

# TURNING VISION INTO REALITY

SEPTEMBER 2014

TSX: FM; LSE: FQM



**FIRST QUANTUM**  
MINERALS LTD.



## **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**



## FIRST QUANTUM MINERALS AT A GLANCE

- **A Global Company**
  - Operations and projects in 8 countries
- **Efficient Operations**
  - 7 operations
  - 2013 production:
    - ✓ copper 412,281 tonnes
    - ✓ nickel 47,066 tonnes
    - ✓ gold 248,078 ounces
  - Cash cost of production
    - ✓ copper \$1.30/lb; nickel \$5.02/lb
- **Strong Liquidity & Cash Flow**
  - Cash at June 30 '14 = \$682.2M
  - Cash from operations = \$758.7M
  - Available & undrawn facilities of \$1.9B
- **Industry-Leading Growth**
  - 5 major projects under development
  - Production capacities to rise to 1.1 Mtpa for copper and 110 ktpa for nickel by 2018
- **Unique Core Strength**
  - In-house project development team
  - Delivered projects at an average of 40% of the industry's average capital per tonne of capacity
- **Strong Track Record**
  - Delivered over \$2.4B worth of projects to demanding cost and schedule targets
  - Returned a compounded annual gain of over 30% since listing





## 1H 2014 OPERATING AND FINANCIAL PERFORMANCE

### • Production up

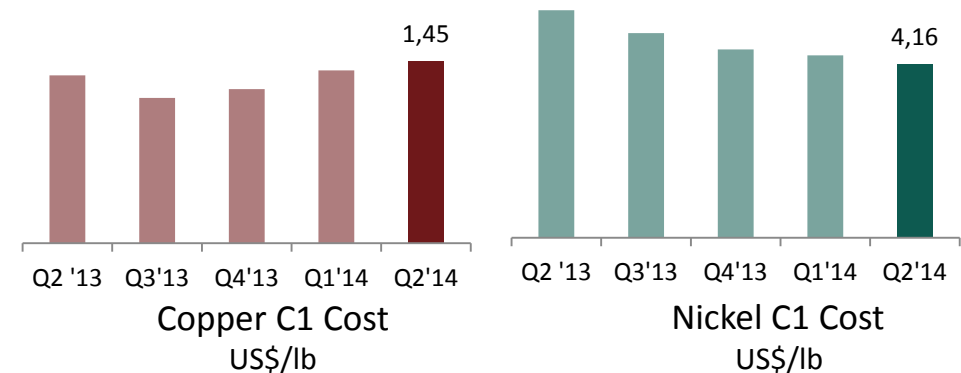
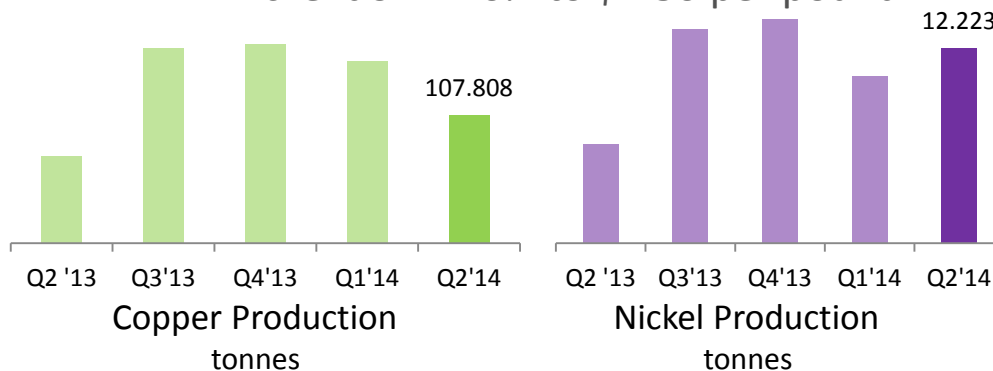
- Copper up 21% to 220,926 tonnes
- Nickel up 10% to 24,061 tonnes
- Gold up 1% to 119,511 ounces
- Platinum and palladium up 34% to 31,552 ounces

### • Cash cost lowered

- Copper down 1% to \$1.41 per pound
- Nickel down 20% to \$4.30 per pound

### • Comparative net earnings of \$260.4M or \$0.22 per share including:

- \$46 million or \$0.09 per share of unfavorable, recurring acquisition-related adjustments.
- Unfavorable impact of \$120 million from lower commodity prices

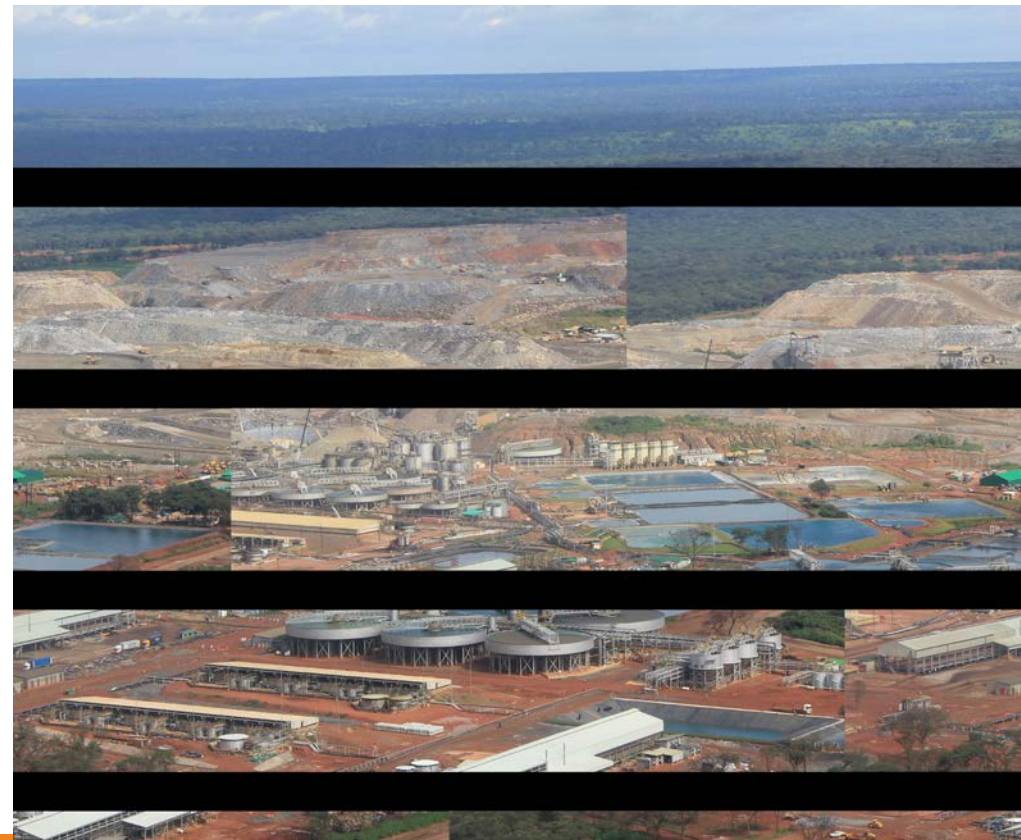






## OUR PRIORITIES

- Build a leading copper-focused company
- Maintain an optimal capital and financing structure
- Operate efficiently





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Trident Project

- Located ~ 140 km northwest of Solwezi, northern Zambia
- Includes Sentinel copper and Enterprise nickel
- Sentinel's M&I resource of 1,027 Mt at 0.51% Cu grade, containing 5.2 Mt Cu
- Estimates:
  - 2.2:1 LOM strip ratio
  - >15 years mine life
  - Production of up to 300 Ktpa copper; 38 to 60 Ktpa nickel in concentrate
  - US\$2.0B capex
  - Completion from mid-2014 for Sentinel & 2016 for Enterprise







## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Trident Project

- Flexible 4 Mtpa nickel facility can augment copper capacity
- 55 Mtpa copper throughput
- 3 semi-mobile in pit crushers and assembly of large scale mining equipment
- Large operating SAG/Ball mill trains (100MW milling power)
- 265 Kt of freight = 14,500 truckloads of materials
- 2 rivers dammed/diverted





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Trident Project

- Life of mine tailings storage facility
- 600 km of 330kV power transmission lines from Lumwana – Kalumbila – Lusaka West
- 690 staff houses plus 590 houses in resettlement
- Development of a new town, airport, clinic, school etc....







## SENTINEL – PROCESSING PLANT







## SENTINEL – STOCKPILE





## SENTINEL – SEMI-MOBILE IN-PIT CRUSHER







## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Copper Smelting Complex

- Phase 1
  - Processing capacity of 1.2 Mtpa
  - Combination of concentrate from Kansanshi & Sentinel
  - Average copper grade 26%
- Estimates:
  - Production 300,000 Tpa copper; 1.0 Mtpa sulphuric acid
  - Commissioning from 2H2014
  - Savings of between US\$340M and US\$510M/year
  - Capital of \$850M





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Copper Smelting Complex

- Phase 1 ~ 80% complete
- Commissioning activities started alongside construction
- Phase 2 being planned to increase processing capacity to between 2 to 2.4 Mtpa in 2017







## **BUILDING A LEADING COPPER-FOCUSED COMPANY**

### **Copper Smelting Complex - Phase 1 Smelter – Oxygen Plant**







## **BUILDING A LEADING COPPER-FOCUSED COMPANY**

### **Copper Smelting Complex - Phase 1 Smelter – Acid Storage**





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Cobre Panama – A Tier 1 Copper Project

- Acquired March 2013
- Critical review following acquisition
  - Focused mainly on Engineering, Contracts and Construction initially
  - Copied major areas of the design of the almost-complete Sentinel process plant
- Made significant changes
  - Unwound ~US\$1.7B of commitments
  - Rectified multiple deficiencies
  - Readied the site for construction
  - Connected mine site to port site
  - Changed to an in-house, self-perform arrangement



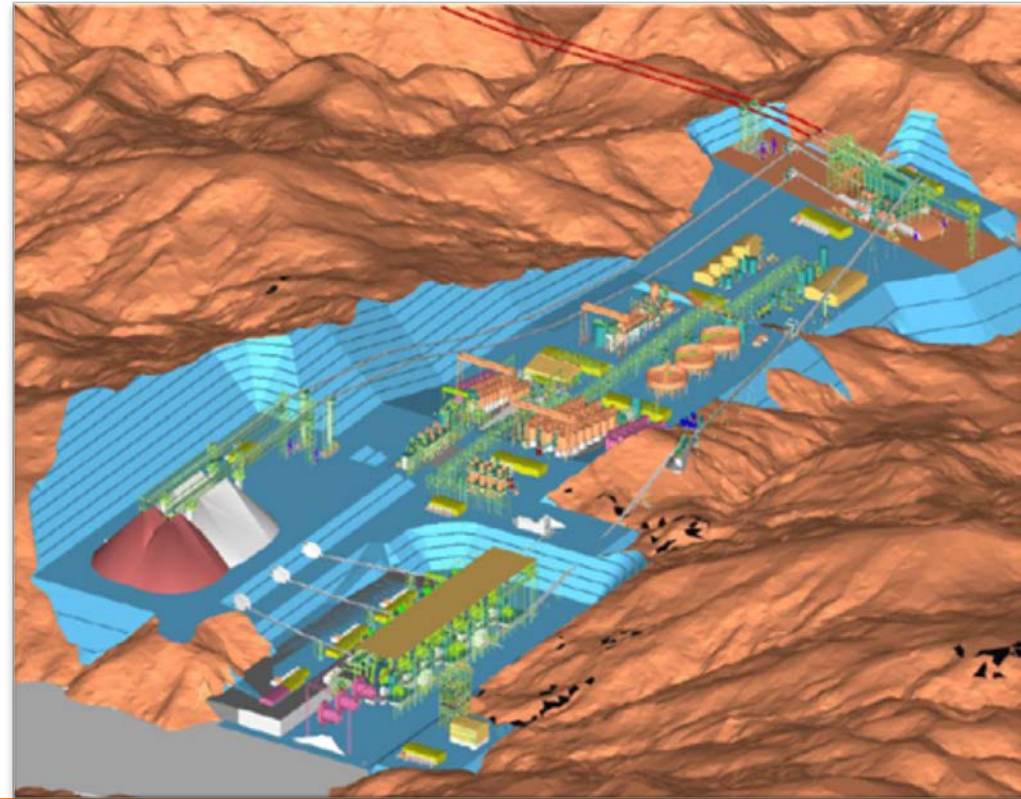




## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Cobre Panama – A Tier 1 Copper Project

- A larger, more robust project
  - Installed capacity Yrs 1-10 = ~70 Mtpa
    - ✓ 17% higher than prior
    - ✓ Expansion up to 100 Mtpa beyond Yr 10
  - Average annual LOM\* copper production of 320,000 tonnes
    - ✓ ~ 20% higher than prior
  - Average annual LOM by-product production
    - ✓ 100,000 ounces gold; 1,800,000 ounces silver and 3,500 tonnes molybdenum
- Mine life of 34 years







## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Cobre Panama – A Tier 1 Copper Project

- Capex estimate of \$6.4 billion
  - inclusive of \$913 million incurred prior to acquisition
- Capital per installed tonne of capacity of \$17,125
  - ~25% lower than prior
- A realistic and well-defined timeframe
  - 230 KV overland power line – Q4 '15
  - 300 MW powerstation – Q1 '17
  - Tailings management facility – Q2 '17
  - Process plant construction – Q3 '17
  - Commissioning & 1<sup>st</sup> concentrate production – Q4 '17





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Haquira Copper Project

- Acquired in December 2010
- Large-scale copper project located in Apurimac Department, Peru
  - M&I resource of 3.7 Mt of copper equivalent and an inferred resource of 2.4 Mt of copper equivalent
- Currently focused on community and environmental matters





## BUILDING A LEADING COPPER-FOCUSED COMPANY

### Taca Taca Copper Project

- Acquired in August 2014 for ~ \$470M
- Located in the Puna region of Salta Province, Argentina
- NI 43-101 compliant indicated mineral resource estimate:
  - 21.15B pounds of copper (9.6M tonnes of copper) contained in 2.17B tonnes grading 0.44% copper, 0.08g/t gold and 0.013% molybdenum (0.57% copper equivalent)
  - Inferred mineral resource estimate of ~7.55B pounds of copper (3.4M tonnes of copper) contained in 921M tonnes grading 0.37% copper, 0.05g/t gold and 0.012% molybdenum (0.47% copper equivalent),
  - 0.3% copper equivalent cut-off
  - Estimates defined by 148,000 metres of drilling
  - Deposit remains open in some areas to depth and along the southern boundary of the NE limb







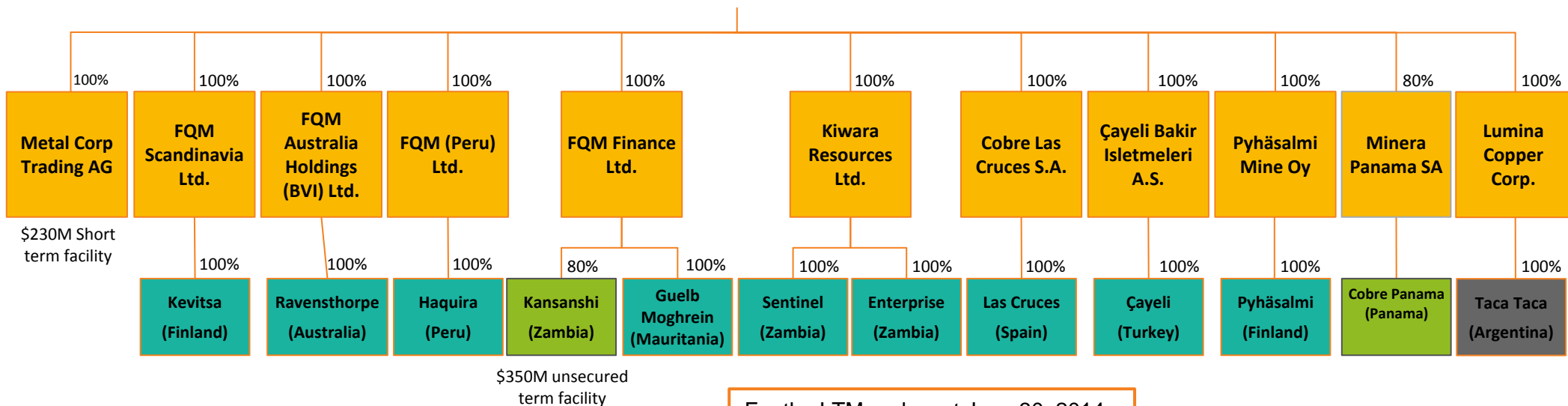
## OPTIMIZED CAPITAL STRUCTURE & FINANCIAL FLEXIBILITY

- Refinanced the short-term US\$2.5B revolver at FQM (Akubra) with a \$1.2B Term Loan Facility 5-year Term and and a \$1.8B Revolving Credit Facility
- Exchanged the FQM (Akubra) Inc. US\$1.49B 8.75% 2020 and US\$500M 7.50% 2021 notes for new 6.75% 6-year notes and new 7.00% 7-year notes
- In conjunction with the Exchange Offer, made covenant changes to better match the Company's needs going forward
- Made certain amendments to the existing indentures of the US\$350M 7.25% Senior Notes due 2019 through a consent solicitation offer to bondholders
- Retired the project financing at Kevitsa and Kansanshi and put in place a \$350M unsecured facility at Kansanshi
- Completed \$850M 7.25% Senior Notes Offering due 2022

# Corporate Structure Chart



\$1,800M Revolving Credit Facility due 2019  
 \$1,200M Term Facility due 2019  
 \$1,121M 6.75% Senior Notes due 2020  
 \$1,121M 7.00% Senior Notes due 2021  
 \$850M 7.25% Senior Notes due 2022  
 \$350M 7.25% Senior Notes due 2019



Holding company is guarantor  
 Holding company is non-guarantor

For the LTM and as at June 30, 2014

- EBITDA: \$1,502m
- Net Debt / EBITDA: 2.9x
- Total Assets: \$16,689M



**ONE OF THE  
FEW MINING  
COMPANIES  
*INVESTING* IN  
BUILDING CAPACITY**







## CURRENT STATE OF THE COPPER INDUSTRY

### *A Small Copper Surplus Now, But.....*

- **EXPLORATION**

- Majors have cut back on exploration and juniors are mainly un-financeable
- It takes 12-15 years to get from discovery to production

- **BROWN FIELD EXPANSIONS**

- Should be lower capital intensity but are not
- Capital projects cancelled or deferred from shareholder pressure

- **GREENFIELD PROJECTS**

- High capital intensity
- Capital projects cancelled or deferred as above
- Very poor track record of developing projects efficiently

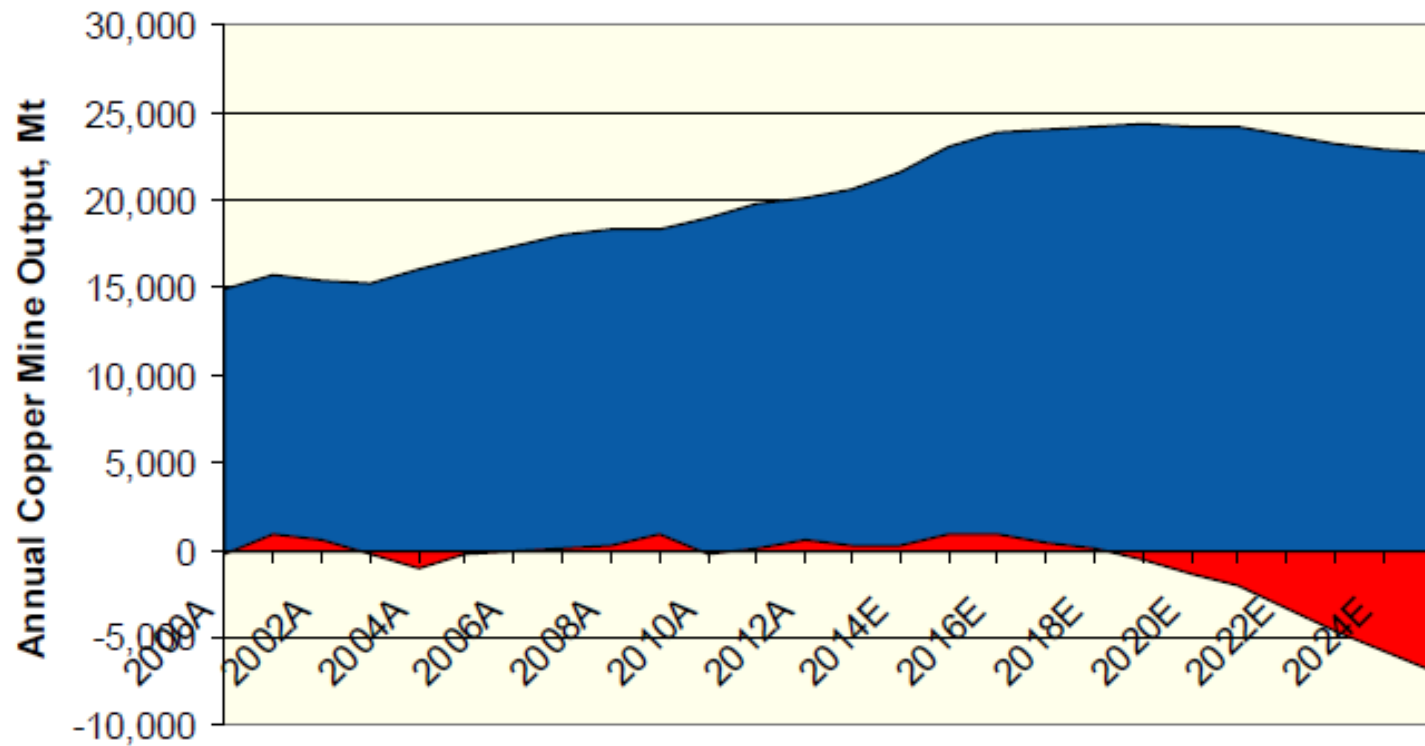




## CURRENT STATE OF THE COPPER INDUSTRY

### *Results in a Looming Deficit*

■ Mine Supply ■ Surplus (Deficit)



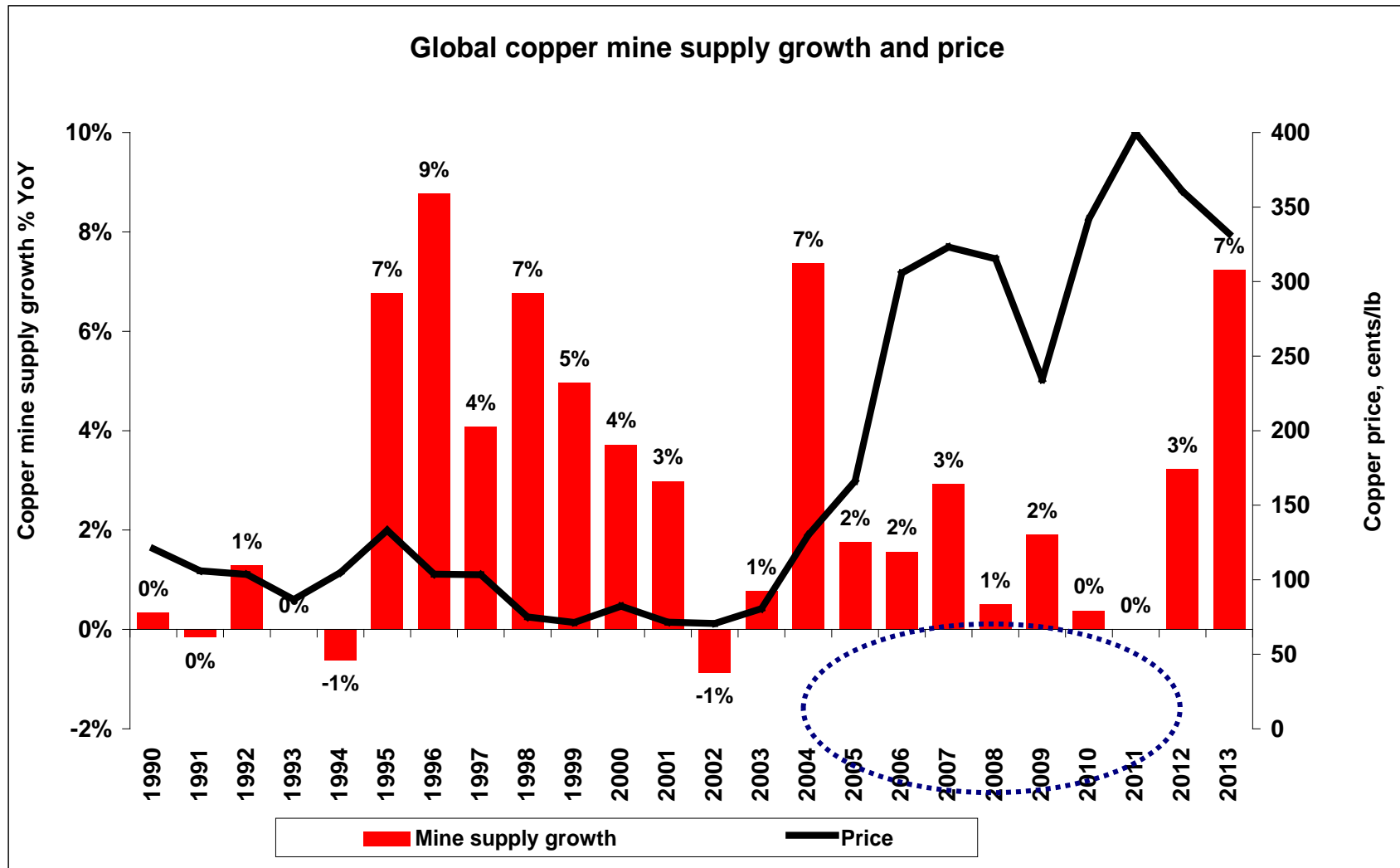
Source: BMO Capital Markets, Wood Mackenzie







## LACK OF SUPPLY RESPONSE TO PRICE WAS STAGGERING OVER 2006-2012 PERIOD



Source: Wood Mackenzie, Macquarie Research, February 2014



**SO THE SEEDS OF THE NEXT COPPER PRICE BUBBLE ARE ALREADY SOWN ...  
AND IT IS COMING SOON**

***So why is the industry cutting investment?***

- Pressure from shareholders who have a much shorter time horizon than miners

***This is not going to change***

- There is not much out there that the majors want

***With the cut-back in exploration, this is unlikely to change***

- The capital intensity of new projects is rising rapidly

***Why is this so?***

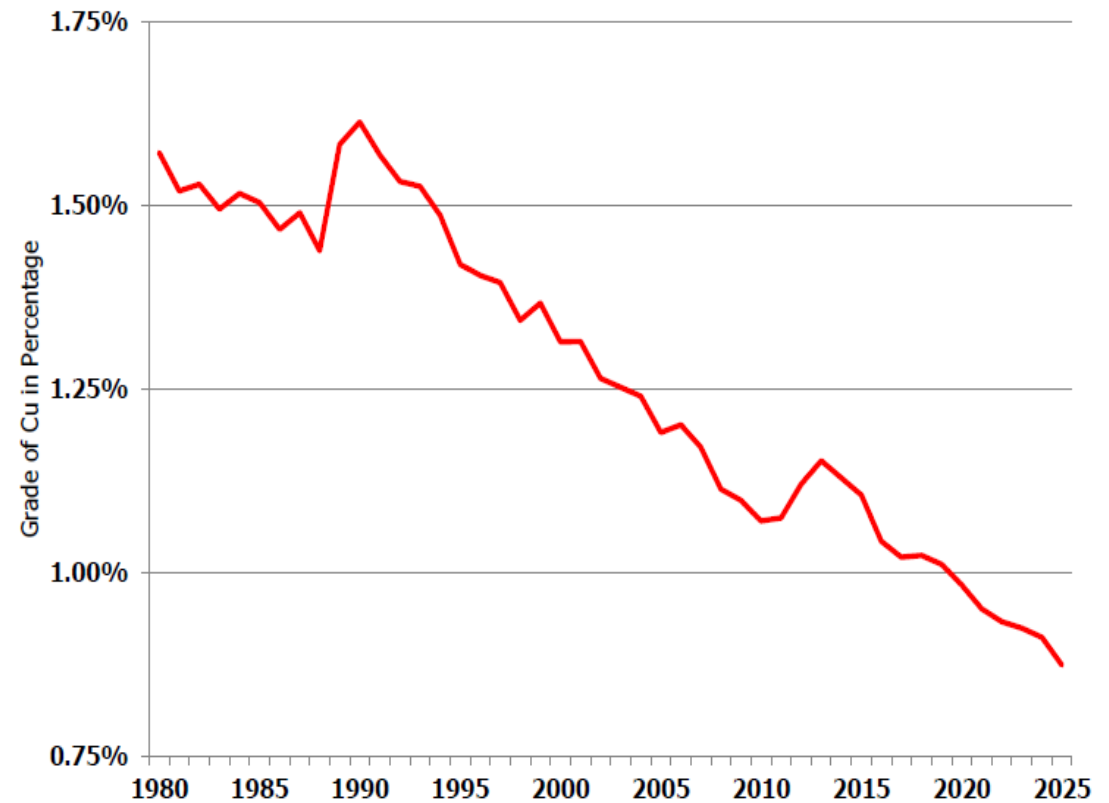




## WHY IS CAPITAL INTENSITY RISING?

- Falling grades
- Difficult geographies
- Geopolitics

Average Copper Grades

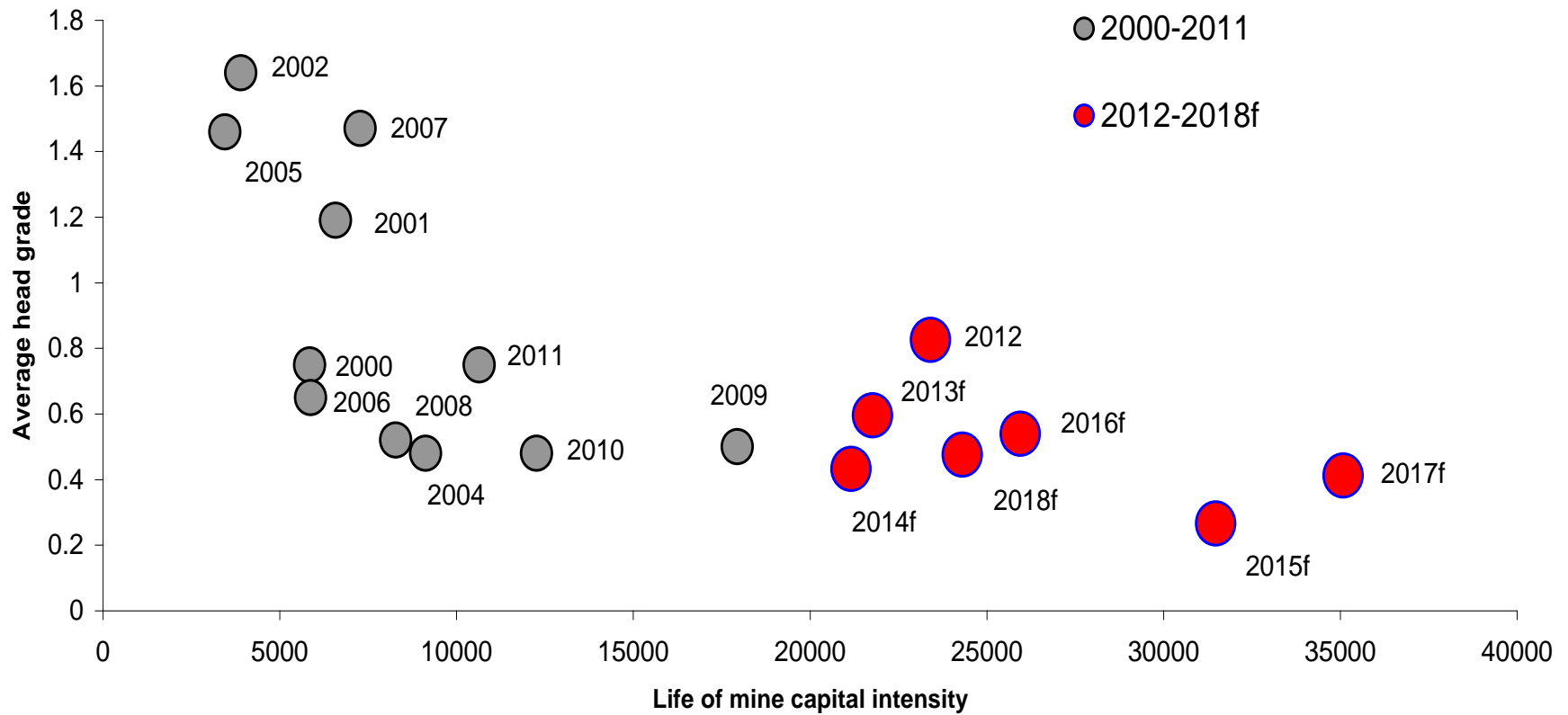


Source: Brook Hunt, Freeport McMoRan



## AS HEAD GRADES FALL, CAPITAL INTENSITY RISES RAPIDLY

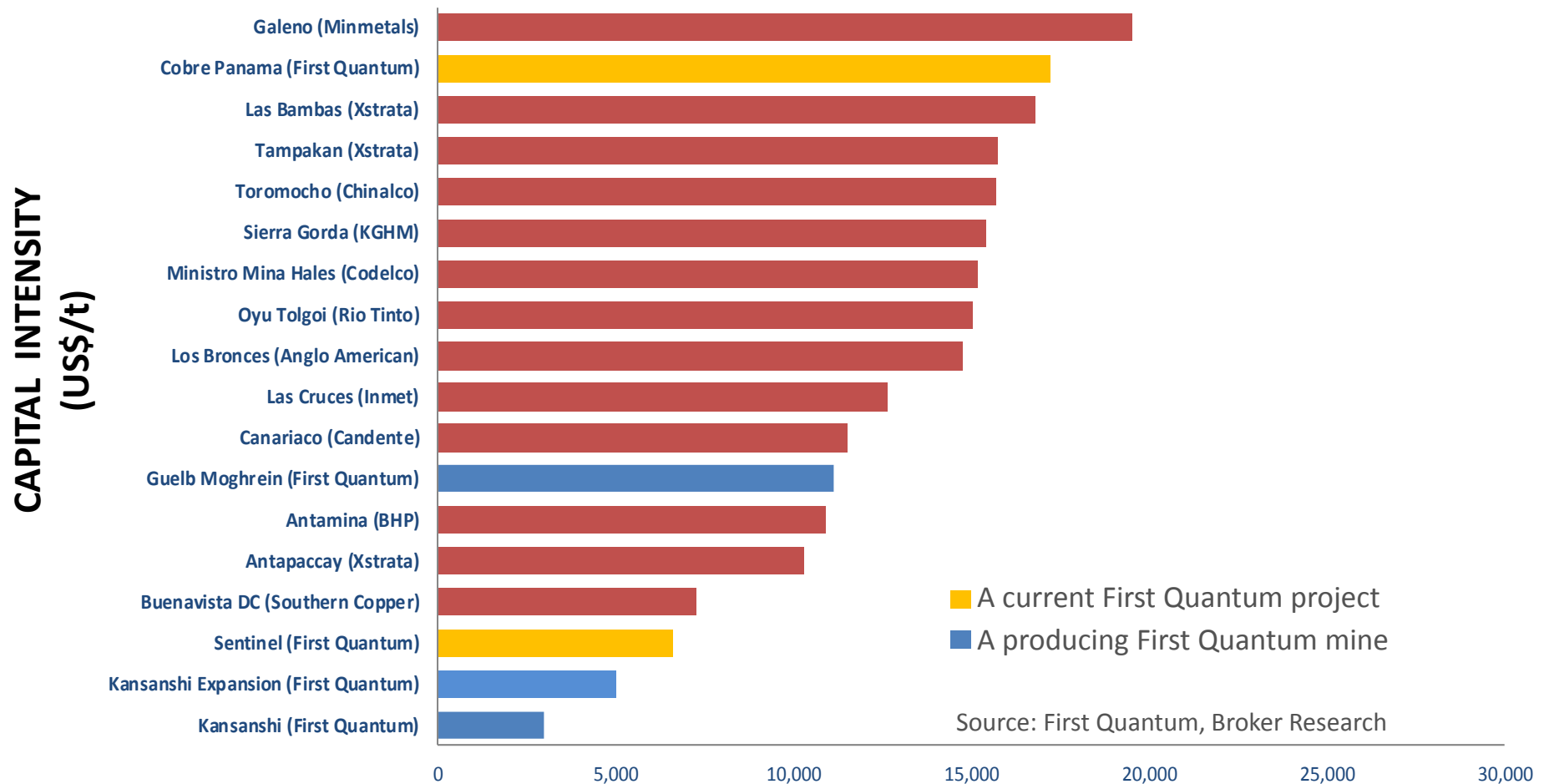
Weighted average copper project by year of delivery







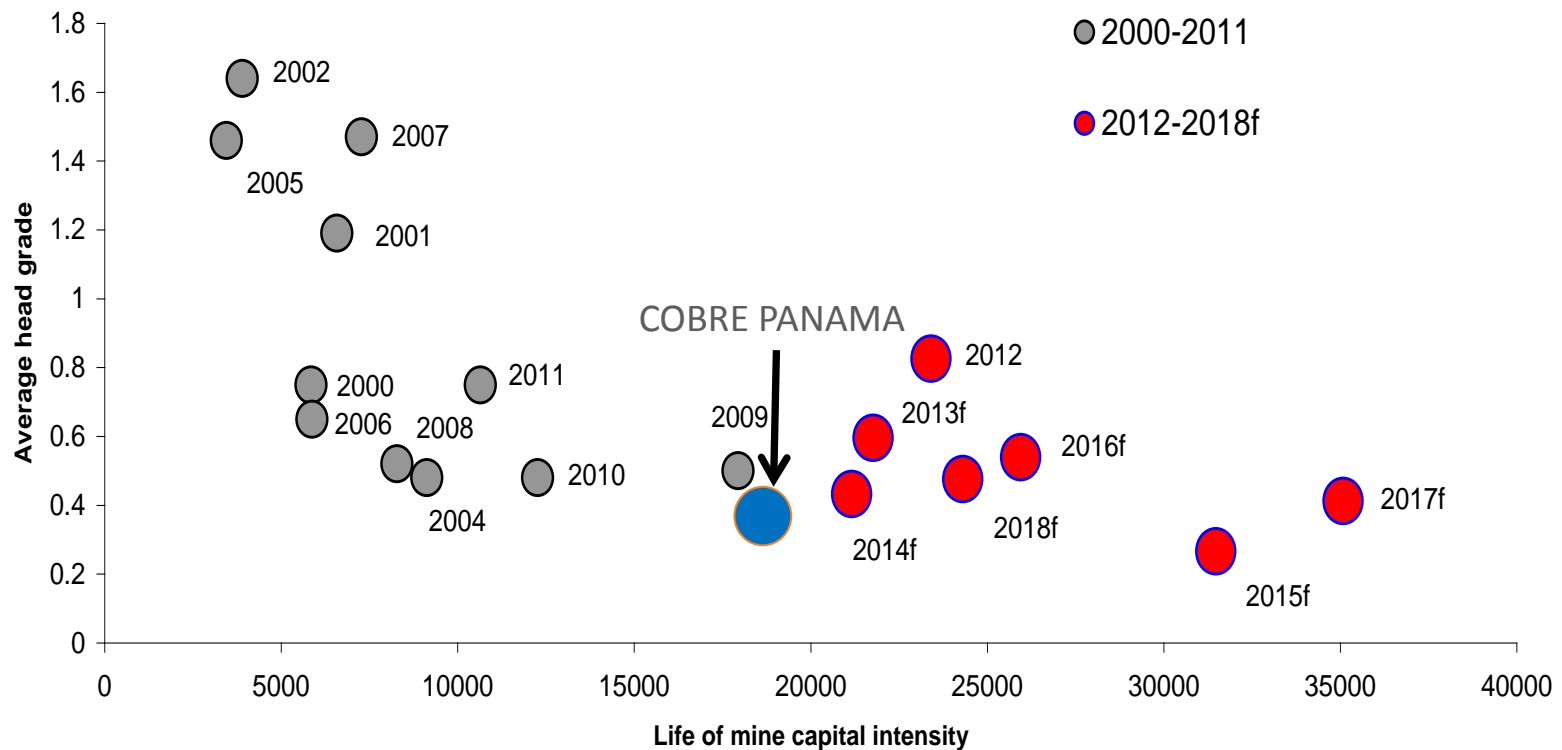
## BUT IT IS POSSIBLE TO BUILD PROJECTS EFFICIENTLY





# COBRE PANAMA HAS SUBSTANTIALLY LOWER CAPITAL INTENSITY COMPARED TO OTHER PROJECTS WITH SIMILAR START-UP HORIZONS

Weighted average copper project by year of delivery



Source: Wood Mackenzie, CRU, Macquarie Research, February 2014



# EFFICIENT OPERATIONS







## EFFICIENT OPERATIONS

### Kansanshi Cu-Au mine, Zambia

- Located near Solwezi in the north western Province of Zambia
- First production in 2005
- Open pit mining
- Flexible ore treatment to allow for variation in ore type :
  - sulphide circuit; oxide circuit; gold facility
- As at December 31, 2013, the estimated mine life was ~17 years
- Workforce = ~1,937





## EFFICIENT OPERATIONS

### Kansanshi Cu-Au mine, Zambia

- 1H 2014
  - 137 kt of copper
  - 82 kozs of gold
  - \$1.63/lb copper C1 cash cost
- 2014 outlook
  - 255 to 270 kt of copper
  - 150 to 160 kozs of gold
- Multi-phase capacity expansion project
  - 2012 – 2017  
60% increase in overall production capacity
  - 2012 – 2014  
130% increase in oxide production capacity
  - 2017  
90% increase in sulphide production capacity

| Project  | Capacity  | Status   | Estimate<br>Cost<br><br>(US\$M) | Production<br>Impact        |
|----------|-----------|----------|---------------------------------|-----------------------------|
| Oxide    | 7.2 Mtpa  | Complete | 34                              | Copper: 10,000 - 15,000 Tpa |
| Oxide    | 14.5 Mtpa | Complete | 280                             | Copper: 60,000 - 75,000 Tpa |
| Sulphide | 25 Mtpa   | 2017     | 565                             | Copper: 60,000 - 70,000 Tpa |



## EFFICIENT OPERATIONS

### Las Cruces Cu mine, Spain

- Acquired in March 2013
- Estimated mine life of 9 years; potential for extension
- Current average reserve grade of 5.4% copper
- Workforce = ~254
- 1H 2014
  - 36 Kt of copper; \$0.93/lb copper C1 cash cost
- 2014 Outlook
  - 69 to 72 kt of copper







## EFFICIENT OPERATIONS

### Guelb Moghrein Cu-Au mine, Mauritania

- 100% ownership
- Located 250 kilometres northeast of the nation's capital, Nouakchott
- As at December 31, 2013, the estimated mine life was ~ 8 years (including stockpiles) based on current operations
- First production in 2006
- Workforce = ~1,170





## EFFICIENT OPERATIONS

### Guelb Moghrein Cu-Au mine, Mauritania

- 1H 2014
  - 17 kt tonnes of copper
  - 26 kzs of gold
  - \$1.71/lb copper C1 cash cost
- 2014 Outlook
  - 35 to 38 kt of copper
  - 50 to 55 k ozs of gold
- Magnetite plant project:
  - In detailed design stage
  - Estimated capex of \$50M
  - Expected production of 1 – 2 Mtpa tonnes of 69% Fe magnetite concentrate
  - Expected start up in Q3 2014
  - Expected to extend mine life through retreatment of tailings dam





## EFFICIENT OPERATIONS

### Ravensthorpe Ni mine, Australia

- Acquired as a decommissioned plant in 2010
- First production within 20 months of purchase
- Estimated mine life of 32 years
- Commercial production declared Dec 2011
- Workforce = ~428
- 1H 2014
  - 19 kt of nickel @ \$4.14/lb C1 cash cost
- 2014 Outlook
  - 36 to 38 kt of nickel







## EFFICIENT OPERATIONS

### Kevitsa Ni-Cu-PGE mine, Finland

- Built, commissioned and started commercial operations within 36 months of board approval
- Estimated mine life of 29 years
- Commercial production declared August 2012
- Workforce = ~337
- Further potential
  - Process optimization
  - Increase throughput following environmental permit approval
- 1H 2014 = 9 kt of copper @ \$1.22/lb C1 cash cost ; 5 kt of nickel @ \$4.82/lb nickel C1 cash cost
- 2014 Outlook
  - 17 to 20 kt of copper; 9 to 10 kt of nickel





## EFFICIENT OPERATIONS

### Çayeli Cu-Zn mine, Turkey

- Acquired in March 2013
- Estimated mine life of 6 years with potential for an additional 3 years
- Average grade of 3.1% copper and 3.6% zinc
- Workforce = ~520 employees
- 1H 2014
  - 15 kt of copper; 18 kt of zinc
  - \$0.78/lb copper C1 cash cost
- 2014 Outlook
  - 27 to 29 kt of copper
  - 34 to 37 kt of zinc







## EFFICIENT OPERATIONS

### Pyhäsalmi Cu-Zn mine, Finland

- Acquired in March 2013
- One of the most efficient underground mines in the world
- Estimated mine life of 6 years
- Average grade of 1.05% copper and 1.79% zinc
- Workforce = ~228 employees
- 1H 2014
  - 7 kt of copper; 11 kt of zinc
  - \$0.36/lb copper C1 cash cost
- 2014 Outlook
  - 14 to 15 kt of copper; 21 to 23 kt of zinc







## FULL YEAR 2014 GUIDANCE

- **Production**
  - Copper between 418,000 - 444,000 tonnes
  - Nickel between 45,000 - 48,000 tonnes
  - Gold between 221,000 - 242,000 ounces
  - Zinc between 55,000 - 60,000 tonnes
  - Platinum between 22,000 - 24,000 ounces
  - Palladium between 26,000 – 29,000 ounces
- **C1 cash cost**
  - Copper between \$1.32 - \$1.48/lb.
  - Nickel between \$4.40 - \$4.90/lb
- **Capital expenditures**
  - \$2.2B to \$2.4B

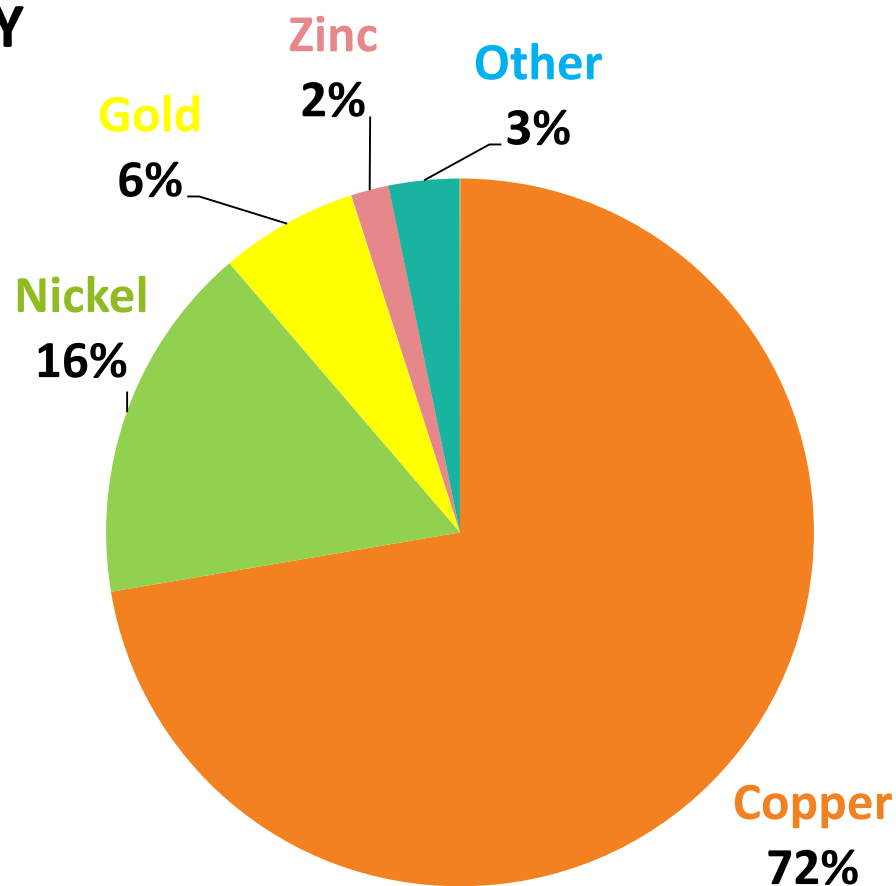


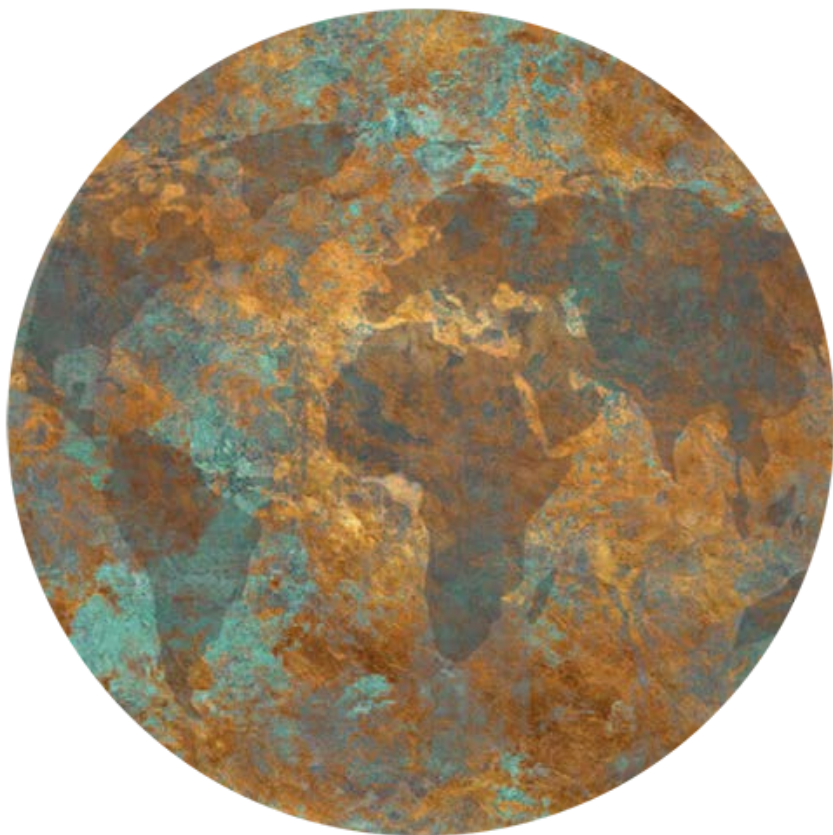


## Revenues

### A COPPER-FOCUSED, GLOBAL COMPANY

- ✓ Significant Nickel and Gold Production
- ✓ Operations and Projects in 8 countries
- ✓ High-Quality, Stable, Efficient Operations
- ✓ Strong Liquidity & Cash Flow
- ✓ Industry-Leading Growth
- ✓ Unique Core Strength of In-House Project Development
- ✓ Strong Track Record of Project Development and Shareholder Returns





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