

# FIRST QUANTUM MINERALS



## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT**

**Some of the statements contained in the following material are forward-looking statements and not statement of facts. Such statements are based on the current beliefs of management, as well as assumptions based on management information currently available.**

**Forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from expected results.**

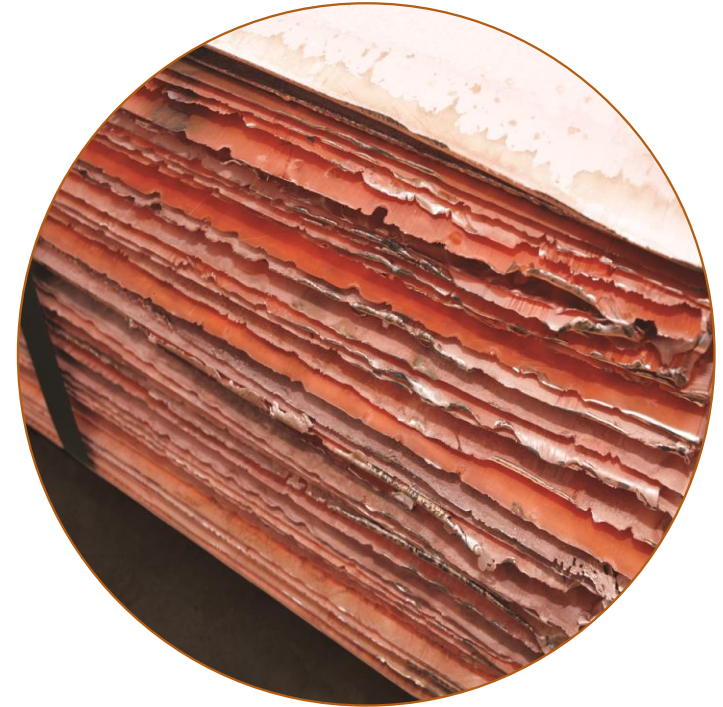
**Readers must rely on their own evaluation of these uncertainties.**

**Note: all dollar amounts in US dollars unless otherwise indicated**



# OUR ACTION PLAN AMID VOLATILE MARKET CONDITIONS

- Operate safe and efficient facilities
- Strengthen and protect the balance sheet
- Ensure profitability and cash flow from operations are maximized and protected
- Limit cash outflows to essential and economically attractive projects





## IMPLEMENTED A WIDE-RANGING ACTION PLAN VERY EARLY

ACTIONS TAKEN	
Re-phased and lowered the 2015 capital program by ~ \$700M	Q1'15
Reduced workforce company-wide ~ 440 positions	Q1'15
Lowered salaries by up to 20%	Q1'15
Reduced dividend payout ratio	Q1'15
Launched a dividend re-investment and share purchase plan	Q1'15





## AS CONDITIONS WEAKENED, WE STRENGTHENED OUR DEFENCE

### ACTIONS TAKEN

Completed an equity issue for ~ Cdn\$1.4B	Q2'15
Renegotiated the ENRC Promissory Note for ~\$300M	Q3'15
Signed the revised precious metals stream agreement – \$1B	Q3'15
Reduced remaining three-year capital program – \$800M	Q3'15
Started a copper hedge program	Q3'15
Committed to reduce net debt through asset sales & other strategic initiatives	Q3'15
Reduced Cobre Panama capital estimate by 15% – ~\$940M	Q4'15



## RESULTS - CORPORATE

- Agreed sale for Kevitsa
- Strengthened financial position
- Compliant with financial covenants
- Platform of higher cash generating operations
- Effective copper sales hedge program
- Continued support from lending syndicate





## RESULTS – OPERATIONS<sup>1</sup> – Q1 2016

- Strong operations
- 4<sup>th</sup> successive quarter of higher copper production & lower unit production cost
- All-in sustaining cost well below a year ago
  - Copper by 39% to US\$1.36
  - Nickel by 11% to US\$4.93
- Highest quarterly copper production & sales



<sup>1</sup> Continuing operations which exclude Kevitsa



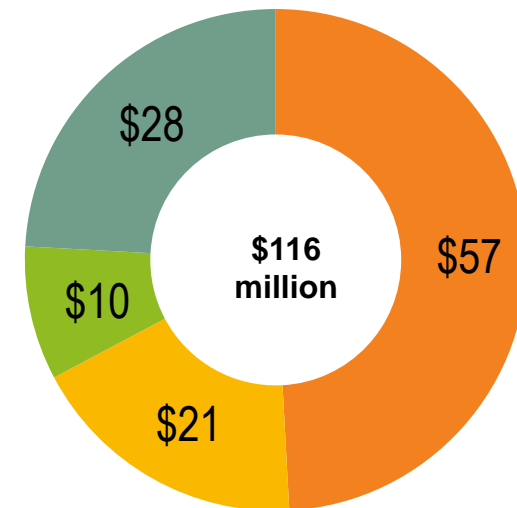


## RESULTS – COST SAVINGS<sup>1</sup> – Q1 2016 VS. Q1 2015

- Net acid costs \$28m lower driven by Kansanshi smelter production of sulphuric acid
- Lower employee, contractor and maintenance costs
- Lower consumable, fuel, power and freight costs across the group
- General and administration and exploration costs \$10m lower excluding the impact of FX
- In addition, royalty costs \$38m lower due to rate change

<sup>1</sup> Adjusted to remove the impact of FX

Savings Q1'16 vs Q1'15  
\$ millions



- Employee/Contractors/Maintenance costs
- Fuel/Power/Freight/Consumables
- G&A + Exploration
- Smelter savings





# PLATFORM OF HIGHER CASH GENERATING OPERATIONS

- **Kansanshi smelter** – exceptional start-up and continuing operation
- **Kansanshi mine** – benefitting from having a dedicated smelter
- **Las Cruces** – steady strong operation
- **Guelb Moghrein** – significantly stronger
- **Ravensthorpe** – one of the lowest cost nickel producers
- **Çayeli** – well-managed mature operation
- **Pyhäsalmi** – recognized as one of the most efficient underground mines in the world







## SENTINEL RAMPING UP

- Progressively higher production every quarter since Q1 2015
- Expected to be able to run at or near design throughput capacity with the current 120MW allocation
- Awaiting electrification of 2<sup>nd</sup> power line expected in Q2 2016





# COBRE PANAMA DEVELOPMENT ON TRACK

- Most challenging aspect of the project is well under control
- Priority given to the power station and associated infrastructure
- Revenues from power sales expected in 2<sup>nd</sup> half 2017
- Expenditures being managed to suit market conditions
- Capex lowered to \$5.48 billion







## A POSITIVE OUTLOOK

- Power situation in Zambia has stabilized
- Focus on cost and process optimization continue
- Advancing the process to put in place up to US\$2.5 billion of project financing for Cobre Panama
- Changes to Zambian mining tax regime expected during 2016:
  - Repeal of the variable profits tax
  - Lowering of the current 20% royalty to between 4-6% depending on the monthly average LME copper trading price



**First Quantum  
is a stronger  
company with  
a platform of  
high-quality assets**



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