

Management's Discussion and Analysis

First quarter ended March 31, 2015

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, 2015. 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.

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 April 30, 2015.

SUMMARIZED OPERATING AND FINANCIAL RESULTS¹

<i>(USD millions unless otherwise noted)</i>	Q1 2015	Q4 2014	Q1 2014
Copper production (tonnes) ³	96,318	105,176	113,118
Copper sales (tonnes)	95,185	94,836	102,786
Cash cost of copper production (C1) ¹ (per lb)	\$1.39	\$1.35	\$1.38
Realized copper price (per lb)	\$2.56	\$2.91	\$3.10
Nickel production (contained tonnes)	6,268	9,934	11,838
Nickel sales (contained tonnes)	5,706	12,189	14,097
Cash cost of nickel production (C1) ¹ (per lb)	\$4.40	\$4.49	\$4.37
Realized nickel price (per payable lb)	\$6.56	\$7.20	\$6.57
Gold production (ounces)	52,782	57,480	60,164
Gold sales (ounces)	49,880	48,608	53,126
Sales revenues	650	821	891
Gross profit	26	183	282
EBITDA ¹	33	300	364
Net (loss) earnings attributable to shareholders of the Company	(82)	453	127
Earnings (loss) per share	(\$0.14)	\$0.76	\$0.22
Diluted earnings (loss) per share	(\$0.14)	\$0.75	\$0.21
Comparative (loss) earnings ²	(12)	58	130
Comparative (loss) earnings per share ²	(\$0.02)	\$0.10	\$0.22
Comparative EBITDA ²	120	278	373

¹ Cash costs (C1) and earnings before interest, tax, depreciation and amortization ("EBITDA") are not recognized under IFRS. See "Regulatory Disclosures" for further information.

² Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude impacts which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. Comparative earnings, comparative earnings per share and comparative EBITDA 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" on page 29 of the MD&A for a reconciliation of comparative EBITDA and comparative earnings.

³ Total Group copper production includes initial production at Sentinel of 1,003 tonnes, which is pre-commercial production and therefore excluded from earnings.

First quarter highlights

Copper production 15% lower in Q1 2015 as expected

- Copper production of 96,318 tonnes decreased by 16,800 tonnes over Q1 2014, primarily reflecting lower copper production at Kansanshi, as expected. Quarterly phasing of Kansanshi annual copper production was forecast to be at its lowest in Q1 2015 to limit consumption of acid purchased from third parties prior to the commissioning of the smelter.
- Technical commissioning of the smelter was completed successfully and ramp-up is progressing ahead of expectations. There has been a resulting reduction in Kansanshi copper concentrate inventory and increase in the use of by-product sulphuric acid in the mine's oxide and mixed ore circuits is replacing third-party purchases in higher volumes and much earlier than anticipated. Combined with the excess capacity in the leach circuit to be utilized the remainder of the year, Kansanshi copper production in 2015 is expected to be at a similar level to last year. Full year guidance of copper production remains unchanged.
- First filtered concentrate was produced at Sentinel in January 2015, with contribution to physical production of 1,003 tonnes of copper in Q1 2015. The ramp-up in production has progressed through the peak of the wet season and will continue during Q2.

Nickel production lower in Q1 2015 with Ravensthorpe operating at reduced capacity

- Nickel production at Ravensthorpe was 4,238 tonnes in Q1 2015, in line with expectations with the operation running at reduced capacity as a result of the atmospheric leach tank failure in mid-December 2014. While repairs are taking place, Ravensthorpe is currently operating the more efficient autoclaves until the atmospheric leach circuit returns to operation. Ravensthorpe recommenced operations on February 2, 2015 and it is anticipated that the atmospheric leach circuit will be recommissioned in Q3, with nickel production forecast to increase throughout the second half of 2015, before returning to full operational capacity by year-end.
- Nickel production at Kevitsa was 2,030 tonnes in Q1 2015 compared to 2,469 tonnes in Q1 2014, a decrease of 18% that reflects lower feed grades and slightly lower throughput.

Gold production decreased 12% from lower production at Kansanshi

- Gold production of 52,782 ounces in the quarter was impacted primarily by lower gold production at Kansanshi due to lower head grade and lower volume of concentrate produced. Gold production at Guelb Moghrein was higher by 619 ounces, reflecting an increase in throughput in the quarter.

Copper and nickel sales volumes lower in Q1 2015

- Copper sales volumes of 95,185 tonnes were 7% lower than Q1 2014, reflecting lower sales volumes at Kansanshi and Kevitsa, partly offset by higher copper sales volumes at Guelb Moghrein.
- Nickel sales volumes decreased by 8,391 tonnes from Q1 2014, impacted by reduced operating capacity at Ravensthorpe as well as timing of shipments at Kevitsa.

Sales revenues decreased by 27% due to lower metal prices and lower metal sales volumes

- Sales revenues of \$650 million decreased by \$241 million compared to Q1 2014 due to lower sales volumes and lower average realized copper and nickel prices in Q1 2015. The average LME cash prices for copper and nickel were 17% and 2% lower, respectively, in Q1 2015 compared to Q1 2014.

Copper production cash costs steady reflecting reduction in total cash costs

- Average copper production cash cost of \$1.39 per lb were broadly consistent with cash costs of \$1.38 per lb in Q1 2014. A focus on cost reduction and efficiencies contributed to lower mining and processing costs, which offset the impact of lower copper production. There were lower copper cash costs at Guelb Moghrein and Kevitsa, reflecting higher copper production at both operations, higher sales volumes at Guelb Moghrein and processing efficiencies at Kevitsa. Copper production cash costs per lb were higher at Kansanshi in Q1 despite lower mining and processing costs from lower fuel costs and lower acid consumption, due to lower copper production.

Nickel production cash costs broadly in line

- Average nickel production cash cost of \$4.40 per lb increased from \$4.37 per lb in Q1 2014. While nickel cash costs at Kevitsa decreased in Q1 due to processing cost efficiencies and lower treatment and refining charges, Ravensthorpe's nickel cash costs increased in Q1 reflecting higher operating costs per lb due to lower nickel production.

Gross profit impacted by lower market prices

- Gross profit in Q1 2015 was impacted mainly by lower realized metal prices and sales volumes. Increased royalty costs at Kansanshi further reduced gross profit by \$48 million. Excluding the impact of royalty costs and depreciation, operating costs were lower in Q1 2015 compared to Q1 2014.

(USD millions unless otherwise noted)

Gross profit in Q1 2014	\$282
Lower realized metal prices	(96)
Lower sales volumes	(110)
Lower costs excluding depreciation and change in royalty	4
Increase in royalty rate	(48)
Increase in depreciation	(6)
Gross profit in Q1 2015 ¹	\$26

¹ Gross profit is reconciled to EBITDA by including: exploration costs of \$10 million; general, administrative and other costs of \$119 million; and adding back depreciation of \$136 million.

EBITDA and net loss reflect non-recurring charges

- EBITDA of \$33 million and net loss attributable to shareholders of the Company of \$82 million reflect the decrease in gross profit as well as a \$62 million non-cash impairment charge recognized on the magnetite plant at Guelb Moghrein, a \$10 million impairment of investments and \$9 million in foreign exchange losses.

Comparative EBITDA of \$120 million

- Comparative EBITDA, which excludes the impact of impairment, restructuring costs, foreign exchange losses, and revisions in estimates of closed site restoration provisions, was \$120 million in Q1 2015.

Financial position and operating cash flow

- The Company ended the quarter with \$302 million of unrestricted cash and cash equivalents in addition to \$744 million of committed undrawn facilities.
- Operating cash inflows before changes in working capital and taxes paid of \$131 million compares to \$370 million in Q1 2014.
- The Company has finalized changes to the Net Debt to EBITDA covenant under its \$3.0 billion facility, the \$350 million Kansanshi facility and the \$102 million Caterpillar facility (together, the "Financing Agreements"). As reported previously, changes to this covenant were requested due to the adverse impacts that the new Zambian tax and royalty regime and the recent significant fall in commodity prices were expected to have on the Company's reported EBITDA (details of the revised covenant are provided under *Liquidity and Capital Resources*). With these changes, the Company remains compliant with all finance covenants under the Financing Agreements and expects to remain so in the future.

Development projects advanced

- During Q1 2015, technical commissioning of the smelter was completed and operation commenced. Initial operation has been very positive with an exceptionally smooth ramp-up in both throughput and copper production that is progressing ahead of expectations. Beginning in March, the Kansanshi mine has started to benefit from sulphuric acid produced by the smelter in its treatment of oxide ores and the leaching of mixed ores. There will be further benefit for the mine as ramp-up progresses.
- Commissioning progress is underway at Sentinel, with first filtered concentrate produced in early January 2015. The plant throughput rate has been ramping up at the peak of the wet season, with periods above nameplate design throughput achieved during Q1. The focus in Q1 has been on achieving steady state operation. Completion and commissioning of the Train 2 milling circuit has also continued during Q1. Ramp-up in production will continue during Q2. At the Enterprise nickel mine, site construction work for the Enterprise process plant is in progress with concrete essentially complete, SAG and ball mills installed and structural and tank works underway. Construction progress at Enterprise continues to ramp up as the Sentinel construction work tails off.
- At Cobre Panama, development in all areas of the project is moving ahead as planned. Detailed design work is approximately 65% complete overall at the end of Q1 2015. The execution plan for the project has been adjusted to more closely align with manufacturing, fabrication and construction needs, which has resulted in improved efficiencies within the capital expenditure forecast for 2015. Engineering of all major areas are well in advance of site requirements. Site progress is strong, with port earthworks complete and power station construction underway, process plant earthworks 65% complete with concrete pouring in progress at milling and stockpile areas, and tailings dam construction progressing well, with a tried and proven methodology for embankment construction.

Zambian developments

- On April 20, 2015 the Zambian government announced proposals to revise the 2015 taxation regime in the mining sector. The proposed changes would decrease mineral royalties to 9% for open pit and underground mines and reinstate corporate tax to 30% with variable profits tax of up to 15%. Implementation is expected from July 1, 2015 and therefore the proposed changes have no impact on the results for the period ended March 31, 2015. The impact of the proposed 9% royalty rate would have been to reduce Q1 2015 royalty charges by \$38 million. At the proposed rates the Company estimates a full year 2015 effective group corporate tax rate of 20% - 25%. Once enacted the reintroduction of corporation tax will require a revaluation to the Company's deferred tax balances, which will result in a reversal of the income tax credit which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

OPERATIONAL OUTLOOK FOR 2015

	Copper (000's tonnes)	Nickel (000's contained tonnes)	Gold (000's ounces)	Zinc (000's tonnes)	Platinum (000's ounces)	Palladium (000's ounces)
Group (excluding Sentinel)	410-440	32-40	218-247	40-45	25-35	26-29
Kansanshi	250-265	-	150-170	-	-	-
Las Cruces	69-72	-	-	-	-	-
Guelb Moghrein	40-45	-	50-55	-	-	-
Ravensthorpe	-	24-30	-	-	-	-
Kevitsa	16-18	8-10	11-13	-	25-35	26-29
Çayeli	24-27	-	2	22-25	-	-
Pyhäsalmi	11-13	-	5-7	18-20	-	-

Guidance

Production:

- In the table above, Group guidance for production for the year remains unchanged.
- In addition to production in the above table, total physical production at Sentinel in 2015 is expected to be between 120,000 and 150,000 tonnes of copper. First physical production at Sentinel occurred in Q1 2015. Timing of commercial production will be fully assessed at the relevant time, but is anticipated during Q3 2015.
- The impact of the atmospheric leach tank failure in December 2014 at Ravensthorpe and ongoing repairs is expected to continue to constrain production in Q2 2015. While progressing the necessary repairs, the two pressure acid leaching trains will be optimized in order to minimize overall production losses through higher recoveries. Recoveries of 96% are expected compared to approximately 70% recovery achieved through atmospheric leaching. It is anticipated that the atmospheric leach circuit will be recommissioned in Q3, with nickel production forecast to increase throughout the second half of 2015, before returning to full operational capacity by year-end.

Cash operating cost:

- Expected average cash cost unchanged at approximately \$1.30 to \$1.55 per pound of copper, inclusive of post-commercial production at Sentinel.
- Expected average cash cost unchanged at approximately \$4.80 to \$5.30 per pound of nickel.

Capital expenditures:

- Total capital expenditure, excluding capitalization of any pre-commercial production costs and capitalized interest, is estimated to be approximately \$1.4 billion, including \$600 million for the Cobre Panama project.

OPERATIONS

Kansanshi Copper and Gold Operation	Q1 2015	Q4 2014	Q1 2014
Sulphide ore tonnes milled (000's)	1,389	1,530	2,701
Sulphide ore grade processed (%)	0.9	1.0	1.0
Sulphide copper recovery (%)	90	89	92
Mixed ore tonnes milled (000's)	3,288	3,263	1,316
Mixed ore grade processed (%)	1.1	1.1	1.1
Mixed copper recovery (%)	68	70	72
Oxide ore tonnes milled (000's)	1,367	1,753	1,923
Oxide ore grade processed (%)	1.5	1.6	2.2
Oxide copper recovery (%)	89	81	82
Copper production (tonnes)	53,546	61,924	70,549
Copper sales (tonnes)	53,504	52,721	63,070
Gold production (ounces)	32,592	36,705	39,734
Gold sales (ounces)	31,307	27,731	37,728
Cash costs (C1) (per lb) ¹	\$1.77	\$1.68	\$1.57
Total costs (C3) (per lb) ¹	\$2.75	\$2.17	\$2.04
Sales revenues	314	362	430
Gross profit before royalties	33	100	196
Gross profit (loss)	(34)	81	165
EBITDA ¹	(27)	87	174
Comparative EBITDA ¹	8	95	190

¹ C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Kansanshi Mining Operations

Copper production in Q1 2015 was 24% lower than Q1 2014, due primarily to reduced throughput and lower feed grades on the sulphide and oxide circuits. Throughput on the oxide circuit was intentionally reduced to limit the consumption of costly acid purchased from third parties prior to the commissioning of the smelter. The volume of copper cathode produced in Q1 2015 decreased by 47% from Q1 2014. The oxide circuit started to use sulphuric acid produced by the smelter in March, in higher volumes and much earlier than anticipated. Sulphuric acid availability is expected to increase in line with the ramp-up of the smelter and eventually replace third-party purchases of sulphur and the manufacture of sulphuric acid by the mine's acid plants.

Gold production was 18% lower than Q1 2014 as a result of lower head grade and a decrease in the volume of concentrate produced in Q1.

Cash costs increased by \$0.20 per lb compared to Q1 2014 due to the impact of lower copper production, despite reduced mining and processing costs reflective of lower fuel costs and acid consumed from third parties. Slightly higher treatment and refining charges and a reduced gold credit further contributed to the increase in cash costs.

Sales revenues decreased by 27% from Q1 2014 reflecting lower copper and gold sales volumes combined with the impact of a decrease in realized copper and gold prices. Copper cathode and copper concentrate sales volumes were 26% and 9% lower, respectively, than Q1 2014.

Kansanshi incurred a gross loss in the quarter of \$34 million driven by significantly lower sales revenues as well as increases in depreciation and royalty costs. Depreciation increased by \$18 million compared to Q1 2014 due to a larger asset base. Royalty costs were higher this quarter as a result of the enactment of the mineral royalty regime effective January 1, 2015, which increased the royalty rate from 6% to 20%. This resulted in incremental royalty costs of \$48 million in Q1 2015.

EBITDA was a loss of \$27 million in Q1 2015, which includes a \$36 million unrealized foreign exchange loss on the revaluation of the Zambian Value Added Tax ("VAT") recoverable balance following the significant weakening of the Zambian kwacha

during the quarter. Excluding the impact of unrealized foreign exchange losses, comparable EBITDA was \$8 million compared to \$190 million in Q1 2014.

Following the reduction in the corporate tax rate to 0% under the Zambian tax law changes that were effective January 1, 2015, no corporate tax was recognized in relation to Kansanshi profits in Q1 2015. On April 20, 2015 the Zambian government announced proposals to revise the 2015 taxation regime in the mining sector. The proposed changes would decrease mineral royalties to 9% for open pit and underground mines and reinstate corporate tax to 30% with variable profits tax of up to 15%. Implementation is expected from July 1, 2015 and therefore the proposed changes have no impact on the results for the period ended March 31, 2015.

Kansanshi Copper Smelter

The Kansanshi copper smelter 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 has started to benefit the Kansanshi mine by allowing the treatment of high acid-consuming oxide ores and the leaching of some mixed ores, in higher volumes and much earlier than anticipated. The additional acid is expected to optimize the expanded oxide leach facilities and allow for improved recoveries of leachable minerals in material now classified and treated as mixed ore.

During Q1 2015, technical commissioning of the smelter was completed successfully and operation commenced. Initial operation has been very positive with a smooth ramp-up in throughput, copper production and by-product acid production. Overall the smelter's ramp-up is progressing ahead of expectations. Kansanshi's copper concentrate stockpile has started to decrease with a valuation of \$224 million at March 31, 2015 compared to \$242 million at December 31, 2014.

Outlook

Production in 2015 is expected to be between 250,000 and 265,000 tonnes of copper, and 150,000 and 170,000 ounces of gold. In terms of quarterly phasing of annual production, copper production is expected to increase during the remaining quarters in line with the ramp-up in throughput in the smelter and the resultant increased acid production, which is expected to progressively enable the full utilization of the oxide circuit.

The focus remains on the development of the mine to expose oxide ore and optimization of the plant to maximize the benefit from the acid produced from the smelter.

Las Cruces Copper Operation	Q1 2015	Q4 2014	Q1 2014
Ore tonnes processed (000's)	362	379	375
Copper ore grade processed (%)	5.1	5.2	5.5
Copper recovery (%)	91	89	91
Copper cathode production (tonnes)	16,694	17,525	18,675
Copper cathode sales (tonnes)	19,598	15,594	18,657
Cash costs (C1) (per lb) ¹	\$0.97	\$0.95	\$0.98
Total costs (C3) (per lb) ¹	\$1.90	\$1.94	\$1.92
Sales revenues	116	104	132
Gross profit	35	36	52
EBITDA ¹	98	102	86
Comparative EBITDA ¹	72	75	86

¹ C1 and C3 costs, and EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Copper production decreased by 11% compared to Q1 2014, a result of a 3% decrease in throughput and lower copper grade in keeping with the life of mine reserve grade. Production was also negatively impacted by a two-day maintenance shutdown, originally planned for the second quarter, to address premature wear of the ball mill liner. The plant continues to refine ways to maximize throughput at lower grades while maintaining copper recoveries.

Cash costs in Q1 2015 were in line with Q1 2014, primarily due to favourable operating costs reflecting processing efficiencies from various debottlenecking initiatives implemented in 2014, partially offset by the decrease in copper production.

Sales revenues decreased by 12% in comparison to Q1 2014 due to lower realized copper prices, partly offset by higher copper cathode sales volumes. This decrease flowed through to gross profit, which was 33% lower than Q1 2014.

Outlook

The guidance on copper production in 2015 is between 69,000 and 72,000 tonnes. The plant performed well in Q1 2015 and is expected to process similar throughput and copper grade throughout the remainder of the year. Reliable performance of the new pressure filters that were commissioned in late 2014 will be essential to ensuring high overall copper recovery is sustained.

A grinding thickener discharge cone leak is being closely managed, with no impact on operations, and is expected to be remedied during the planned maintenance shutdown in July.

A reorganization of the water department has resulted in reduced fresh water consumption, an improved plant water balance, and reduced operating costs.

Guelb Moghrein Copper and Gold Operation	Q1 2015	Q4 2014	Q1 2014
Sulphide ore tonnes milled (000's)	1,001	969	738
Sulphide ore grade processed (%)	1.2	1.1	1.3
Sulphide copper recovery (%)	92	91	93
Copper production (tonnes)	10,642	9,768	8,847
Copper sales (tonnes)	9,010	8,519	6,360
Gold production (ounces)	14,468	13,901	13,849
Gold sales (ounces)	12,860	13,421	9,075
Cash costs (C1) (per lb) ¹	\$1.11	\$1.31	\$1.56
Total costs (C3) (per lb) ¹	\$1.80	\$2.07	\$2.20
Sales revenues	58	63	49
Gross profit	7	2	11
EBITDA ¹	(43)	13	15
Comparative EBITDA ¹	18	12	14

¹ C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Copper production in Q1 2015 was 20% higher than Q1 2014 as a result of a 36% increase in throughput achieved with the Semi-Autogenous Grinding ("SAG") mill commissioned in July 2014, which has significantly improved the milling rate. Copper feed grade and recovery were slightly lower than Q1 2014.

Gold production was 4% higher than Q1 2014 due mainly to increased tonnes milled, partially offset by lower feed grade and recovery compared to Q1 2014.

Cash costs in Q1 2015 decreased by \$0.45 per lb compared to Q1 2014 mainly due to a \$0.38 per lb decrease in processing costs and a \$0.13 per lb decrease in mining costs, including the impact of higher copper production. Cash costs benefited from a reduction in the price of fuel and ongoing cost reductions including the retirement of older and less efficient equipment, a reduction in external contractors, procurement improvement initiatives and water station fuel management. The decrease in cash costs was partially offset by higher treatment and refining charges and a slightly reduced gold credit due to a lower average realized gold price.

Sales revenues increased by 18% compared to Q1 2014 due to higher copper and gold sales volumes, partially offset by lower average realized metals prices. Gross profit in Q1 2015 was negatively impacted by higher depreciation resulting from the increase in sales volumes.

In light of the uncertain outlook for iron ore prices, the commissioning and operation of the magnetite plant has been put on hold and a non-cash impairment charge of \$62 million was recognized on the carrying value of the plant in Q1 2015 along with related costs, bringing the net carrying value of the plant to nil at March 31, 2015.

Outlook

Copper production in 2015 is expected to be between 40,000 and 45,000 tonnes. Gold in copper concentrate production is expected to be between 50,000 and 55,000 ounces.

Ravensthorpe Nickel Operation	Q1 2015	Q4 2014	Q1 2014
Beneficiated ore tonnes processed (000's)	369	710	761
Beneficiated ore grade processed (%)	1.4	1.4	1.6
Nickel recovery (%)	92	82	85
Nickel production (contained tonnes)	4,238	7,736	9,370
Nickel sales (contained tonnes)	3,732	9,912	10,420
Nickel production (payable tonnes)	3,274	6,059	7,266
Nickel sales (payable tonnes)	2,962	7,688	8,042
Cash costs (C1) (per lb) ¹	\$4.66	\$5.04	\$4.02
Total costs (C3) (per lb) ¹	\$6.28	\$6.57	\$5.38
Sales revenues	43	125	119
Gross profit	-	18	24
EBITDA ¹	(9)	26	42
Comparative EBITDA ¹	1	34	43

¹ C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Production in Q1 2015 was 55% lower than Q1 2014 due to the repercussions of the atmospheric leach tank failure in December 2014. Production re-commenced on February 2, 2015 at reduced capacity, and nickel volume produced in the quarter was in line with expectations. While repairs are taking place, Ravensthorpe is currently using the more efficient autoclaves until the atmospheric leach circuit is available. Investigations to determine the cause of the failure continue to be undertaken while a recovery plan, including clean-up and reconstruction of damaged plant is underway. Corrective action is taking place to ensure a return to full production as safely and quickly as possible.

Cash costs in Q1 2015 were \$0.64 per lb higher in comparison to Q1 2014 primarily due to lower nickel production volumes and the allocation of fixed costs over the fewer units produced. Opportunistic maintenance was carried out in sections of the plant during the quarter, adding to the cost of production in Q1. Continued strengthening of the US dollar against the Australian dollar provided a partial offset to the increase in cash costs this quarter. Nickel cash costs are expected to normalize once the atmospheric leach circuit is re-commissioned.

Sales revenues for Q1 2015 decreased by 64% compared to Q1 2014, due to a lower average realized nickel price and lower sales volumes as a result of the limited production in the quarter. The decrease in sales revenues flowed through to gross profit, resulting in nil gross profit in Q1 2015 after consideration of fixed production costs.

Outlook

Production for 2015 is expected to be between 24,000 and 30,000 tonnes of nickel.

The complete removal of the damaged atmospheric leak tank 9 subsequent to its failure has been completed with repairs continuing on the pre-leach and the adjacent leach tank 7 to bring them to operational capacity. The atmospheric leach circuit will not be in operation while these works continue, which is expected to continue to constrain production during the second quarter of the year.

While progressing the necessary repairs, the two high pressure acid leaching trains will be optimized in order to minimize overall production losses through higher recoveries. Recoveries of 96% are expected compared to approximately 70% recovery typically achieved through atmospheric leaching.

It is anticipated that the atmospheric leach circuit will be recommissioned in Q3, with nickel production forecast to increase throughout the second half of 2015, before returning to full operational capacity by year-end.

The cost of operations remains highly leveraged to the price of sulphur, which has eased slightly since the end of 2014.

Production pressures from the tank 9 failure initiated a cost saving focus across the business which continues to be implemented site-wide and is expected to remain a critical focus for the operation in 2015.

Kevitsa Nickel-Copper-PGE¹ Operation	Q1 2015	Q4 2014	Q1 2014
Ore tonnes milled (000's)	1,504	1,709	1,527
Nickel ore grade processed (%)	0.2	0.2	0.2
Nickel recovery (%)	64	63	65
Nickel production (tonnes)	2,030	2,197	2,469
Nickel sales (tonnes)	1,974	2,277	3,677
Copper ore grade processed (%)	0.3	0.3	0.3
Copper recovery (%)	89	84	88
Copper production (tonnes)	4,408	4,101	3,988
Copper sales (tonnes)	4,103	5,545	5,237
Gold production (ounces)	3,002	3,093	3,029
Platinum production (ounces)	6,468	9,311	8,857
Palladium production (ounces)	4,977	7,234	6,485
Nickel cash costs (C1) (per lb) ²	\$3.87	\$2.66	\$5.19
Nickel total costs (C3) (per lb) ²	\$5.49	\$4.31	\$6.23
Copper cash costs (C1) (per lb) ²	\$1.32	\$1.11	\$1.52
Copper total costs (C3) (per lb) ²	\$2.04	\$2.24	\$2.30
Sales revenues	48	66	81
Gross profit	3	14	12
EBITDA ²	10	28	27
Comparative EBITDA ²	11	27	26

¹ Platinum-group elements ("PGE")

² C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information

Nickel production decreased by 18% in Q1 2015 compared to Q1 2014, primarily due to lower feed grades as well as slightly lower throughput and recoveries.

Copper production increased by 11% compared to Q1 2014 as a result of improved recoveries and a higher feed grade.

Nickel cash costs decreased by \$1.32 per lb compared to Q1 2014, primarily due to processing cost efficiencies and a significant reduction in treatment and refining charges reflecting the renegotiation of contract terms, partially offset by the impact of lower nickel production volumes.

Copper cash costs decreased by \$0.20 per lb compared to Q1 2014 due to higher production and processing cost efficiencies, partially offset by lower by-product credits.

Sales revenues were 41% lower compared to Q1 2014 due to lower nickel and copper sales volumes and lower realized metal prices. The lower sales revenues flowing through to gross profit were partially offset by lower cost of sales in Q1 2015 compared to Q1 2014.

Outlook

Production in 2015 is expected to be between 16,000 and 18,000 tonnes of copper, 8,000 and 10,000 tonnes of nickel, 11,000 and 13,000 ounces of gold, 25,000 and 35,000 ounces of platinum and between 26,000 and 29,000 ounces of palladium.

A blast optimization program was initiated in Q1 2015, which will continue through 2015 along with other planned modifications to the comminution circuit aimed at improving mill throughput by approximately 10% from Q1 2014 and reducing unit costs. The high intensity regrind mill was commissioned in the copper circuit in March, and initial results indicate positive metallurgical impacts. The full extent of the impact will be measured throughout 2015. The nickel reagent suite has been

optimized with the aim of enhancing nickel separation and giving further control over nickel recovery by reducing the relative impact of variable mineralogy on the balance between product recovery and grade.

Key to future process improvements is the continuing development of the ore characterization project with respect to optimization of flotation operations.

On the mining side, fleet operating and maintenance efficiency initiatives continue with a focus on unit cost reduction.

Çayeli Copper and Zinc Operation	Q1 2015	Q4 2014	Q1 2014
Ore tonnes milled (000's)	332	348	337
Copper ore grade processed (%)	2.6	2.8	2.7
Copper recovery (%)	81	81	80
Zinc ore grade processed (%)	3.3	4.1	4.4
Zinc recovery (%)	55	60	66
Copper production (tonnes)	7,136	7,820	7,142
Copper sales (tonnes)	5,720	8,419	5,711
Zinc production (tonnes)	5,954	8,513	9,791
Zinc sales (tonnes)	5,166	9,362	8,639
Cash costs (C1) (per lb) ¹	\$1.02	\$1.02	\$0.76
Total costs (C3) (per lb) ¹	\$2.04	\$1.66	\$1.72
Sales revenues	32	57	43
Gross profit	3	22	13
EBITDA ¹	10	30	22
Comparative EBITDA ¹	11	30	22

¹ C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Copper production in Q1 2015 was broadly the same as Q1 2014, with throughput, copper grade and recovery remaining at similar levels. Zinc production in Q1 2015 was 39% lower than Q1 2014, reflecting a decrease in zinc grade and associated decrease in recovery due to the processing of more zinc poor stockwork ore. Bottlenecks in processing resulted in the decrease in throughput in Q1 2015.

Cash costs in Q1 2015 increased by \$0.26 per lb compared to Q1 2014, primarily due to a decrease in by-product credits resulting from lower zinc sales, partially offset by lower mining and processing costs.

Sales revenues were 26% lower than Q1 2014 due to lower zinc sales volumes and realized copper prices, partially offset by a slight increase in copper sales volumes. Gross profit in Q1 2015 was 77% lower than Q1 2014 as a result of the decrease in sales revenues, partially offset by a decrease in depreciation.

Outlook

Production in 2015 is expected to be between 24,000 and 27,000 tonnes of copper and between 22,000 and 25,000 tonnes of zinc. Throughput is expected to decline slightly in 2015, in line with a declining number of work areas and an increased amount of waste rock to be mined to access these areas as the mine reserves are depleted, which is typical of a mature operation. Copper and zinc grades are forecast to remain consistent with Q1 2015 for the balance of 2015.

An ongoing series of proactive measures planned for 2015, aimed at reducing the impact of surface ground movement on the functionality of the hoisting facilities, including the installation of a deflection sheave at the hoist house to correct rope fleet angle issues, are expected to ensure reliability of the mine's materials handling system.

Pyhäsalmi Copper and Zinc Operation	Q1 2015	Q4 2014	Q1 2014
Ore tonnes milled (000's)	341	343	342
Copper ore grade processed (%)	0.9	1.2	1.2
Copper recovery (%)	97	97	97
Zinc ore grade processed (%)	2.2	1.3	1.6
Zinc recovery (%)	92	89	90
Copper production (tonnes)	2,889	4,038	3,917
Copper sales (tonnes)	3,250	4,038	3,750
Zinc production (tonnes)	7,021	4,043	5,050
Zinc sales (tonnes)	7,888	3,300	4,219
Pyrite production (tonnes)	198,855	200,433	196,884
Pyrite sales (tonnes)	229,353	320,849	191,801
Cash costs (C1) (per lb) ¹	(\$0.52)	(\$0.49)	\$0.52
Total costs (C3) (per lb) ¹	\$1.64	\$1.49	\$2.54
Sales revenues	39	44	37
Gross profit	12	15	7
EBITDA ¹	31	33	23
Comparative EBITDA ¹	25	30	22

¹ C1 and C3 costs, EBITDA and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Copper production for Q1 2015 decreased by 26% compared to Q1 2014 due to lower copper grades. Zinc production was 39% higher than Q1 2014 due to better zinc grades and recoveries. The abnormally low copper and high zinc grades reflect the available work areas mined as the mine ages. Throughput in Q1 2015 was comparable to Q1 2014.

Cash costs in the quarter improved by \$1.04 per lb primarily due to higher by-product credits relating to increased pyrite and zinc sales volumes.

Sales revenues increased by 5% in Q1 2015 compared to Q1 2014, reflecting higher zinc and pyrite sales volumes, partially offset by lower copper sales volumes and realized copper prices. Gross profit improved by 71% in comparison to Q1 2014, reflecting the increase in sales revenues as well as lower costs in the quarter.

Outlook

Production in 2015 is expected to be between 11,000 and 13,000 tonnes of copper and 18,000 and 20,000 tonnes of zinc. Pyrite production is expected to be approximately 830,000 tonnes.

Close vigilance of deteriorating stope conditions will be paramount going forward. A continuing emphasis on maintaining a low underground void ratio will positively impact ground conditions. Efforts are underway to increase the volume of tailings backfill sent underground. This is expected to reduce dilution and further stabilize active work areas.

DEVELOPMENT ACTIVITIES

Trident Project, Zambia

In October 2014, first ore was introduced to crushing and stockpiling at the Sentinel mine, followed by first ore introduction to Train 1 mills in November. First wet copper concentrate was produced on December 31, 2014 and first filtered concentrate product was produced in early January 2015, with contribution to physical production of 1,003 tonnes copper in the quarter. Plant throughput rate through Train 1 has been ramped up during the quarter at the peak of the wet season, with periods above nameplate design throughput achieved. Focus during Q1 has been on achieving steady state operation. Completion and commissioning of the Train 2 milling circuit has continued during Q1. Ramp-up in production will continue during Q2, and commercial production, which will be assessed at the relevant time, is anticipated during Q3 2015. Total physical production at Sentinel in 2015 is expected to be between 120,000 and 150,000 tonnes of copper.

The 68-kilometre single-circuit 330kV power line from the Lumwana mine to Sentinel was completed during 2014 and is providing power for Train 1 operation. Construction of the 400-kilometre power line section from Sentinel to Mumbwa progressed with more than 600 of the total 871 towers installed, and over 200 kilometres of power line strung. The Company is managing its contractors for this section of the project on behalf of ZESCO and expects work to be completed around mid-year. On October 9, 2014, a replacement contract was executed between ZESCO and KEC International Limited for the final 136-kilometre power line section and with Contracting Company India Ltd for the substations, from Mumbwa to Lusaka to be financed by a bank syndicate led by African Development Bank. The Company understands that the accelerated completion date for this work is July 2015. As provided under the signed Connection Agreement with ZESCO, the Company is taking a direct role in the project implementation team and has become actively involved in the construction activity to further accelerate the works towards the Sentinel to Mumbwa schedule.

Environmental approval has been granted for the Enterprise nickel mine, located approximately 12 kilometres north-west of Sentinel. Site construction work for the process plant is in progress with concrete essentially complete, SAG and ball mills installed, and structural and tank works underway. Construction is planned to continue to ramp up as workforce personnel are released from Sentinel. The processing plant under construction for future Enterprise ore is expected to be initially commissioned and run on Sentinel copper ore, and changed onto Enterprise nickel ore when market conditions are favourable.

Cobre Panama Project, Panama

At Cobre Panama, development in all areas of the project is moving ahead as planned with engineering well progressed.

During Q1 2015, detailed design and engineering continued with overall detailed design for the project approximately 65% complete. The execution plan for the project has been adjusted to more closely align and prioritize engineering deliverables with manufacturing, fabrication and construction needs. This has resulted in improved efficiencies within the capital expenditure forecast for 2015. Engineering of major areas remain well in advance of site requirements with over 55% of site concrete and 50% of structural steel requirements now issued for construction.

Construction of the coal import and concentrate export jetty has been awarded, and the tenders for the power station chimney and the tailings management facility decant tunnel construction are being evaluated with a planned award during the next quarter.

Site progress is strong. Earthworks at the port area/power station were essentially completed during Q1, and the earthworks for the process plant reached approximately 65% complete. Power station concrete foundations for both 150 MW sets are continuing in parallel including boilers, coal silo, bag houses, pulverizers and FGD foundations. At the process plant the major concrete foundations at both the SAG mills and stockpile tunnels have advanced well. Steelwork for the mill building and for the power station has been received on site with structural erection in both areas planned to commence during Q2.

Tailings dam earthworks continued steadily with the rock quarry well established, and earthworks progressing on both the eastern and northern embankments. Overall the tailings dam reached 20% completion.

Major infrastructure work progressed with the coastal access road final alignment and bridges now complete.

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 Company's streaming agreement remains in place with Franco-Nevada Corporation for the delivery of approximately 86% of the estimated payable precious metals attributable to the Company's 80% ownership during the first 31 years of mine life. Discussions are underway to effect changes to the existing security and reporting requirements of this agreement. At the end of Q1 2015, no funds have been drawn on this agreement, however based on funding that the Company contributed to Cobre Panama up to March 31, 2015, Franco-Nevada is responsible for funding \$284 million, which is expected to be advanced upon conclusion of the on-going discussions.

The Company's planned capital expenditures for Cobre Panama in 2015 of \$600 million allows for strong progress in key areas including the power station, tailings dam, process plant earthworks, concrete and mill installation, in keeping with the project's overall plan.

EXPLORATION

In Q1 2015, the Company pursued its exploration strategy encompassing advanced stage exploration projects at Haquira and Taca Taca; near mine resource expansion around Kevitsa, Pyhäsalmi, Kansanshi and Çayeli; and an early stage exploration program focused on the search of high quality copper porphyry and sedimented-hosted copper deposits.

The Company is currently focused on the community and environmental aspects of the Haquira project in Peru. Resettlement negotiations with local communities for land acquisition are targeted for completion by the end of Q2 2015, dependent upon supportive local socio-political conditions. Once completed, the negotiated resettlement will enable exploration to be prioritized in areas of interest both within and nearby to the Haquira deposits. In Q1 2015, a pre-operating study was approved by the national regulatory authority for the electricity supply to the project. Next steps will be to initiate the Environmental Impact Assessment (“EIA”) for line construction.

A detailed review of geology, exploration and development options for the Taca Taca project in Argentina is now in progress. The terms of reference for the EIA for construction permitting were addressed in Q1 2015 and selection of the consultant is expected to advance during Q2 2015. A ground gravity survey was completed in Q1 2015, which will allow detailed modeling of the gravel basins in the areas targeted for water exploration. Some potential aquifers will be drill-tested in Q2 2015.

Early stage exploration efforts continued in Q1 with the Company’s focus on identifying high-potential copper porphyry prospects, largely in Latin American and Eastern Europe, and grassroots exploration for sediment-hosted copper in Africa and Australia. The porphyry exploration program is currently active in southern Peru, central-northern Chile and on two prospects in Serbia. Permitting and community access for a proposed drill program on a recently-identified copper porphyry prospect in Southern Peru are expected to be in place by mid-2015. Reconnaissance drilling is planned in Botswana, Namibia and Zambia during Q2 2015, in support of grassroots exploration for sediment-hosted copper.

SALES REVENUES

		Q1 2015	Q4 2014	Q1 2014
Kansanshi	- copper	282	336	390
	- gold	32	26	40
Las Cruces	- copper	116	104	132
Guelb Moghrein	- copper	44	48	39
	- gold	14	15	10
Ravensthorpe	- nickel	41	121	115
	- cobalt	2	4	4
Kevitsa	- nickel	20	25	31
	- copper	19	29	31
	- gold, PGE and cobalt	9	12	19
Çayeli	- copper	24	43	32
	- zinc, gold and silver	8	14	11
Pyhäsalmi	- copper	17	24	22
	- zinc	11	5	5
	- pyrite, gold and silver	11	15	10
Corporate and other		-	-	-
		650	821	891

Q1 2015 total sales revenues were 27% below Q1 2014 as a result of lower realized copper and nickel prices and lower sales volumes. The average LME copper cash price was 17% below Q1 2014, with copper volumes 7% lower, mainly due to lower Kansanshi sales. Nickel sales volumes were 60% lower, due to the atmospheric leach tank failure at Ravensthorpe which resulted in a production shutdown for 32 days in 2015.

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 2015	Q4 2014	Q1 2014
Average LME cash price	2.64	3.00	3.19
Realized copper price	2.56	2.91	3.10
Treatment/refining charges ("TC/RC") and freight charges	(0.28)	(0.24)	(0.26)
Net realized copper price	2.28	2.67	2.84

Nickel selling price (per lb)	Q1 2015	Q4 2014	Q1 2014
Average LME cash price	6.51	7.17	6.64
Realized nickel price per payable lb	6.56	7.20	6.57
TC/RC charges	(0.13)	(0.12)	(0.60)
Net realized nickel price per payable pound	6.43	7.08	5.97

SUMMARY FINANCIAL RESULTS

	Q1 2015	Q4 2014	Q1 2014
Gross profit (loss)			
Kansanshi	(34)	81	165
Las Cruces	35	36	52
Guelb Moghrein	7	2	11
Ravensthorpe	-	18	24
Kevitsa	3	14	12
Çayeli	3	22	13
Pyhäsalmi	12	15	7
Other	-	(5)	(2)
Total gross profit	26	183	282
Exploration	(10)	(20)	(11)
General and administrative	(24)	(27)	(29)
Impairment and related charges	(72)	-	-
Other income (expense)	(23)	26	(8)
Net finance income	2	2	4
Income tax credit (expense)	7	409	(93)
Net earnings (loss) for the period	(94)	573	145
Net earnings (loss) for the period attributable to:			
Non-controlling interests	(12)	120	18
Shareholders of the Company	(82)	453	127
Comparative earnings (loss)	(12)	58	130
Earnings (loss) per share			
Basic	(\$0.14)	\$0.76	\$0.22
Diluted	(\$0.14)	\$0.75	\$0.21
Comparative	(\$0.02)	\$0.10	\$0.22
Basic weighted average number of shares (in '000s)	595,986	595,994	587,191

Gross profit for the quarter was 91% lower than Q1 2014 as results were significantly impacted by lower metal prices, particularly copper, as well as the Ravensthorpe reduced operating levels which resulted in lower nickel sales volumes. Costs marginally increased versus Q1 2014, with higher costs at Kansanshi due to the increase in royalty rate from 6% to 20% (\$48 million impact) as well as higher depreciation. This was partly offset by lower costs at Guelb Moghrein, Kevitsa and Pyhäsalmi.

Exploration costs include expenses from the Company's exploration program and investments in option agreements. Exploration costs in Q1 2015 were consistent with Q1 2014.

General and administrative costs were lower than the previous quarter and below Q1 2014 quarter due to lower corporate costs.

Impairments and related charges of \$72 million include an impairment of \$62 million in respect of the magnetite plant at Guelb Moghrein in light of the uncertain outlook for iron ore. This brings the carrying value down to nil at March 31, 2015. In addition there was a \$10 million impairment of investments in the quarter.

Other expense of \$23 million in Q1 2015 reflects an increase of \$15 million from Q1 2014 as a result of costs associated with the recommencement of Ravensthorpe production and company-wide restructuring costs. Also in other expense is a net foreign exchange loss of \$9 million which includes an unrealized loss of \$36 million on the revaluation of VAT recoverable in Zambia following the significant weakening of the kwacha during the quarter. This was partly offset by foreign exchange gains arising on deferred tax liabilities from the weakening of the euro.

Income taxes for the period reflect a Zambian corporation tax and variable profits tax (“VPT”) of 0%, with a mineral royalty of 20%, this compares to a royalty rate of 6%, corporate tax rate of 30% and VPT of up to 15% which were applicable in 2014.

On April 20, 2015 the Zambian government announced proposals to revise the 2015 taxation regime in the mining sector. The proposed changes would decrease mineral royalties to 9% for open pit and underground mines and reinstate corporate tax to 30% with variable profits tax of up to 15% on operating margins above 8%. Implementation is expected from July 1, 2015 and therefore the proposed changes have no impact on the results for the period ended March 31, 2015. The impact of the proposed 9% royalty rate would have been to reduce Q1 2015 royalty charges by \$38 million. At the proposed rates the Company estimates a full year 2015 effective group corporate tax rate of 20% - 25%. Once enacted the reintroduction of corporation tax will require a revaluation to the Company’s deferred tax balances, which will result in a reversal of the income tax credit which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2015	Q4 2014	Q1 2014
Cash flows from operating activities			
- before changes in working capital and tax paid	131	263	370
- after changes in working capital and tax paid	152	218	90
Cash flows (used by)/from investing activities			
Payments and deposits for property, plant and equipment	(398)	(654)	(588)
Capitalized borrowing costs	(100)	(65)	(46)
Other investing activities	(8)	(1)	127
Cash flows from financing activities	301	397	468
Exchange gains (losses) on cash and cash equivalents	(2)	10	1
Net cash flows	(55)	(95)	52
Cash balance	302	357	747
Cash balance including restricted cash	373	436	833
Total assets	18,029	17,824	15,995
Total current liabilities	759	697	2,217
Total long-term liabilities	7,294	7,039	4,552
Cash flows from operating activities per share ¹			
before working capital (per share)	\$0.22	\$0.44	\$0.63
after working capital (per share)	\$0.25	\$0.36	\$0.15

¹ Cash flows per share is not recognized under IFRS. See “Regulatory Disclosures” for further information.

Q1 2015 operating cash flows before changes in working capital and taxes paid are lower than Q1 2014 due to lower realized metal prices and sales volumes and an increase in total cost of production, mainly attributable to Kansanshi.

Changes in working capital during Q1 2015 resulted in an increase in cash of \$21 million, including a reduction in inventory of \$34 million and increase in payables of \$32 million, partly offset by an increase in receivables and taxes paid. The reduction in inventory was the result of a decrease in Kansanshi copper goods and orepiles.

Since June 2013, no Value Added Tax (“VAT”) refunds have been received in Zambia related to Kansanshi. VAT refunds have not been received as a result of the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. On February 20, 2015 the Commissioner General of the ZRA issued an amendment to VAT Rule 18 which became effective February 23, 2015. The amendment intends to ease the documentary and payment requirements for an export to be considered “zero rated” and VAT refundable. The amendment will only be applied on a prospective basis so does not address historical VAT refunds. The VAT amount accrued by the Company’s Zambian operations at March 31, 2015 is \$242 million, of which \$225 million relates to Kansanshi. The Company continues to consider the VAT refunds as fully recoverable. It is the Company’s view that as the timing of the receipt of the historic VAT refund relating to the period before the amendment remains uncertain, \$217 million of the Kansanshi VAT refund has been classified as non-current and \$8 million as current at March 31, 2015.

Capital expenditure, excluding capitalized interest, on the Company’s key development projects totalled \$398 million for the three months ended March 31, 2015 (compared to \$588 million for the same period in 2014) and comprised primarily:

- \$133 million at Kansanshi for the smelter project and mine pit development costs
- \$109 million at Cobre Panama for project development
- \$99 million at Trident, including commissioning and pre-commercial overheads

The Company holds a \$430 million Promissory Note issued by a subsidiary of ENRC with a term to final maturity of December 31, 2015. The interest rate on the \$430 million Promissory Note is 5% with all interest having been prepaid until the final maturity date. The \$430 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. This note is classified as current on the balance sheet at March 31, 2015.

Cash flows from financing activities include draw downs and repayments on debt facilities during the period.

On March 19, 2015 the Company announced that the syndicate of banks under its \$3 billion Facility and the \$350 million Kansanshi facility had approved the changes requested by the Company to the Net Debt to EBITDA covenant under these facilities. The covenants in respect of the \$102 million equipment financing facility with Caterpillar Financial Services Corporation have also been amended.

As noted previously, changes to this covenant were requested due to the adverse impacts that the enactment of the Zambian tax and royalty regime effective January 1, 2015 and the recent significant fall in commodity prices were expected to have on the Company's reported EBITDA. The Company is now required to ensure that the ratio of Net Debt to EBITDA shall not exceed a specified ratio as follows:

Period	Maximum ratio
April 1, 2015 – December 31, 2015	7.5:1
January 1, 2016 – June 30, 2016	5.5:1
July 1, 2016 – June 30, 2017	4.5:1
From July 1, 2017	3.25:1

The Company remains compliant with all finance covenants under its facility agreements and expects to remain so in the future.

The financial position of the Company at March 31, 2015 compared to December 31, 2014 remains positive. The Company's debt position has increased by \$320 million during the quarter, with a corresponding increase of \$296 million in property, plant and equipment as it continues to invest heavily in the expansion of its production capacity.

As at March 31, 2015, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt	6,302	8,399	401	1,006	3,350	3,642
Trade and other payables	562	562	562	-	-	-
Current taxes payable	89	89	89	-	-	-
Deferred payments	35	35	4	4	4	23
Finance leases	28	39	4	9	7	19
Commitments	-	1,163	461	682	9	11
Restoration provisions	555	949	7	16	27	899
Total	7,571	11,236	1,528	1,717	3,397	4,594

At March 31, 2015, the Company had total commitments of \$1,163 million, of which approximately \$461 million relates to the 12 months until December 31, 2015, and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama. In addition, the Company's Board of Directors has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

The Company's revenue stream agreement with Franco-Nevada Corporation for the delivery of precious metals from the Cobre Panama project remains in place. Under the terms of the agreement, Franco-Nevada has agreed to provide a \$1,000 million deposit against future deliveries of precious metals. This deposit will to be funded on a pro-rata basis of 1:3 with the Company's share of the capital costs in excess of \$1,000 million. On January 27, 2014, the Company announced that discussions are underway to effect changes to the existing security and reporting requirements of this agreement. No funds have been drawn on this agreement, however based on funding that the Company contributed to Cobre Panama up to March 31, 2015, Franco-Nevada is responsible for funding \$284 million of the purchase deposit, which is expected to be advanced upon conclusion of the ongoing discussions.

The significant capital expansion and development program is expected to be funded using available committed undrawn facilities totaling \$744 million and unrestricted cash of \$302 million as at March 31, 2015 and future cash flows.

Hedging program

As at March 31, 2015, the following derivative positions were outstanding:

	Open Positions (tonnes/ounce)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	64,336	\$2.65/lb	\$2.74/lb	September 2015
Nickel	654	\$6.29/lb	\$5.65/lb	April 2015
Gold	13,261	\$1,194/oz	\$1,183oz	July 2015
Zinc	4,575	\$0.93/lb	\$0.94/lb	May 2015
Platinum	4,164	\$1,163/oz	\$1,125oz	April 2015
Palladium	3,324	\$802/oz	\$732/oz	April 2015
Commodity contracts:				
Copper	63,042	\$2.65/lb	\$2.74/lb	September 2015
Nickel	414	\$6.29/lb	\$5.65/lb	April 2015
Gold	13,043	\$1,194/oz	\$1,183oz	July 2015
Zinc	4,575	\$0.93/lb	\$0.94/lb	May 2015
Platinum	4,084	\$1,163/oz	\$1,125oz	April 2015
Palladium	3,419	\$802/oz	\$732/oz	April 2015

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

	March 31, 2015	December 31, 2014
Commodity contracts:		
Asset position	10	22
Liability position	(20)	(2)

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, 2015, 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 600,505,712 shares outstanding.

SUMMARY OF RESULTS

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

Consolidated operating statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Sales revenues</i>											
Copper	\$663	\$619	\$664	\$644	\$2,590	\$644	\$685	\$628	\$583	\$2,540	\$501
Nickel	141	129	123	138	531	146	148	157	146	597	62
Gold	84	74	67	57	282	56	66	59	48	229	52
PGE and other elements	13	47	32	58	150	45	45	42	44	176	35
Total sales revenues	901	869	886	897	3,553	891	944	886	821	3,542	650
Gross profit	310	201	303	320	1,134	282	292	241	183	998	26
EBITDA ¹	311	284	393	364	1,352	364	381	367	300	1,412	33
Comparative EBITDA ¹	345	302	380	393	1,420	373	402	355	278	1,408	120
Net earnings attributable to shareholders of the Company	113	72	143	131	459	127	133	122	453	835	(82)
Comparative earnings ²	147	98	122	154	521	130	152	133	58	473	(12)
Basic earnings per share	\$0.23	\$0.12	\$0.24	\$0.22	\$0.82	\$0.22	\$0.23	\$0.21	\$0.76	\$1.40	(\$0.14)
Comparative earnings per share	\$0.31	\$0.17	\$0.21	\$0.26	\$0.93	\$0.22	\$0.26	\$0.22	\$0.10	\$0.79	(\$0.02)
Diluted earnings per share	\$0.23	\$0.12	\$0.24	\$0.22	\$0.81	\$0.21	\$0.23	\$0.20	\$0.75	\$1.39	(\$0.14)
Dividends declared per common share (\$CDN per share)	\$0.1147	-	\$0.0583	-	\$0.1730	\$0.0930	-	\$0.0504	-	\$0.1434	\$0.0487
Basic weighted average # shares ('000's) ³	478,056	587,070	587,625	587,456	560,009	587,191	587,164	591,244	595,994	595,994	595,986
<i>Cash flows per share from operating activities</i>											
Before working capital movements	\$0.68	\$0.48	\$0.70	\$0.72	\$2.57	\$0.63	\$0.67	\$0.57	\$0.44	\$2.28	\$0.22
After working capital movements	\$0.87	\$0.35	\$0.08	\$0.34	\$1.55	\$0.15	\$0.32	\$0.42	\$0.36	\$1.25	\$0.25
<i>Copper statistics</i>											
Total copper production (tonnes)	79,308	103,694	114,488	114,791	412,281	113,118	107,808	101,553	105,176	427,655	96,318
Total copper sales (tonnes)	89,109	95,491	105,859	95,598	386,057	102,786	114,449	99,132	94,836	411,203	95,185
Realized copper price (per lb)	3.48	3.10	3.10	3.26	3.22	3.10	2.97	3.11	2.91	3.03	2.56
TC/RC (per lb)	(0.08)	(0.09)	(0.10)	(0.08)	(0.09)	(0.14)	(0.15)	(0.14)	(0.15)	(0.14)	(0.16)
Freight charges (per lb)	(0.17)	(0.14)	(0.12)	(0.12)	(0.14)	(0.12)	(0.11)	(0.10)	(0.09)	(0.11)	(0.12)
Net realized copper price (per lb)	3.23	2.87	2.88	3.06	2.99	2.84	2.71	2.87	2.67	2.78	2.28
Cash costs – copper (C1) (per lb) ¹	\$1.52	\$1.34	\$1.16	\$1.23	\$1.30	\$1.38	\$1.45	\$1.44	\$1.35	\$1.41	\$1.39
Total costs – copper (C3) (per lb) ¹	\$2.06	\$1.99	\$1.84	\$1.81	\$1.92	\$2.03	\$2.16	\$2.26	\$2.06	\$2.12	\$2.35
<i>Nickel statistics</i>											
Nickel production (contained tonnes)	11,072	10,875	12,485	12,634	47,066	11,838	12,223	11,884	9,934	45,879	6,268
Nickel sales (contained tonnes)	11,048	11,927	12,335	13,795	49,105	14,097	10,651	10,812	12,189	47,749	5,706
Nickel production (payable tonnes)	8,812	8,575	9,873	9,964	37,224	9,503	9,900	9,316	7,767	36,486	4,851
Nickel sales (payable tonnes)	8,539	9,347	9,482	11,008	38,376	11,113	8,344	8,417	9,374	37,248	4,360
Realized nickel price (per payable lb)	7.80	6.82	6.45	6.37	6.82	6.57	8.45	8.47	7.20	7.58	6.56
TC/RC (per payable lb)	(0.33)	(0.55)	(0.56)	(0.67)	(0.54)	(0.60)	(0.41)	(0.03)	(0.12)	(0.31)	(0.13)
Net realized nickel price (per payable lb)	7.47	6.27	5.89	5.70	6.28	5.97	8.04	8.44	7.08	7.27	6.43
Cash costs – nickel (C1) (per payable lb) ¹	\$5.34	\$5.45	\$4.90	\$4.51	\$5.02	\$4.37	\$4.16	\$4.52	\$4.49	\$4.40	\$4.40
Total costs – nickel (C3) (per payable lb) ¹	\$6.59	\$6.82	\$6.09	\$5.46	\$6.20	\$5.65	\$5.51	\$5.77	\$6.06	\$5.82	\$5.99
<i>Gold statistics</i>											
Total gold production (ounces)	55,944	63,567	65,368	63,199	248,078	60,164	60,723	51,446	57,480	229,813	52,782
Total gold sales (ounces)	58,791	59,381	60,391	50,399	228,962	53,126	60,135	52,235	48,608	214,104	49,880
Net realized gold price (per ounce)	1,431	1,272	1,084	1,124	1,231	1,056	1,102	1,124	989	1,071	1,036
<i>Platinum statistics</i>											
Platinum production (ounces)	6,833	6,161	9,416	7,993	30,403	8,857	9,210	6,712	9,311	34,090	6,468
Platinum sales (ounces)	4,392	6,730	6,433	11,375	28,930	9,931	10,558	5,079	8,330	33,898	7,310
<i>Palladium statistics</i>											
Palladium production (ounces)	5,732	4,903	7,404	6,600	24,639	6,485	7,000	5,271	7,234	25,990	4,977
Palladium sales (ounces)	4,228	5,485	5,540	8,167	23,420	7,769	7,285	4,536	6,256	25,846	5,342
<i>Zinc statistics</i>											
Zinc production (tonnes)	1,590	15,619	17,331	15,393	49,933	14,841	13,787	14,795	12,557	55,980	12,975
Zinc sales (tonnes)	143	18,040	15,876	17,866	51,925	12,858	15,420	15,327	12,663	56,268	13,054

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

² Comparative earnings for the year ending December 31, 2013 do not equal the sum of the comparative earnings reported in each quarter in 2013, due to the impact of changes to tax rates in Q4 2013 which are applied on a year-to-date basis.

³ Fluctuations in average weighted shares between quarters reflect changes in levels of treasury shares held for performance share units.

Kansanshi statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Waste mined (000's tonnes)	15,779	21,427	28,332	18,850	84,388	9,343	11,927	17,725	15,971	54,966	12,043
Ore mined (000's tonnes)	8,419	9,623	8,365	9,868	36,275	5,688	6,563	7,859	6,835	26,945	6,838
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,521	2,921	2,857	2,790	11,089	2,701	2,347	1,366	1,530	7,944	1,389
Sulphide ore grade processed (%)	0.7	0.7	0.9	0.9	0.8	1.0	0.8	1.0	1.0	0.9	0.9
Sulphide ore recovery (%)	91	93	93	92	92	92	91	91	89	91	90
Mixed ore processed (000's tonnes)	1,928	1,866	1,886	1,997	7,677	1,316	1,770	3,064	3,263	9,413	3,288
Mixed ore grade processed (%)	1.1	1.2	1.2	1.2	1.2	1.1	1.1	1.2	1.1	1.1	1.1
Mixed ore recovery (%)	75	72	68	71	71	72	75	74	70	73	68
Oxide ore processed (000's tonnes)	1,594	1,739	1,669	1,660	6,662	1,923	2,448	1,853	1,753	7,977	1,367
Oxide ore grade processed (%)	2.2	2.1	2.2	2.4	2.2	2.2	1.7	1.6	1.6	1.8	1.5
Oxide ore recovery (%)	86	83	88	87	86	82	83	85	81	83	89
Copper cathode produced (tonnes)	23,122	23,995	25,599	27,118	99,834	28,022	29,813	25,162	19,365	102,362	14,915
Copper cathode tolled produced (tonnes)	17,270	19,628	13,288	14,489	64,675	2,560	-	-	-	2,560	-
Copper in concentrate produced (tonnes)	22,731	20,339	32,150	30,994	106,214	39,967	36,483	38,356	42,559	157,365	38,631
Total copper production	63,123	63,962	71,037	72,602	270,724	70,549	66,296	63,518	61,924	262,287	53,546
Concentrate grade (%)	24.7	25.0	25.6	23.2	24.6	24.2	22.5	23.9	22.2	23.3	23.4
Gold produced (ounces)	36,866	43,117	43,904	43,508	167,395	39,734	41,760	36,232	36,705	154,431	32,592
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.60	\$0.60	\$0.42	\$0.46	\$0.52	\$0.64	\$0.73	\$0.57	\$0.61	\$0.64	\$0.67
Processing	0.87	0.81	0.73	0.77	0.79	0.78	0.84	0.91	0.93	0.86	0.88
Site administration	0.07	0.07	0.07	0.08	0.07	0.07	0.09	0.08	0.05	0.07	0.09
TC/RC and freight charges	0.35	0.37	0.36	0.30	0.34	0.37	0.34	0.30	0.31	0.33	0.40
Gold credit	(0.32)	(0.37)	(0.33)	(0.33)	(0.34)	(0.29)	(0.30)	(0.29)	(0.22)	(0.27)	(0.27)
Cash costs (C1) (per lb) ¹	\$1.55	\$1.48	\$1.25	\$1.28	\$1.38	\$1.57	\$1.70	\$1.57	\$1.68	\$1.63	\$1.77
Total costs (C3) (per lb) ¹	\$2.02	\$1.94	\$1.68	\$1.70	\$1.83	\$2.04	\$2.22	\$2.21	\$2.17	\$2.16	\$2.75
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$382	\$309	\$287	\$267	\$1,245	\$207	\$244	\$229	\$228	\$908	\$137
Copper blister	-	-	-	-	-	-	-	-	-	-	16
Copper in concentrates	128	64	80	129	401	183	185	142	108	618	129
Gold	53	47	44	42	186	40	48	38	26	152	32
Total sales revenues	\$563	\$420	\$411	\$438	\$1,832	\$430	\$477	\$409	\$362	\$1,678	\$314
Copper cathode sales (tonnes)	32,460	24,726	30,393	28,199	115,778	27,153	36,580	32,921	31,386	128,040	20,202
Copper tolled cathode sales (tonnes)	17,270	19,628	13,288	14,489	64,675	2,560	-	-	-	2,560	-
Copper blister sales (tonnes)	-	-	-	-	-	-	-	-	-	-	2,922
Copper in concentrate sales (tonnes)	21,792	13,812	17,685	15,003	68,292	33,357	36,629	25,391	21,335	116,712	30,380
Gold sales (ounces)	37,518	38,991	39,279	36,844	152,632	37,728	43,784	33,366	27,731	142,609	31,307

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

Las Cruces statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Waste mined (000's tonnes) ¹	1,825	6,323	5,645	3,273	17,066	852	4,476	7,096	6,629	19,053	2,615
Ore mined (000's tonnes)	189	208	627	149	1,173	362	558	422	350	1,692	298
<i>Processing</i>											
Copper ore processed (000's tonnes)	305	255	359	334	1,253	375	372	413	379	1,539	362
Copper ore grade processed (%)	6.7	6.3	6.1	6.0	6.2	5.5	5.1	4.8	5.2	5.1	5.1
Recovery (%)	88	88	88	91	89	91	90	89	89	90	91
Copper cathode produced (tonnes)	17,927	13,912	19,119	18,346	69,304	18,675	17,197	17,693	17,525	71,090	16,694
<i>Cash Costs (per lb)²</i>											
Cash costs (C1) (per lb) ²	\$1.00	\$1.44	\$0.69	\$1.24	\$1.14	\$0.98	\$0.89	\$1.03	\$0.95	\$0.96	\$0.97
Total costs (C3) (per lb) ²	\$1.53	\$2.36	\$2.07	\$2.15	\$2.13	\$1.92	\$2.00	\$2.04	\$1.94	\$1.97	\$1.90
<i>Revenues (\$ millions)</i>											
Copper cathode	\$138	\$97	\$134	\$121	\$490	\$132	\$129	\$126	\$104	\$491	\$116
Copper cathode sales (tonnes)	17,360	13,872	18,691	16,883	66,806	18,657	18,867	18,002	15,594	71,120	19,598

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.

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

Guelb Moghrein statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Waste mined (000's tonnes)	5,707	5,724	5,229	5,653	22,313	4,390	4,755	3,394	4,601	17,140	2,972
Ore mined (000's tonnes)	637	753	766	735	2,891	682	730	703	971	3,086	829
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	696	743	694	714	2,847	738	729	621	969	3,057	1,001
Sulphide ore grade processed (%)	1.5	1.5	1.4	1.3	1.4	1.3	1.2	1.1	1.1	1.2	1.2
Recovery (%)	95	95	92	93	94	93	92	92	91	92	92
Copper in concentrate produced	9,700	10,734	8,670	8,866	37,970	8,847	8,069	6,395	9,768	33,079	10,642
Gold produced (ounces)	16,190	15,572	13,093	13,336	58,191	13,849	12,256	8,942	13,901	48,948	14,468
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.58	\$0.38	\$0.53	\$0.55	\$0.50	\$0.56	\$0.78	\$0.67	\$0.43	\$0.60	\$0.43
Processing	1.23	1.03	1.20	1.30	1.18	1.06	1.14	1.32	0.94	1.09	0.68
Site administration	0.32	0.28	0.41	0.24	0.32	0.21	0.24	0.37	0.21	0.25	0.18
TC/RC and freight charges	0.54	0.62	0.54	0.54	0.57	0.52	0.57	0.61	0.57	0.57	0.58
Gold credit	(1.25)	(0.96)	(0.84)	(0.77)	(0.99)	(0.79)	(0.86)	(0.86)	(0.84)	(0.84)	(0.76)
Cash costs (C1) (per lb) ¹	\$1.43	\$1.36	\$1.83	\$1.86	\$1.58	\$1.56	\$1.87	\$2.11	\$1.31	\$1.67	\$1.11
Total costs (C3) (per lb) ¹	\$2.05	\$1.92	\$2.45	\$2.11	\$2.11	\$2.20	\$2.62	\$2.94	\$2.07	\$2.41	\$1.80
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$78	\$67	\$53	\$41	\$239	\$39	\$35	\$54	\$48	\$176	\$44
Gold	29	22	15	10	76	10	12	17	15	54	14
Total sales revenues	\$107	\$89	\$68	\$51	\$315	\$49	\$47	\$71	\$63	\$230	\$58
Copper in concentrate sales (tonnes)	10,988	10,706	8,564	6,327	36,585	6,360	6,064	9,152	8,519	30,095	9,010
Gold sales (ounces)	19,462	15,712	12,585	8,281	56,040	9,075	9,488	13,917	13,421	45,901	12,860

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

Ravensthorpe statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Processing</i>											
Beneficiated ore processed (000's tonnes)	690	754	830	845	3,119	761	828	829	710	3,128	369
Beneficiated ore grade processed (%)	1.7	1.6	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.4
Nickel recovery – leach feed to NI produced (%) ¹	85	81	79	81	82	85	83	84	82	84	92
Nickel produced (contained tonnes)	9,023	8,919	9,917	10,244	38,103	9,370	9,611	9,728	7,736	36,445	4,238
Nickel produced (payable tonnes)	6,951	6,818	7,560	7,808	29,137	7,266	7,528	7,619	6,059	28,472	3,274
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.71	\$0.84	\$0.68	\$0.85	\$0.77	\$0.74	\$0.74	\$0.80	\$0.94	\$0.80	\$0.86
Processing	3.86	4.00	3.41	2.72	3.47	2.76	2.99	3.39	3.64	3.18	3.24
Site administration	0.40	0.36	0.35	0.27	0.34	0.26	0.28	0.32	0.29	0.29	0.43
TC/RC and freight charges	0.52	0.59	0.56	0.51	0.54	0.48	0.48	0.49	0.41	0.46	0.39
Cobalt credit	(0.12)	(0.14)	(0.15)	(0.12)	(0.13)	(0.22)	(0.23)	(0.22)	(0.24)	(0.23)	(0.26)
Cash costs (C1) (per lb) ¹	\$5.36	\$5.65	\$4.85	\$4.23	\$4.99	\$4.02	\$4.26	\$4.79	\$5.04	\$4.50	\$4.66
Total costs (C3) (per lb) ¹	\$6.59	\$6.90	\$5.94	\$5.39	\$6.18	\$5.38	\$5.66	\$6.44	\$6.57	\$5.98	\$6.28
<i>Revenues (\$ millions)</i>											
Nickel	\$130	\$113	\$110	\$112	\$465	\$115	\$127	\$129	\$121	\$492	\$41
Cobalt	2	2	3	2	9	4	4	3	4	15	2
Total sales revenues	\$132	\$115	\$113	\$114	\$474	\$119	\$131	\$132	\$125	\$507	\$43
Nickel sales (contained tonnes)	10,033	9,902	10,535	10,142	40,612	10,420	8,825	8,824	9,912	37,981	3,732
Nickel sales (payable tonnes)	7,613	7,496	7,842	8,021	30,972	8,042	6,879	6,937	7,688	29,546	2,962

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.

Kevitsa statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Total tonnes mined (000's tonnes)	3,790	5,119	6,624	6,071	21,604	5,626	7,357	6,880	8,302	28,165	8,514
<i>Processing</i>											
Ore tonnes milled (000's tonnes)	1,512	1,456	1,676	1,670	6,314	1,527	1,809	1,666	1,709	6,711	1,504
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 (%)	64	61	65	64	63	65	61	56	63	61	64
Nickel production (tonnes)	2,049	1,956	2,568	2,390	8,963	2,469	2,611	2,156	2,197	9,433	2,030
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 (%)	80	83	84	84	83	88	89	87	84	87	89
Copper production (tonnes)	3,181	3,559	4,020	4,015	14,775	3,988	4,648	4,798	4,101	17,535	4,408
Gold production (ounces)	2,619	2,714	3,382	3,008	11,723	3,029	3,514	3,208	3,093	12,844	3,002
Platinum production (ounces)	6,833	6,161	9,416	7,993	30,403	8,857	9,210	6,712	9,311	34,090	6,468
Palladium production (ounces)	5,732	4,903	7,404	6,600	24,639	6,485	7,000	5,271	7,234	25,990	4,977
Cash costs – Nickel (C1) (per lb) ^{1,2}	\$5.29	\$4.71	\$5.51	\$5.15	\$5.24	\$5.19	\$4.02	\$3.24	\$2.66	\$4.07	\$3.87
Total costs – Nickel (C3) (per lb) ^{1,2}	\$6.57	\$6.50	\$7.03	\$5.35	\$6.41	\$6.23	\$5.13	\$4.41	\$4.31	\$5.29	\$5.49
Cash costs – Copper (C1) (per lb) ^{1,2}	\$1.94	\$1.78	\$1.56	\$1.49	\$1.68	\$1.52	\$0.97	\$2.19	\$1.11	\$1.42	\$1.32
Total costs – Copper (C3) (per lb) ^{1,2}	\$2.75	\$2.59	\$2.70	\$1.78	\$2.44	\$2.30	\$1.66	\$3.01	\$2.24	\$2.27	\$2.04
<i>Revenues (\$ millions)</i>											
Nickel	\$10	\$16	\$13	\$27	\$66	\$31	\$20	\$28	\$25	\$104	\$20
Copper	20	17	25	17	79	31	33	16	29	109	19
Gold	2	2	3	1	8	3	4	1	3	11	2
PGE and other	8	11	10	16	45	16	14	8	9	47	7
Total sales revenues	\$40	\$46	\$51	\$61	\$198	\$81	\$71	\$53	\$66	\$271	\$48
Nickel sales (tonnes)	1,015	2,025	1,801	3,652	8,493	3,677	1,825	1,989	2,277	9,768	1,974
Copper sales (tonnes)	2,734	2,905	4,075	2,938	12,652	5,237	5,787	2,973	5,545	19,542	4,103
Gold sales (ounces)	1,811	1,710	2,655	1,182	7,358	2,749	3,485	1,413	3,229	10,876	2,611
Platinum sales (ounces)	4,392	6,730	6,433	11,375	28,930	9,931	10,558	5,079	8,330	33,898	7,310
Palladium sales (ounces)	4,228	5,485	5,540	8,167	23,420	7,769	7,285	4,536	6,256	25,846	5,342

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 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Ore mined (000's tonnes)	328	340	322	340	1,330	332	337	321	366	1,356	327
<i>Processing</i>											
Ore milled (000's tonnes)	323	333	335	342	1,333	337	332	324	348	1,341	332
Copper ore grade processed (%)	3.2	3.2	3.1	2.8	3.1	2.7	3.0	2.5	2.8	2.7	2.6
Copper ore recovery (%)	77	76	77	78	77	80	83	77	81	80	81
Zinc ore grade processed (%)	4.6	5.1	5.1	4.5	4.9	4.4	3.8	4.7	4.1	4.3	3.3
Zinc ore recovery (%)	68	68	66	63	66	66	62	65	60	63	55
Copper produced (tonnes)	7,873	8,089	8,010	7,538	31,510	7,142	8,229	6,169	7,820	29,360	7,136
Zinc produced (tonnes)	10,249	11,665	11,346	9,837	43,097	9,791	7,898	10,016	8,513	36,218	5,954
<i>Cash Costs (per lb)^{1,2}</i>											
Cash costs – Copper (C1) (per lb) ¹	\$0.93	\$0.11	\$0.98	\$0.87	\$0.76	\$0.76	\$0.80	\$1.04	\$1.02	\$0.90	\$1.02
Total costs – Copper (C3) (per lb) ¹	\$1.51	\$1.13	\$1.76	\$1.89	\$1.64	\$1.72	\$1.63	\$2.43	\$1.66	\$1.83	\$2.04
<i>Revenues (\$ millions)</i>											
Copper	\$53	\$33	\$53	\$46	\$185	\$32	\$38	\$42	\$43	\$155	\$24
Zinc	8	20	6	14	48	10	11	15	11	47	6
Other	4	3	5	3	15	1	3	3	3	10	2
Total sales revenues	\$65	\$56	\$64	\$63	\$248	\$43	\$52	\$60	\$57	\$212	\$32
Copper sales (tonnes)	8,080	6,866	8,484	7,940	31,370	5,711	7,264	7,847	8,419	29,241	5,720
Zinc sales (tonnes)	7,173	14,105	9,897	12,179	43,354	8,639	9,069	10,228	9,362	37,298	5,166

¹ 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

Pyhäsalmi statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Mining</i>											
Ore mined (000's tonnes)	346	340	348	348	1,382	342	360	340	360	1,402	341
<i>Processing</i>											
Ore milled (000's tonnes)	346	340	348	348	1,382	342	347	345	343	1,377	341
Copper ore grade processed (%)	1.3	1.1	1.1	1.0	1.1	1.2	1.0	0.9	1.2	1.1	0.9
Copper ore recovery (%)	97	95	96	98	97	97	96	95	97	96	97
Zinc ore grade processed (%)	2.0	1.3	2.0	1.7	1.7	1.6	1.9	1.5	1.3	1.6	2.2
Zinc ore recovery (%)	92	90	92	92	92	90	91	90	89	90	92
Copper produced (tonnes)	4,362	3,438	3,632	3,422	14,854	3,917	3,369	2,980	4,038	14,304	2,889
Zinc produced (tonnes)	6,184	3,954	5,985	5,556	21,679	5,050	5,889	4,780	4,043	19,762	7,021
Pyrite produced (tonnes)	189,955	211,444	221,734	202,688	825,821	196,884	224,388	219,224	200,433	840,929	198,855
<i>Cash Costs (per lb)¹</i>											
Cash costs – Copper (C1) (per lb) ¹	(\$0.55)	\$0.30	\$0.65	\$0.03	\$0.14	\$0.52	\$0.18	\$0.09	(\$0.49)	\$0.06	(\$0.52)
Total costs – Copper (C3) (per lb) ¹	(\$0.10)	\$2.53	\$2.48	\$2.51	\$1.82	\$2.54	\$2.24	\$2.24	\$1.49	\$2.11	\$1.64
<i>Revenues (\$ millions)</i>											
Copper	\$27	\$17	\$32	\$25	\$101	\$22	\$20	\$18	\$24	\$84	\$17
Zinc	9	5	6	7	27	5	8	8	5	27	11
Pyrite	5	7	6	15	33	5	6	6	11	27	8
Other	7	1	1	4	13	5	3	3	4	15	3
Total sales revenues	\$48	\$30	\$45	\$51	\$174	\$37	\$37	\$35	\$44	\$153	\$39
Copper sales (tonnes)	3,747	2,977	4,678	3,819	15,221	3,750	3,259	2,847	4,038	13,894	3,250
Zinc sales (tonnes)	6,738	3,935	5,979	5,687	22,339	4,219	6,351	5,100	3,300	18,970	7,888
Pyrite sales (tonnes)	114,478	110,777	89,999	454,665	769,919	191,801	216,244	211,949	320,849	940,843	229,353

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

Production of copper during Sentinel's commissioning phase is shown below for information purposes.

Sentinel statistics	Q1 13	Q2 13	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15
<i>Processing</i>											
Copper produced (tonnes)	-	-	-	-	-	-	-	-	-	-	1,003

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 the 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, comparative 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 EBITDA, comparative earnings and comparative earnings per share are non-GAAP measures which determine the performance of the Company, excluding certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period. These include impairment charges and other one-time costs related to acquisitions, dispositions, restructuring and other transactions.

The Company's definition of comparative earnings has changed since prior periods and now excludes the impacts of foreign exchange gains and losses, gains and losses on disposal of assets and revisions in estimates of restoration provisions at closed sites. Therefore the amounts shown for prior periods have been restated. Although some of the items are recurring, the Company believes that they are not reflective of the underlying operating performance of its current business and are not necessarily indicative of future operating results. These measures may differ from those used by other issuers.

	Q1 2015	Q4 2014	Q1 2014
Operating profit (loss)	(103)	162	234
Add back: depreciation	136	138	130
EBITDA	33	300	364
Adjustments:			
Foreign exchange gain (loss)	9	(39)	12
Impairment of Guelb Moghrein magnetite plant	62	-	-
Impairment of investments	10	-	-
Costs relating to leach tank failure at Ravensthorpe	8	9	-
Restructuring costs	2	-	-
Losses on disposal of assets	2	2	-
Revisions in estimates of restoration provisions on closed sites	(6)	6	(3)
Total adjustments to EBITDA	87	(22)	9
Comparative EBITDA	120	278	373

	Q1 2015	Q4 2014	Q1 2014
Net earnings (loss) attributable to shareholders of the Company	(82)	453	127
Adjustments attributable to shareholders of the Company:			
Total adjustments to EBITDA	87	(22)	9
Tax on adjustments	(10)	10	(5)
Minority interest share of adjustments	(7)	(1)	(1)
Revaluation of Zambian deferred taxes	-	(382)	-
Comparative earnings (loss)	(12)	58	130
Earnings (loss) per share as reported	(\$0.14)	\$0.76	\$0.22
Comparative earnings (loss) per share	(\$0.02)	\$0.10	\$0.22

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.

(i) Significant judgments

- Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Changes in the judgments surrounding proven and probable reserves may impact the carrying value of property, plant and equipment, restoration provisions, recognition of deferred income tax amounts and depreciation.

- Achievement of commercial production

Once a mine or smelter reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain of the Company's assets reach this level; management consider several factors including: completion of a reasonable period of commissioning; consistent operating results are being achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral recoveries are at or near expected production level; and the transfer of operations from development personnel to operational personnel has been completed.

- Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. The Company provides for potential differences in interpretation based a best estimate of the probable outcome of these matters. Changes in these estimates could result in material adjustments to the Company's current and deferred income taxes.

- Functional currency

The functional currency of the Company and for each of the Company's subsidiaries is the United States dollar ("USD"), which is the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and this is re-evaluated for each new entity, or if conditions change.

(ii) Significant accounting estimates and assumptions

Estimates are inherently uncertain and therefore actual results may differ from the amounts included in the financial statements, potentially having a material future effect on the Company's consolidated financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

The majority of the Company's property, plant and equipment are depreciated over the estimated lives of the assets on a units-of-production basis. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment, restoration provisions, recognition of deferred income tax amounts and depreciation.

- Review of asset carrying values and impairment charges

The Company reviews the carrying value of assets each reporting period to determine whether there is any indication of impairment using both internal and external sources of information. If the recoverable amount of an asset or cash-generating unit

is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings. The Company has determined that each mine location is a cash-generating unit. Goodwill is not amortized, but rather the cash-generating-unit (“CGU”) to which the goodwill has been allocated is tested for impairment on an annual basis to ensure that the carrying value exceeds the recoverable amount.

External sources of information regarding indications of impairment include considering the changes in market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount or timing of mining interests. Internal sources of information include changes to the life of mine plans and economic performance of the assets.

Management’s determination of recoverable amounts include estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The calculation of the recoverable amount can also include assumptions regarding the appropriate discount rate and inflation and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management’s estimate of the net cash flow to be generated from its projects.

- Estimation of the amount and timing of restoration and remediation costs

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash outflows. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for restoration.

The provision represents management’s best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet.

- Taxes

The Company operates in a specialized industry and in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity and interpretation of tax regulations require assessments of uncertainties and estimates of the taxes that the Company will ultimately pay. Final taxes payable and receivable are dependent on many factors, including negotiations with tax authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company’s tax assets and liabilities.

The Company recognizes deferred income tax assets arising from unutilized tax losses which require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize those losses, and the timing of this. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Forecast cash flows are based on life of mine projections.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets.

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, 2015, 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 Company holds a \$430 million Promissory Note issued by a subsidiary of ENRC, with a term to final maturity of December 31, 2015. The interest rate on the \$430 million Promissory Note is 5% with all interest of approximately \$40 million prepaid until the final maturity date. The \$430 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. The Note is classified as current on the balance sheet at March 31, 2015.

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 covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the quarter ended March 31, 2015 and are expected to be for the foreseeable future.

Market risks

a) Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc 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, 2015, the Company had entered into derivative contracts for copper, gold, nickel, zinc, platinum and palladium 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, 2015, the Company had not entered into any diesel or sulphur derivatives.

The Company's commodity price risk related to changes in fair value of embedded derivatives in accounts receivable reflecting copper, nickel, gold and zinc 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 debt and the interest received on cash and short-term deposits. The Company currently capitalizes the majority of interest charges, and therefore the risk exposure to net earnings 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. 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, 2015, 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 ("ZMW"), Australian dollar ("A\$") Mauritanian ouguiya ("MRO"), the euro ("EUR"), the Turkish lira ("TRY") and the Argentine peso ("ARS"); and to the local currencies of suppliers who provide capital equipment for project development, principally the A\$, EUR and the South African rand ("ZAR").

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, 2014 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, 2014 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, 2014 by the Company's management, including the Chief Executive Officer and Chief Financial Officer based on the framework and criteria established by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. 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, 2015 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. 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, Argentina 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, and the production of off-spec material.

See the Company's Annual Information Form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of these factors are beyond First Quantum's control. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertakes no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.