

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

SALES REVENUES

		Q1 2014	Q4 2013	Q1 2013[1]
Kansanshi	- copper	389.6	395.6	510.1
	- gold	40.1	41.9	52.8
Las Cruces	- copper	131.2	120.9	22.1
Guelb Moghrein	- copper	38.7	40.5	77.8
	- gold	10.6	10.4	29.0
Ravensthorpe	- nickel	115.5	111.5	130.5
	- cobalt	3.8	2.2	2.1
Kevitsa	- nickel	30.7	26.8	10.2
	- copper	30.7	16.6	19.3
	- gold, PGE and cobalt	19.2	17.0	10.3
Çayeli	- copper	31.4	45.8	4.7
	- zinc, gold and silver	11.6	16.5	0.3
Pyhäsalmi	- copper	22.3	24.7	1.7
	- zinc	5.4	7.0	0.3
	- pyrite, gold and silver	9.6	19.3	0.7
Corporate and other		0.1	0.3	29.3
		890.5	897.0	901.2

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

Q1 2014 total sales revenues were 1% or $10.7 million lower than the same quarter in the prior year. The contribution of the acquired operations in Q1 2014 was $211.5 million compared to $29.8 million in the ten-day period in Q1 2013 following the acquisition. Excluding the acquired operations, sales revenues were $192.4 million below Q1 2013. The decline in sales revenues of the pre-acquisition operations is due mainly to a combination of lower net realized prices and lower sales volumes of both copper and gold. At the Corporate level, sales revenues were negatively affected by $29.2 million relating to the sale of third party metal in the prior year by the Company's metal sales division. This activity was effectively discontinued in Q2 2013.

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)	Q1 2014	Q4 2013	Q1 2013
Average LME cash price	3.19	3.24	3.60
Realized copper price	3.10	3.26	3.48
Treatment/refining charges ("TC/RC") and freight charges	(0.26)	(0.20)	(0.25)
Net realized copper price	2.84	3.06	3.23

Nickel selling price (per payable lb)	Q1 2014	Q4 2013	Q1 2013
Average LME cash price	6.64	6.26	7.85
Realized nickel price per payable lb	6.57	6.37	7.80
TC/RC charges	(0.60)	(0.67)	(0.33)
Net realized nickel price per payable lb	5.97	5.70	7.47

SUMMARY FINANCIAL RESULTS

	Q1 2014	Q4 2013	Q1 2013[1]
Gross profit (loss)			
Kansanshi	164.4	207.9	246.9
Las Cruces	51.3	36.5	6.1
Guelb Moghrein	10.5	20.5	36.3
Ravensthorpe	24.8	10.0	11.3
Kevitsa	11.6	(4.2)	15.6
Çayeli	13.6	22.1	(1.7)
Pyhäsalmi	7.1	12.9	(1.0)
Other	(1.7)	13.7	(3.3)
Total gross profit	281.6	319.4	310.2
Exploration	(10.2)	(16.8)	(9.7)
General and administrative	(29.3)	(33.7)	(25.7)
Acquisition transaction costs	-	-	(29.5)
Other expenses	(8.0)	(24.2)	(2.3)
Net finance income (costs)	3.9	9.0	(4.4)
Income taxes	(92.9)	(107.2)	(99.3)
Net earnings for the period	145.1	146.5	139.3
Net earnings for the period attributable to:			
Non-controlling interests	18.3	15.2	26.9
Shareholders of the Company	126.8	131.3	112.4
Comparative earnings	126.8	133.8	153.8
Earnings per share			
Basic	$0.22	$0.22	$0.23
Diluted	$0.21	$0.22	$0.23
Comparative	$0.22	$0.23	$0.32
Basic weighted average number of shares (in ‘000s)	587,191	587,456	478,056

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

Gross profit from Las Cruces, Çayeli and Pyhäsalmi continues to reflect fair value adjustments recognized at the date of acquisition that subsequently are recorded through net earnings. Fair value adjustments are recognized on property, plant and equipment (including the value of mineral property) and, during 2013, on inventory on hand at the date of acquisition. All of the inventory fair value adjustment was unwound during 2013.

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

	Q1 2014	Q1 2013
Group gross profit before fair value adjustments	308.3	322.6
Fair value adjustments		
Las Cruces	9.8	5.3
Çayeli	4.2	4.2
Pyhäsalmi	12.7	2.9
Group gross profit after fair value adjustments	281.6	310.2

In Q1 2014 the fair value adjustments recognized in earnings are reflected in a higher depreciation charge, while in Q1 2013 the statement of earnings reflected both a higher depreciation charge on property, plant and equipment and a higher cost of inventory sold.

Exploration includes costs of the Company's exploration program and investments in option agreements. Exploration costs in Q1 2014 are 5% higher than in Q1 2013. Q1 2014 includes approximately $2.2 million for the Antabamba project which has now been discontinued as detailed above in the *"Exploration"* section. Q1 2014 exploration expenses comprise primarily:

- $2.6 million in Peru
- $2.5 million in Finland and Sweden
- $1.4 million in Zambia
- $0.9 million in Chile

General and administrative costs are 14% higher than in Q1 2013 reflecting the additional costs of the corporate offices acquired in the acquisition of Inmet and an increased complement of permanent and temporary personnel and associated costs for the Company's expanded asset base.

Income taxes for the quarter of $92.9 million amount to an effective income tax rate of approximately 39% of earnings which is comparable to 39% (based on comparative earnings) in the prior year. The effective income tax rate is expected to remain approximately 39% in 2014.

Shares issued for the acquisition of Inmet accounts for the increase in the basic weighted average number of shares in Q1 2014 compared to Q1 2013. The Company issued 114,526,277 shares related to the Inmet acquisition, bringing the number of outstanding shares at March 31, 2014 to 590,836,559.

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

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2014	Q4 2013	Q1 2013
Cash flows from operating activities			
- before changes in working capital and tax paid	370.1	423.3	324.7
- after changes in working capital and tax paid	90.3	197.7	416.4
Cash flows from investing activities			
Payments and deposits for property, plant and equipment	(588.2)	(787.9)	(338.0)
Capitalized borrowing costs paid in cash	(46.1)	(89.2)	-
Acquisition of Inmet, net of cash acquired	-	-	(620.0)
Other investing activities	127.6	105.2	11.4
Cash flows from financing activities	467.8	653.0	2,078.8
Exchange gains on cash and cash equivalents	1.3	-	-
Net cash flows	52.7	78.8	1,548.6
Cash balance	747.2	694.5	1,777.3
Cash balance including restricted cash	833.3	778.5	1,857.6
Total assets	15,994.9	15,471.2	16,568.6
Total current liabilities[1]	(2,216.6)	(1,804.9)	(5,198.7)
Total long-term liabilities	(4,552.8)	(4,577.7)	(2,081.7)
Cash flows from operating activities per share[2]			
before working capital (per share)	$0.63	$0.72	$0.68
after working capital (per share)	$0.15	$0.34	$0.87

[1] In Q1 2013 the Company temporarily reclassified the FQM (Akubra) (formerly Inmet) 8.75% Senior Notes Due 2020 and FQM (Akubra) (formerly Inmet) 7.5% Senior Notes Due 2021 from long-term liabilities to current liabilities while an offer to repurchase was outstanding.

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

Q1 2014 operating cash flows before changes in working capital and taxes paid are $45.4 million or 14% higher than Q1 2013 due to higher depreciation charges in 2014. Depreciation charges, including the depreciation on fair value adjustments at the three acquired operations, were $62.1 million higher than in Q1 2013.

Changes in working capital during Q1 2014 resulted in a reduction of cash of $279.8 million which includes $96.5 million in taxes that the Company paid during the quarter. Constraints in smelter capacity in Zambia continue to affect inventory levels. Higher concentrate inventory at Kansanshi was slightly offset by lower inventory held at other sites for a net outflow of $35.4 million related to inventory during Q1 2014.

The Company has not received any VAT refunds in Zambia during Q1 2014. 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. Sentinel is not yet exporting, and on April 29, 2014 a VAT refund of $18.0 million was received by the Company. 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. VAT refunds in other tax jurisdictions have meant that the overall VAT amount due to the Company at March 31, 2014 has not increased during the quarter.

Capital expenditure, excluding capitalized interest, on the Company's key development projects totalled $588.2 million for the quarter and comprised primarily:

- $222.0 million at Kansanshi for the oxide circuit expansions, smelter project and mine pit development costs
- $191.9 million at Sentinel, including deposits, for site development and long-lead plant and mine equipment
- $114.9 million at Cobre Panama for project development

Included within "Other investing activities" is $70.0 million principal received on the $500.0 million Promissory Note (the "Promissory Note") from ENRC. On March 20, 2014 the Company agreed to revise the terms of the Promissory Note from ENRC 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. 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 prepaid until the final maturity date. The $40.0 million receipt of prepaid interest is also included within "Other investing activities". 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.

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

Cash flows from financing activities in Q1 2014 comprise primarily of draw downs of the FQM (Akubra) revolving debt facility.

As at March 31, 2014, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt	4,561.3	5,957.0	1,891.9[1]	659.0	726.0	2,680.1
Trade and other payables	565.9	565.9	565.9	-	-	-
Current taxes payable	42.4	42.4	42.4	-	-	-
Deferred payments	32.4	32.4	3.2	3.2	3.2	22.8
Finance leases	37.9	54.6	5.9	11.5	10.7	26.5
Commitments	-	2,341.5	1,486.7	827.7	10.4	16.7
Restoration provisions	492.9	569.1	10.3	7.7	9.0	542.1
Total	5,732.8	9,562.9	4,006.3	1,509.1	759.3	3,288.2

[1] This includes repayment of approximately $1.5 billion drawn on the $2.5 billion FQM (Akubra) revolving debt facility at March 31, 2014 due for repayment in June 2014 which has been cancelled subsequent to the quarter-end. It has been replaced by a new facility repayable in 2019 as detailed below.

Significant progress has been made on the Company's financing plan during Q1 2014 and subsequent to the quarter-end. The financing plan is in place to support the significant capital expansion and development program underway. Progress to date in 2014 includes the following:

- Kevitsa $250.0 million Facility – On February 11, 2014 the Company cancelled its $250.0 million Kevitsa Facility.
- Consent Solicitation – On February 12, 2014 the Company completed a consent solicitation to make certain amendments to the $350.0 million indenture dated October 10, 2012 governing the Company's outstanding 7.25% Senior Notes due 2019 (the "FQM Notes"). The amendments, among other things, aligned the terms of the FQM Notes with the FQM New Notes (see below).
- Exchange Offer – On February 27, 2014 the Company completed an exchange offer whereby the 8.75% Senior Notes due 2020 and 7.50% Senior Notes due 2021 issued by Inmet prior to the acquisition were exchanged for 6.75% Senior Notes due 2020 and 7.00% Senior Notes due 2021, issued by First Quantum (together, the "FQM New Notes").
- $100.0 million equipment financing facility – On April 2, 2014 the Company completed a $100.0 million equipment finance facility with Caterpillar Financial Services Corporation for Kalumbila Minerals Limited, which owns the Trident project in Zambia. This equipment financing facility 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 Standard Chartered Bank, which became available for drawing on April 3, 2014.
- New $2.5 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 "$2.5 billion Facility"). The $2.5 billion Facility comprises a $1.0 billion Term Loan Facility available to draw until April 8, 2016 with a margin of 2.75% and a $1.5 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 initial Mandated Lead Arrangers and Underwriters were Standard Chartered Bank and BNP Paribas. The $2.5 billion Facility is being syndicated, which is expected to close in May 2014. The $2.5 billion FQM (Akubra) revolving debt facility with Standard Chartered Bank arranged for the Inmet acquisition, which was completed in April 2013, has been cancelled.

The changes to the finance plan announced subsequent to the quarter-end significantly changed the available facilities and at the date of this MD&A the amounts drawn and amounts available to draw are:

- The $2.5 billion facility: $1.8 billion drawn with $700.0 million available to draw; and
- The Kansanshi senior term and revolving facility: The $350.0 million facility has been fully drawn.

At March 31, 2014 the Company had total commitments of $2,341.5 million, of which approximately $1,486.7 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.

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

The significant capital expansion and development program is expected to be funded using available unrestricted cash of $747.2 million as at March 31, 2014, available debt facilities as detailed above and future cash flows.

Hedging program

As at March 31, 2014, the following derivative positions were outstanding:

		Average price		
	Open positions (tonnes/ounces)	**Contract**	**Market**	**Maturities through**
Embedded derivatives in provisional sales contracts:				
Copper	58,166	3.11/lb	3.02/lb	September 2014
Nickel	3,284	6.89/lb	7.10/lb	April 2014
Gold	13,538	1,317/oz	1,336/oz	July 2014
Zinc	4,300	0.92/lb	0.94/lb	May 2014
Platinum	15,593	1,451/oz	1,451/oz	April 2014
Palladium	11,388	748/oz	772/oz	April 2014
Commodity contracts:				
Copper	52,268	3.11/lb	3.02/lb	September 2014
Nickel	2,180	6.89/lb	7.10/lb	April 2014
Gold	13,538	1,317/oz	1,336/oz	July 2014
Zinc	4,300	0.92/lb	0.94/lb	May 2014
Platinum	15,768	1,451/oz	1,451/oz	April 2014
Palladium	11,561	748/oz	772/oz	April 2014

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

	March 31, 2014	**December 31, 2013**
Commodity contracts:		
Asset position	$22.7	$2.5
Liability position	(3.2)	(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 March 31, 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	Q1 12	Q2 12	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14
Sales revenues											
Copper	$573.3	$528.1	$559.1	$571.7	$2,232.2	$663.2	$618.8	$663.6	$644.1	$2,589.7	$643.9
Nickel	80.1	128.1	88.3	100.0	396.5	140.7	129.2	123.2	138.3	531.4	146.2
Gold	68.5	64.3	68.8	94.8	296.4	84.1	74.2	66.9	56.6	281.8	56.1
PGE and other elements	6.8	1.8	8.6	8.1	25.3	13.2	47.1	31.7	58.0	150.0	44.3
Total sales revenues	728.7	722.3	724.8	774.6	2,950.4	901.2	869.3	885.4	897.0	3,552.9	890.5
Gross profit	270.3	274.7	261.0	295.0	1,101.0	310.2	201.1	303.1	319.4	1,133.8	281.6
EBITDA[1]	1,498.9	276.4	276.2	309.7	2,361.2	310.4	284.2	393.1	364.2	1,351.9	363.6
Net earnings attributable to shareholders of the Company	1,336.9	142.0	107.3	186.7	1,772.9	112.4	71.9	143.0	131.3	458.6	126.8
Comparative earnings[2]	119.0	142.0	107.3	186.7	555.0	153.8	103.6	143.6	133.8	539.4	126.8
Basic earnings per share	$2.82	$0.30	$0.23	$0.39	$3.74	$0.23	$0.12	$0.24	$0.22	$0.82	$0.22
Comparative earnings per share	$0.25	$0.30	$0.23	$0.39	$1.17	$0.32	$0.18	$0.24	$0.23	$0.96	$0.22
Diluted earnings per share	$2.81	$0.30	$0.23	$0.39	$3.72	$0.23	$0.12	$0.24	$0.22	$0.81	$0.21
Dividends declared per common share ($CDN per share)	$0.1277	-	$0.0603	-	$0.1880	$0.1147	-	$0.0583	-	$0.1730	$0.0930
Basic weighted average # shares (000's)[3]	474,069	474,035	473,776	473,718	473,893	478,056	587,070	587,625	587,456	560,009	587,191
Cash flows from operating activities											
Before working capital movements	$0.41	$0.78	$0.60	$0.67	$2.46	$0.68	$0.48	$0.70	$0.72	$2.57	$0.63
After working capital movements	$0.29	$0.49	($0.21)	$0.15	$0.72	$0.87	$0.35	$0.08	$0.34	$1.55	$0.15
Copper statistics											
Total copper production (tonnes)	65,869	72,184	84,144	84,918	307,115	79,308	103,694	114,488	114,791	412,281	113,118
Total copper sales (tonnes)	67,789	72,711	77,396	77,570	295,466	89,109	95,491	105,859	95,598	386,057	102,786
Realized copper price (per lb)	3.67	3.48	3.45	3.46	3.51	3.48	3.10	3.10	3.26	3.22	3.10
TC/RC (per lb)	(0.07)	(0.08)	(0.09)	(0.08)	(0.08)	(0.08)	(0.09)	(0.10)	(0.08)	(0.09)	(0.14)
Freight charges (per lb)	(0.18)	(0.19)	(0.18)	(0.15)	(0.17)	(0.17)	(0.14)	(0.12)	(0.12)	(0.14)	(0.12)
Net realized copper price (per lb)	3.42	3.21	3.19	3.23	3.26	3.23	2.87	2.88	3.06	2.99	2.84
Cash costs – copper (C1) (per lb)[1]	$1.59	$1.53	$1.44	$1.42	$1.49	$1.52	$1.34	$1.16	$1.23	$1.30	$1.38
Total costs – copper (C3) (per lb)[1]	$1.89	$1.96	$1.86	$1.91	$1.91	$2.06	$1.99	$1.84	$1.81	$1.92	$2.03
Nickel statistics											
Nickel production (contained tonnes)	8,573	8,174	9,916	10,096	36,759	11,072	10,875	12,485	12,634	47,066	11,838
Nickel sales (contained tonnes)	5,332	9,846	7,120	8,081	30,379	11,048	11,927	12,335	13,795	49,105	14,097
Nickel production (payable tonnes)	6,617	6,204	6,932	8,039	27,792	8,812	8,575	9,873	9,964	37,224	9,503
Nickel sales (payable tonnes)	4,199	7,443	5,554	6,124	23,320	8,539	9,347	9,482	11,008	38,376	11,113
Realized nickel price (per payable lb)	8.85	7.84	7.69	7.74	7.96	7.80	6.82	6.45	6.37	6.82	6.57
TC/RC (per payable lb)	(0.20)	(0.05)	(0.44)	(0.35)	(0.25)	(0.33)	(0.55)	(0.56)	(0.67)	(0.54)	(0.60)
Net realized nickel price (per payable lb)	8.65	7.79	7.25	7.39	7.71	7.47	6.27	5.89	5.70	6.28	5.97
Cash costs – nickel (C1) (per payable lb)[1]	$5.69	$5.70	$6.24	$6.12	$5.92	$5.34	$5.45	$4.90	$4.51	$5.02	$4.37
Total costs – nickel (C3) (per payable lb)[1]	$6.93	$6.95	$7.64	$7.30	$7.19	$6.59	$6.82	$6.09	$5.46	$6.20	$5.65
Gold statistics											
Total gold production (ounces)	42,495	44,280	50,784	64,383	201,942	55,944	63,567	65,368	63,199	248,078	60,164
Total gold sales (ounces)	45,619	46,445	48,889	61,350	202,303	58,791	59,381	60,391	50,399	228,962	53,126
Net realized gold price (per ounce)	1,502	1,384	1,408	1,546	1,465	1,431	1,272	1,084	1,124	1,231	1,056
Platinum statistics											
Platinum production (ounces)	-	585	7,100	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857
Platinum sales (ounces)	-	-	4,066	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931
Palladium statistics											
Palladium production (ounces)	-	564	6,200	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485
Palladium sales (ounces)	-	-	3,681	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769
Zinc statistics											
Zinc production (tonnes)	-	-	-	-	-	1,590	15,619	17,331	15,393	49,933	14,841
Zinc sales (tonnes)	-	-	-	-	-	143	18,040	15,876	17,866	51,925	12,858

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 stock units.

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

Kansanshi statistics	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**
Mining											
Waste mined (000's tonnes)	16,062	18,217	24,494	22,365	81,138	15,779	21,427	28,332	18,850	84,388	9,343
Ore mined (000's tonnes)	5,882	6,150	8,463	9,952	30,447	8,419	9,623	8,365	9,868	36,275	5,688
Processing											
Sulphide ore processed (000's tonnes)	1,433	2,379	2,763	2,679	9,254	2,521	2,921	2,857	2,790	11,089	2,701
Sulphide ore grade processed (%)	1.0	1.0	0.9	1.0	1.0	0.7	0.7	0.9	0.9	0.8	1.0
Sulphide ore recovery (%)	95	94	92	92	93	91	93	93	92	92	92
Mixed ore processed (000's tonnes)	2,562	2,093	1,955	1,951	8,561	1,928	1,866	1,886	1,997	7,677	1,316
Mixed ore grade processed (%)	1.1	1.1	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.1
Mixed ore recovery (%)	64	64	77	74	69	75	72	68	71	71	72
Oxide ore processed (000's tonnes)	1,424	1,548	1,500	1,738	6,210	1,594	1,739	1,669	1,660	6,662	1,923
Oxide ore grade processed (%)	2.0	2.0	2.6	2.0	2.2	2.2	2.1	2.2	2.4	2.2	2.2
Oxide ore recovery (%)	85	84	84	90	86	86	83	88	87	86	82
Copper cathode produced (tonnes)	21,274	22,938	27,194	25,341	96,747	23,122	23,995	25,599	27,118	99,834	28,022
Copper cathode tolled produced (tonnes)	21,085	18,757	16,701	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560
Copper in concentrate produced (tonnes)	14,252	21,130	27,589	29,178	92,149	22,731	20,339	32,150	30,994	106,214	39,967
Total copper production	56,611	62,825	71,484	70,431	261,351	63,123	63,962	71,037	72,602	270,724	70,549
Concentrate grade (%)	28.2	26.3	23.9	23.5	25.0	24.7	25.0	25.6	23.2	24.6	24.2
Gold produced (ounces)	27,158	28,244	35,245	45,410	136,056	36,866	43,117	43,904	43,508	167,395	39,734
Cash Costs (per lb) [1]											
Mining	$0.58	$0.55	$0.50	$0.52	$0.54	$0.60	$0.60	$0.42	$0.46	$0.52	$0.64
Processing	0.90	0.82	0.83	0.91	0.86	0.87	0.81	0.73	0.77	0.79	0.78
Site administration	0.05	0.07	0.05	0.06	0.06	0.07	0.07	0.07	0.08	0.07	0.07
TC/RC and freight charges	0.37	0.35	0.37	0.33	0.35	0.35	0.37	0.36	0.30	0.34	0.37
Gold credit	(0.36)	(0.27)	(0.29)	(0.37)	(0.32)	(0.34)	(0.37)	(0.33)	(0.33)	(0.34)	(0.29)
Cash costs (C1) (per lb)[1]	$1.54	$1.52	$1.46	$1.45	$1.49	$1.55	$1.48	$1.25	$1.28	$1.38	$1.57
Total costs (C3) (per lb)[1]	$1.82	$1.93	$1.86	$1.90	$1.88	$2.02	$1.94	$1.68	$1.70	$1.83	$2.04
Revenues ($ millions)											
Copper cathodes	$355.0	$338.9	$334.5	$334.6	$1,363.0	$382.5	$309.2	$286.7	$266.8	$1,245.2	$206.4
Copper in concentrates	90.7	112.5	127.8	103.3	434.3	127.6	64.4	80.7	128.8	401.5	183.2
Gold	44.8	36.6	44.8	56.4	182.6	52.8	47.0	43.9	41.9	185.6	40.1
Total sales revenues	$490.5	$488.0	$507.1	$494.3	$1,979.9	$562.9	$420.6	$411.3	$437.5	$1,832.3	$429.7
Copper cathode sales (tonnes)	24,128	23,238	27,138	27,946	102,450	32,460	24,726	30,393	28,199	115,778	27,153
Copper tolled cathode sales (tonnes)	21,085	18,758	16,700	15,912	72,455	17,270	19,628	13,288	14,489	64,675	2,560
Copper in concentrate sales (tonnes)	13,332	21,755	21,992	17,900	74,979	21,792	13,812	17,685	15,003	68,292	33,357
Gold sales (ounces)	30,308	29,162	33,510	38,179	131,159	37,518	38,991	39,279	36,844	152,632	37,728

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

Las Cruces statistics	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**
Mining											
Waste mined (000's tonnes)[1]	2,620	2,841	4,585	4,418	14,464	1,825	6,323	5,645	3,273	17,066	852
Ore mined (000's tonnes)	141	297	343	273	1,054	189	208	627	149	1,173	362
Processing											
Copper ore processed (000's tonnes)	246	269	291	276	1,082	305	255	359	334	1,253	375
Copper ore grade processed (%)	6.7	7.7	7.2	6.9	7.1	6.7	6.3	6.1	6.0	6.2	5.5
Recovery (%)	85	86	88	90	88	88	88	88	91	89	91
Copper cathode produced (tonnes)	13,343	18,267	18,750	17,302	67,662	17,927	13,912	19,119	18,346	69,304	18,675
Cash Costs (per lb)[2, 3]											
Cash costs (C1) (per lb)[2]	1.38	1.00	0.95	1.14	1.10	1.00	1.44	0.69	1.24	1.14	0.98
Total costs (C3) (per lb)[2]	2.03	1.74	1.70	1.76	1.79	1.53	2.36	2.07	2.15	2.13	1.92
Revenues ($ millions)[4]											
Copper cathode	$110.1	$127.3	$163.2	$136.0	$536.6	$138.5	$97.2	$133.6	$120.9	$490.2	$131.2
Copper cathode sales (tonnes)	13,561	16,935	20,948	17,394	68,838	17,360	13,872	18,691	16,883	66,806	18,657

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

4 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.

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

Guelb Moghrein statistics	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**
Mining											
Waste mined (000's tonnes)	4,532	4,673	4,720	5,652	19,577	5,707	5,724	5,229	5,653	22,313	4,390
Ore mined (000's tonnes)	994	1,046	807	723	3,570	637	753	766	735	2,891	682
Processing											
Sulphide ore processed (000's tonnes)	797	753	687	825	3,062	696	743	694	714	2,847	738
Sulphide ore grade processed (%)	1.3	1.3	1.3	1.4	1.3	1.5	1.5	1.4	1.3	1.4	1.3
Recovery (%)	92	88	94	93	91	95	95	92	93	94	93
Copper in concentrate produced (tonnes)	9,258	8,718	8,656	11,038	37,670	9,700	10,734	8,670	8,866	37,970	8,847
Gold produced (ounces)	15,337	15,554	12,827	16,802	60,519	16,190	15,572	13,093	13,336	58,191	13,849
Cash Costs (per lb)[1]											
Mining	$0.65	$0.67	$0.55	$0.73	$0.66	$0.58	$0.38	$0.53	$0.55	$0.50	$0.56
Processing	1.23	1.31	1.13	1.01	1.16	1.23	1.03	1.20	1.30	1.18	1.06
Site administration	0.33	0.31	0.34	0.31	0.32	0.32	0.28	0.41	0.24	0.32	0.21
TC/RC and freight charges	0.76	0.58	0.57	0.44	0.58	0.54	0.62	0.54	0.54	0.57	0.52
Gold credit	(1.13)	(1.26)	(1.17)	(1.36)	(1.24)	(1.25)	(0.96)	(0.84)	(0.77)	(0.99)	(0.79)
Cash costs (C1) (per lb)[1]	$1.84	$1.61	$1.43	$1.13	$1.48	$1.43	$1.36	$1.83	$1.86	$1.58	$1.56
Total costs (C3) (per lb)[1]	$2.41	$2.20	$1.93	$1.69	$2.04	$2.05	$1.92	$2.45	$2.11	$2.11	$2.20
Revenues ($ millions)											
Copper in concentrates	$66.6	$63.5	$64.1	$92.5	$286.7	$77.8	$67.3	$52.9	$40.5	$238.5	$38.7
Gold	23.7	27.7	21.5	34.8	107.7	29.0	21.5	15.4	10.4	76.3	10.6
Total sales revenues	$90.3	$91.2	$85.6	$127.3	$394.4	$106.8	$88.8	$68.3	$50.9	$314.8	49.3
Copper in concentrate sales (tonnes)	9,244	8,961	8,962	13,007	40,174	10,988	10,706	8,564	6,327	36,585	6,360
Gold sales (ounces)	15,311	17,283	13,631	20,864	67,089	19,462	15,712	12,585	8,281	56,040	9,075

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

Ravensthorpe statistics	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**
Processing											
Beneficiated ore processed (000's tonnes)	724	667	733	687	2,811	690	754	830	845	3,119	761
Beneficiated ore grade processed (%)	1.5	1.6	1.4	1.5	1.5	1.7	1.6	1.6	1.6	1.6	1.6
Nickel recovery – leach feed to NI produced (%)[1]	85	82	79	79	81	85	81	79	81	82	85
Nickel produced (contained tonnes)	8,573	8,053	8,032	8,227	32,884	9,023	8,919	9,917	10,244	38,103	9,370
Nickel produced (payable tonnes)	6,617	6,204	6,188	6,338	25,347	6,951	6,818	7,560	7,808	29,137	7,266
Cash Costs (per lb)[1]											
Mining	$0.57	$0.69	$0.93	$1.00	$0.80	$0.71	$0.84	$0.68	$0.85	$0.77	$0.74
Processing	3.73	4.10	4.45	4.16	4.14	3.86	4.00	3.41	2.72	3.47	2.76
Site administration	0.61	0.50	0.51	0.41	0.51	0.40	0.36	0.35	0.27	0.34	0.26
TC/RC and freight charges	1.03	0.45	0.65	0.57	0.64	0.52	0.59	0.56	0.51	0.54	0.48
Cobalt credit	(0.25)	(0.04)	(0.11)	(0.09)	(0.12)	(0.12)	(0.14)	(0.15)	(0.12)	(0.13)	(0.22)
Cash costs (C1) (per lb)[1]	$5.69	$5.70	$6.43	$6.05	$5.97	$5.36	$5.65	$4.85	$4.23	$4.99	$4.02
Total costs (C3) (per lb)[1]	$6.93	$6.95	$7.84	$7.33	$7.25	$6.59	$6.90	$5.94	$5.39	$6.18	$5.38
Revenues ($ millions)											
Nickel	$80.1	$128.1	$79.6	$93.0	$380.8	$130.5	$113.5	$109.7	$111.5	$465.2	$115.5
Cobalt	2.1	1.8	1.7	1.3	6.9	2.1	2.3	2.6	2.2	9.2	3.8
Total sales revenues	$82.2	$129.9	$81.3	$94.3	$387.7	$132.6	$115.8	$112.3	$113.7	$474.4	$119.3
Nickel sales (contained tonnes)	5,332	9,846	6,272	7,288	28,738	10,033	9,902	10,535	10,142	40,612	10,420
Nickel sales (payable tonnes)	4,199	7,443	4,790	5,425	21,857	7,613	7,496	7,842	8,021	30,972	8,042

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	Q2 12	Q3 12 Pre-commercial production	Q3 12 Post-commercial production	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14
Mining											
Total tonnes mined (000's tonnes)	500	558	1,164	5,238	7,460	3,790	5,119	6,624	6,071	21,604	5,626
Processing											
Ore tonnes milled (000's tonnes)	318	720	687	1,413	3,138	1,512	1,456	1,676	1,670	6,314	1,527
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Nickel recovery (%)	24	54	60	59	56	64	61	65	64	63	65
Nickel production (tonnes)	121	843	1,041	1,870	3,875	2,049	1,956	2,568	2,390	8,963	2,469
Copper ore grade processed (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Copper recovery (%)	64	87	84	84	83	80	83	84	84	83	88
Copper production (tonnes)	642	2,130	1,874	3,448	8,094	3,181	3,559	4,020	4,015	14,775	3,988
Gold production (ounces)	482	1,282	1,431	2,172	5,367	2,619	2,714	3,382	3,008	11,723	3,029
Platinum production (ounces)	585	3,174	3,926	6,123	13,808	6,833	6,161	9,416	7,993	30,403	8,857
Palladium production (ounces)	564	2,827	3,373	5,419	12,183	5,732	4,903	7,404	6,600	24,639	6,485
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
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
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
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
Revenues ($ millions)											
Nickel	-	-	$8.8	$6.9	$15.7	$10.2	$15.7	$13.5	$26.8	$66.2	$30.7
Copper	-	-	18.7	20.6	39.3	19.3	17.1	25.2	16.6	78.2	30.7
Gold	-	-	2.5	3.7	6.2	2.4	1.9	2.8	1.2	8.3	2.8
PGE and other	-	-	5.6	5.3	10.9	7.9	11.4	9.8	15.8	44.9	16.4
Total sales revenues	-	-	$35.6	$36.5	$72.1	$39.8	$46.1	$51.3	$60.4	$197.6	$80.6
Nickel sales (tonnes)	-	-	848	792	1,640	1,015	2,025	1,801	3,652	8,493	3,677
Copper sales (tonnes)	-	1,040	2,604	2,805	6,448	2,734	2,905	4,075	2,938	12,652	5,237
Gold sales (ounces)	-	702	1,749	2,306	4,757	1,811	1,710	2,655	1,182	7,358	2,749
Platinum sales (ounces)	-	775	3,291	3,709	7,775	4,392	6,730	6,433	11,375	28,930	9,931
Palladium sales (ounces)	-	697	2,984	3,500	7,181	4,228	5,485	5,540	8,167	23,420	7,769

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

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

Çayeli statistics	Q1 12	Q2 12	Q3 12	Q4 12	2012	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14
Mining											
Ore mined (000's tonnes)	310	284	295	321	1,210	328	340	322	340	1,330	332
Processing											
Ore milled (000's tonnes)	299	295	305	319	1,218	323	333	335	342	1,333	337
Copper ore grade processed (%)	3.4	3.6	3.3	3.0	3.3	3.2	3.2	3.1	2.8	3.1	2.7
Copper ore recovery (%)	79	81	78	74	78	77	76	77	78	77	80
Zinc ore grade processed (%)	5.4	4.5	5.2	5.0	5.0	4.6	5.1	5.1	4.5	4.9	4.4
Zinc ore recovery (%)	65	63	67	69	66	68	68	66	63	66	66
Copper produced (tonnes)	8,082	8,513	7,777	7,024	31,396	7,873	8,089	8,010	7,538	31,510	7,142
Zinc produced (tonnes)	10,498	8,405	10,727	11,062	40,692	10,249	11,665	11,346	9,837	43,097	9,791
Cash Costs (per lb)[1,2]											
Cash costs – Copper (C1) (per lb)[1]	0.76	0.46	0.64	0.57	0.65	0.93	0.11	0.98	0.87	0.76	0.76
Total costs – Copper (C3) (per lb)[1]	1.22	0.99	1.12	1.08	1.14	1.51	1.13	1.76	1.89	1.64	1.72
Revenues ($ millions)[3]											
Copper	$80.8	$37.8	$71.3	$31.2	$221.1	$52.8	$33.3	$53.6	$45.8	$185.5	$31.4
Zinc	12.2	11.3	12.1	11.0	46.6	8.4	19.4	6.1	13.7	47.6	10.1
Other	8.9	3.0	8.3	3.7	23.9	4.1	3.6	4.7	2.8	15.2	1.5
Total sales revenues	$101.9	$52.1	$91.7	$45.9	$291.6	$65.3	$56.3	$64.4	$62.3	$248.3	$43.0
Copper sales (tonnes)	11,136	6,573	10,418	5,088	33,215	8,080	6,866	8,484	7,940	31,370	5,711
Zinc sales (tonnes)	10,298	9,778	9,860	10,019	39,955	7,173	14,105	9,897	12,179	43,354	8,639

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.

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

Pyhäsalmi statistics	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**	**Q2 13**	**Q3 13**	**Q4 13**	**2013**	**Q1 14**
Mining											
Ore mined (000's tonnes)	342	344	347	351	1,384	346	340	348	348	1,382	342
Processing											
Ore milled (000's tonnes)	342	344	347	351	1,384	346	340	348	348	1,382	342
Copper ore grade processed (%)	1.0	0.9	1.0	1.0	1.0	1.3	1.1	1.1	1.0	1.1	1.2
Copper ore recovery (%)	96	96	95	97	96	97	95	96	98	97	97
Zinc ore grade processed (%)	1.5	2.0	1.6	3.0	2.0	2.0	1.3	2.0	1.7	1.7	1.6
Zinc ore recovery (%)	90	93	90	93	92	92	90	92	92	92	90
Copper produced (tonnes)	3,381	2,820	3,136	3,273	12,610	4,362	3,438	3,632	3,422	14,854	3,917
Zinc produced (tonnes)	4,620	6,307	5,050	9,660	25,637	6,184	3,954	5,985	5,556	21,679	5,050
Pyrite produced (tonnes)	211,275	214,658	243,261	222,534	891,728	189,955	211,444	221,734	202,688	825,821	196,884
Cash Costs (per lb)[1]											
Cash costs – Copper (C1) (per lb)[1]	0.51	(0.81)	(0.44)	(1.62)	(0.53)	(0.55)	0.30	0.65	0.03	0.14	0.52
Total costs – Copper (C3) (per lb)[1]	0.84	(0.42)	(0.05)	(1.19)	(0.14)	(0.10)	2.53	2.48	2.51	1.82	2.54
Revenues ($ millions)											
Copper	$28.9	$21.1	$23.0	$22.7	$95.7	$27.3	$17.0	$31.6	$24.7	$100.6	$22.3
Zinc	5.4	8.0	6.9	11.8	32.1	9.1	5.3	5.7	7.0	27.1	5.4
Pyrite	3.7	8.3	7.5	12.6	32.1	4.9	6.8	5.8	15.2	32.7	5.0
Other	6.2	6.1	4.9	4.7	21.9	6.3	1.3	1.8	4.1	13.5	4.6
Total sales revenues	$44.2	$43.5	$42.3	$51.8	$181.8	$47.6	$30.4	$44.9	$51.0	$173.9	$37.3
Copper sales (tonnes)	3,909	2,992	3,269	3,237	13,407	3,747	2,977	4,678	3,819	15,221	3,750
Zinc sales (tonnes)	4,154	6,349	5,614	8,984	25,101	6,738	3,935	5,979	5,687	22,339	4,219
Pyrite sales (tonnes)	112,298	227,047	213,442	299,676	852,463	114,478	110,777	89,999	454,665	769,919	191,801

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.

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.

	Q1 2014	**Q4 2013**	**Q1 2013**
Net earnings attributable to shareholders of the Company	126.8	131.3	112.4
Add:			
Acquisition and other costs relating to Inmet (net of tax)	-	-	35.7
Reclassification of impairment of an investment to net earnings	-	2.5	5.7
Comparative earnings	126.8	133.8	153.8
Earnings per share as reported	$0.22	$0.22	$0.23
Comparative earnings per share	$0.22	$0.23	$0.32

Calculation of gross profit before Inmet acquisition accounting adjustments

Inmet acquisition accounting adjustments are the unwinding to earnings of the uplift from book values to fair value of acquired mineral property, plant and equipment as at the date of acquisition of March 22, 2013. These adjustments are recurring and will continue on a systematic basis over the remaining lives of the Las Cruces, Çayeli and Pyhäsalmi mines. These adjustments are added back to gross profit to arrive at gross profit before Inmet acquisition accounting adjustments.

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

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 March 31, 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. For the quarter ended March 31, 2014, 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 MPSA	Proportion of fair value of MPSA

Financial instruments risk exposure

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

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below "A-" are reported to, and approved by, the Audit Committee. As at March 31, 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 quarter ended March 31, 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 March 31, 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 March 31, 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 March 31, 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 the 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 1 January 2014. This amendment does not have a material effect on the Company's consolidated financial statements.
- *IAS 36 - Impairment of Assets*. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment becomes effective for annual periods beginning on or after 1 January 2014. This amendment affects presentation only and has been incorporated into the Company's financial reporting.
- *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 1 January 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.

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 March 31, 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.