

Management's Discussion and Analysis

Second quarter ended June 30, 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 and six months ended June 30, 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 and its Technical Reports for Kansanshi and Las Cruces filed on July 16, 2015, and for Cobre Panama filed on July 22, 2015, on SEDAR. This MD&A has been prepared as of July 29, 2015.

Highlights

- **Kansanshi's smelter reaches commercial production status ahead of expectation:**
 - Average copper recovery achieved for the month of June was above design at 97.69%.
 - During the six-month commissioning and ramp-up period, approximately 157,600 tonnes of copper concentrate was processed. Smelter production totaled 46,700 tonnes of copper anode and 201,300 tonnes of sulphuric acid.
 - Realized benefits to the Kansanshi mine to date include reduced concentrate inventory, increased availability of sulphuric acid from the smelter and improved access to smelter capacity.
- **All aspects of Sentinel continued to ramp up during Q2 with testing ahead of completion of full power infrastructure in August 2015:**
 - Train 1 achieved periods of above nameplate capacity. Softer transitional material has been encountered in the ramp-up period.
 - Commissioning of Train 2 is expected in Q3, following completion of full power infrastructure which is on track for August, following the completion of the final section of the power line between Mumbwa and Lusaka West.
 - Reduced power supply to Zambian operations will likely impact the ramp-up and commercial production date at Sentinel.
- **Realized prices for all major metals below comparative 2014 quarter – copper 11%, nickel 29%, gold 5%.**
- **Production in line with full year guidance while better cash operating cost, excluding royalties, results in cash cost guidance reduction:**
 - **Q2:** Copper – 104,233 tonnes at \$1.22 per pound; Nickel – 9,059 tonnes at \$4.68 per pound; Gold – 56,725 ounces
 - **Full year 2015 guidance:**
 - production estimates maintained for all major metals.
 - expected average cash cost for copper reduced to \$1.25 - \$1.40 per pound following improved cost performance.
 - expected average cash cost for nickel reduced to \$4.75 - \$5.00 per pound as a result of lower costs than planned.
- **Comparative earnings¹ were \$18 million or \$0.03 per share in Q2 2015** excluding the impact of impairment and foreign exchange losses
- **Net loss attributable to shareholders of the Company¹ of \$101 million** includes a \$117 million impairment to the ENRC \$430 million Promissory Note. An amendment to the terms was agreed in July 2015 whereby the amount was reduced to \$300 million. Of this amount, \$215 million has been paid with the remaining \$85 million to be satisfied by October 2015.
- **Completed an equity issuance for net proceeds of \$1,121 million of which \$1 billion was used to repay senior debt facilities.** With this, the Company is well-positioned to continue to build production capacity ahead of the expected improvement in commodity prices.
- **Development of the Cobre Panama project progressed on plan with no change to the capital budget of \$6.4 billion.**
- **On July 25, 2015, electricity supply to all mines, including First Quantum's, in North Western province of Zambia was reduced due to low water levels in the reservoirs.** As a result, Kansanshi is operating at reduced

¹ Net earnings (loss) attributable to shareholders of the Company have been adjusted to exclude impacts which are not reflective of underlying performance to arrive at comparative earnings. Comparative earnings and comparative earnings per share are not measures recognized under International Financial Reporting Standards ("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 earnings.

capacity while the Sentinel process plant has been closed since July 27, 2015. Various options to alleviate the effect on production are being evaluated. Agreement has been reached to redirect the majority of Sentinels's power allocation to enable Kansanshi to operate close to full capacity, while delaying the ramp-up at Sentinel. The duration of the supply reduction or its impact on production is not currently known.

SUMMARIZED OPERATING AND FINANCIAL RESULTS

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
<i>(USD millions unless otherwise noted)</i>				
Copper production (tonnes) ¹	104,233	107,808	200,551	220,926
Copper sales (tonnes)	84,382	114,449	179,567	217,235
Cash cost of copper production (C1) ² (per lb)	\$1.22	\$1.45	\$1.31	\$1.41
Realized copper price (per lb)	\$2.65	\$2.97	\$2.61	\$3.03
Nickel production (contained tonnes)	9,059	12,223	15,327	24,061
Nickel sales (contained tonnes)	8,721	10,651	14,427	24,748
Cash cost of nickel production (C1) ² (per lb)	\$4.68	\$4.16	\$4.57	\$4.30
Realized nickel price (per payable lb)	\$5.98	\$8.45	\$6.21	\$7.38
Gold production (ounces)	56,725	60,723	109,507	120,887
Gold sales (ounces)	50,804	60,135	100,684	113,261
Sales revenues	610	945	1,260	1,836
Gross profit	54	292	80	574
Net earnings (loss) attributable to shareholders of the Company	(101)	134	(183)	261
Earnings (loss) per share	(\$0.16)	\$0.23	(\$0.30)	\$0.44
Diluted earnings (loss) per share	(\$0.16)	\$0.23	(\$0.30)	\$0.44
Comparative earnings ³	18	152	6	282
Comparative earnings per share ³	\$0.03	\$0.26	\$0.01	\$0.48
Comparative EBITDA ^{2, 3}	161	402	281	775

¹Total Group copper production includes initial production at Sentinel of 5,799 tonnes for the three months ended June 30, 2015 and 6,802 tonnes for the six months ended June 30, 2015, which is pre-commercial production and therefore excluded from earnings.

²Cash costs (C1) and earnings before interest, tax, depreciation, amortization and impairment ("EBITDA") are not recognized under IFRS. See "Regulatory disclosures" for further information.³Net earnings (loss) 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.

Operational highlights

Copper production in line with full year guidance

- Copper production in Q2 2015 decreased by 3,575 tonnes over Q2 2014, primarily reflecting lower production at Kansanshi, partly offset by higher copper production at Guelb Moghrein and contribution from Sentinel. Throughput on the oxide circuit at Kansanshi continued to be reduced intentionally in Q2 to match the acid consumption with current smelter production. Production at Guelb Moghrein increased by 3,072 tonnes from Q2 2014 as a result of increased throughput achieved with the semi-autogenous grinding ("SAG") mill that was commissioned in July 2014.
- Operational commissioning of the smelter was completed successfully in the quarter. Daily concentrate throughput has steadily increased since the start of hot operations in mid-February 2015, averaging 3,000 tonnes with periods in excess of the 3,500 tonnes per day nameplate capacity. Following a successful quarter and ramp-up period, commercial production was declared at the smelter on July 1, 2015. Combined with the excess capacity in the leach circuit to be utilized during the remainder of the year, Kansanshi copper production in 2015 is currently expected to be within guidance.
- Ramp-up is ongoing at Sentinel, with 5,799 tonnes contributed to total copper production in Q2.
- On July 22 and July 24, 2015, notice of Force Majeure for the supply of electricity was delivered to our Kansanshi operation and Sentinel projects, respectively, from ZESCO, Zambia's state-run power company. Kansanshi is currently operating at reduced capacity while the Sentinel process plant has been closed since July 27, 2015 as the proposed power limit is not sufficient to produce a suitable quality concentrate. After agreement with ZESCO, the majority of electricity allocated to Sentinel is in the process of being allocated to Kansanshi to optimize available power and allow Kansanshi to operate close to full capacity. Various other options to alleviate the effect on production are being

evaluated. Currently, the Company is unable to provide estimates on the length of the supply reduction or its impact on production. Discussions with ZESCO to mitigate the power restrictions across the industry have been progressing.

Nickel production lower in Q2 2015 with Ravensthorpe operating at reduced capacity

- Nickel production in Q2 2015 was 3,164 tonnes lower than Q2 2014, reflecting lower nickel production at Ravensthorpe and Kevitsa in the quarter. While Ravensthorpe continues to run at reduced capacity, with production lower than Q2 2014, the operation's ramp-up following the atmospheric leach tank failure in mid-December 2014 is progressing well. Production in Q2 2015 of 7,115 tonnes reflects a significant increase of 2,877 tonnes from Q1 2015. Nickel production at Ravensthorpe is forecast to increase throughout the second half of 2015.
- Nickel production at Kevitsa was 1,944 tonnes compared to 2,611 tonnes in Q2 2014, a decrease of 26% reflecting lower feed grades and throughput.

Gold production decreased 7% in Q2 2015 from lower production at Kansanshi

- Gold production in Q2 2015 was impacted primarily by lower gold production at Kansanshi, reflecting lower head grade and throughput. Gold production at Guelb Moghrein was higher than Q2 2014 by 3,984 ounces, reflecting increased throughput in the quarter.

Copper and nickel sales volumes lower in Q2 2015

- Copper sales volumes of 84,382 tonnes were 26% lower than Q2 2014, primarily reflecting lower copper sales volumes at Kansanshi and Las Cruces, partially offset by higher copper sales volumes at Guelb Moghrein.
- Nickel sales volumes of 8,721 tonnes were 1,930 tonnes lower than Q2 2014, reflecting reduced operating capacity at Ravensthorpe, partially offset by higher nickel sales volumes at Kevitsa.

Copper production cash cost lower reflecting reduction in total cash costs

- Average copper production cash cost of \$1.22 per lb was lower than cash cost of \$1.45 per lb in Q2 2014. A continued focus on cost reduction and efficiencies contributed to lower mining and processing costs, which offset the impact of lower copper production in the quarter. Copper cash costs were lower at Kansanshi, Las Cruces and Guelb Moghrein, reflecting lower fuel costs and operating efficiencies and, at Kansanshi, a saving from the reduction in acid purchased from third parties. The lower cash cost at Guelb Moghrein was also driven by higher copper production. Copper cash costs were higher at Kevitsa, Çayeli and Pyhäsalmi due to lower by-product sales and the impact of lower copper production.

Nickel production cash cost higher reflecting lower nickel production

- Average nickel production cash cost of \$4.68 per lb increased from \$4.16 per lb in Q2 2014. Nickel cash costs were higher at both Ravensthorpe and Kevitsa, reflecting lower nickel production volumes at both operations and lower by-product sales at Kevitsa. Decreases in operating costs at Ravensthorpe and Kevitsa partially offset the increase in nickel cash cost in Q2.

Results for the first six months of 2015

- Copper production of 200,551 tonnes for the six months ended June 30, 2015 was 9% lower than the comparable period in 2014, primarily reflecting lower copper production at Kansanshi, partially offset by higher copper production at Guelb Moghrein and 6,802 tonnes of copper contributed by Sentinel.
- Nickel production of 15,327 tonnes for the six months ended June 30, 2015 was 36% lower than the comparable period in 2014, primarily due to the reduced operating capacity at Ravensthorpe.
- Gold production of 109,507 ounces for the six months ended June 30, 2015 was 9% lower than the comparable period in 2014 primarily due to lower production at Kansanshi, partially offset by an increase in gold production volumes at Guelb Moghrein by 4,603 ounces.
- For the six months ended June 30, 2015, copper sales volumes of 179,567 tonnes were 17% lower than the comparable period of 2014, while nickel sales volumes of 14,427 tonnes were 42% lower. The decrease in copper sales volumes primarily reflected lower sales volumes at Kansanshi, as expected, partially offset by higher copper sales volumes at Guelb Moghrein. Nickel sales volumes were impacted by the reduced operating capacity at Ravensthorpe.
- Average copper production cash cost of \$1.31 per lb for the six months ended June 30, 2015 decreased from \$1.41 per lb in the comparable period of 2014, while average nickel production cash cost of \$4.57 per lb increased from \$4.30 per lb. The impact of lower mining and processing costs achieved from the Company's focus on cost reduction and efficiencies resulted in improved copper cash cost for the first six months of 2015, while lower nickel production volumes resulted in increased nickel cash cost for the same period.

Financial highlights

Sales revenues decreased by 35% in Q2 2015 due to lower metal prices and lower metal sales volumes

- Sales revenues of \$610 million decreased by \$335 million compared to Q2 2014 due to lower sales volumes and average realized copper and nickel prices in Q2 2015. The average LME cash prices for copper and nickel were 11% and 30% lower, respectively, in Q2 2015 compared to Q2 2014.

Gross profit impacted by lower market prices

- Gross profit in Q2 2015 was impacted mainly by lower realized metal prices and sales volumes. The increased royalty rate at Kansanshi further reduced gross profit by \$49 million. Excluding the impact of royalty costs and depreciation, operating costs were lower in Q2 2015 compared to Q2 2014.

(USD millions unless otherwise noted)

Gross profit in Q2 2014	\$292
Lower realized metal prices	(103)
Lower sales volumes	(149)
Lower costs excluding depreciation and change in royalty	29
Foreign exchange	29
Increase in royalty rate	(49)
Decrease in depreciation	5
Gross profit in Q2 2015 ¹	\$54

¹ Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$10 million; general, administrative and other costs of \$22 million; and depreciation of \$139 million.

Net loss reflects non-recurring charges

- Net loss attributable to shareholders of the Company of \$101 million includes a \$117 million impairment to the Promissory Note from Eurasian Natural Resources Corporation PLC (“ENRC”).

Comparative EBITDA of \$161 million in Q2 2015

- Comparative EBITDA, which excludes the impact of impairment, restructuring costs, foreign exchange losses, and revisions in estimates of closed site restoration provisions, was \$161 million in Q2 2015.

Financial position and operating cash flow

- On June 4, 2015, the Company completed an equity issuance, resulting in net proceeds of \$1,121 million which significantly strengthens the financial position of the Company. \$1.0 billion of net proceeds were used to repay senior debt facilities in order to reduce borrowing costs. As a result, the Company’s debt position has reduced by \$729 million in Q2 2015.
- The Company ended the quarter with \$289 million of unrestricted cash and cash equivalents in addition to \$1,540 million of committed undrawn facilities.
- Operating cash inflows before changes in working capital and tax paid of \$157 million compared to \$389 million in Q2 2014.
- The Company’s cash position has improved following negotiations to amend the \$430 million Promissory Note due from ENRC in December 2015. Under the revised terms agreed on July 7, 2015, the Promissory Note has been reduced from \$430 million to \$300 million, after an immediate cash payment of \$215 million was received. The balance of \$85 million outstanding is to be satisfied by either a sale and purchase agreement in respect of the acquisition of certain Eurasian Resources Group (“ERG”, formally ENRC) assets, or if terms of a sale and purchase agreement are not satisfied by early October 2015, an immediate payment of \$85 million in cash. An impairment of \$117 million has been recorded to the Promissory Note, resulting in a recoverable amount of \$300 million at June 30, 2015.

Results for the first six months of 2015

- Sales revenues of \$1,260 million in the first six months of 2015 were 31% lower than the comparable period of 2014, reflecting lower sales volumes and lower realized metals prices.
- Gross profit of \$80 million was \$494 million lower compared to the first six months of 2014, reflecting the reduction in sales revenues as well as higher royalty costs at Kansanshi due to the increased royalty tax regime that came into effect January 1, 2015. The increase in royalty rate in Zambia from 6% to 20% resulted in incremental royalty charges of \$97 million for the first six months of 2015.
- Net loss attributable to shareholders of the Company of \$183 million reflects the decrease in gross profit in the period, a \$62 million non-cash impairment charge recognized on the magnetite plant at Guelb Moghrein, and a \$117 million impairment to the Promissory Note from ENRC.
- Comparative EBITDA of \$281 million for the first six months of 2015 excludes the impact of impairment and other write-downs, restructuring costs, foreign exchange losses, and revisions in estimates of closed site restoration provisions.

Development Projects**Development projects advanced**

- Commercial production was declared at the smelter on July 1, 2015. The smelter recorded throughput of over 80,000 tonnes during the month of June, representing 76% of design capacity, and smelter recovery rates were above design rates in the same period.
- Commissioning progress continued at Sentinel in Q2. The focus in Q2 has been on achieving steady state operation within the process circuit. Periods of above nameplate design throughput for Train 1 were achieved in the second

quarter. Production ramp-up was scheduled to continue during Q3 with the commissioning of Train 2 and completion of power infrastructure. This will be further evaluated following recent power restrictions.

- At the Enterprise nickel mine, site construction work for the Enterprise process plant continued to ramp up as Sentinel construction work tails off. Commissioning is expected to take place during Q4 2015.
- At Cobre Panama, development in all areas of the project is moving ahead as planned. Detailed engineering and design work is approximately 75% complete at the end of Q2 2015. Construction contracts for the power station chimney and the 230kv transmission line were awarded in Q2, and contract awards are planned for the tailings dam decant tunnel, power station boiler erection and installation of the steam turbine generators. Construction progress has accelerated during Q2 with earthworks at the process plant over 70% complete, port earthworks completed, and other earthworks progressing well. Concrete works are progressing strongly with total concrete placement of 75,000 m³ to the end of Q2, representing approximately 32% of the project total. Structural steel erection is underway at both the port and plant site, with a total of 2,500 tonnes of structural steel erected to date, representing 7% of the project total. The port commodity berth is complete and installation of the mills is planned to commence during Q3. Tailings management facility earthworks, including starter dams, quarry and waste dump reached 30% completion by the end of Q2.

Other Developments

Zambian developments

- As of July 29, 2015 the Zambian government is in the process of passing into parliament changes which, effective from July 1, 2015, will 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%. The proposed changes had no impact on the results for the period ended June 30, 2015. The impact of the 9% royalty rate would have been to reduce Q2 2015 royalty charges by \$38 million. At the proposed rates the Company estimates a full year 2015 effective group tax rate of 20% - 30%. The reintroduction of corporation tax will require a revaluation to the Company's deferred tax balances in Zambia, which will result in the reversal of an income tax credit through the statement of earnings, which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.
- In early July 2015, ZESCO announced plans to ration power supplies to mining companies in Zambia. On July 25, 2015, reductions to the electricity supply at the Kansanshi mine, smelter and Sentinel were imposed by ZESCO. As a result, the Kansanshi mine and smelter are currently operating at reduced capacity while the Sentinel process plant has been closed since July 27, 2015 as the proposed power limit is not sufficient to produce suitable quality concentrate at Sentinel. Basic mining operations continue at Sentinel with a program of cost reduction measures while the Company evaluates the options to manage electricity requirements in order to alleviate the impact on production. After agreement with ZESCO, the majority of electricity allocated to Sentinel is in the process of being allocated to Kansanshi to optimize available power and will allow Kansanshi to operate close to full capacity. The Company is unable to provide estimates on the length of the supply reduction or its impact on production. Discussions with ZESCO to mitigate the proposed power cuts across the industry have been progressing. In the midst of these discussions, the President of Zambia has asked ZESCO to spare the industry excessive load-shedding.
- The amount of Value Added Tax ("VAT") accrued by the Company's Zambian operations at June 30, 2015 is \$277 million, of which \$30 million relates to 2015 VAT claims for Kansanshi. While the government of Zambia has begun to issue refunds in relation to 2015 VAT claims, to date the Company has not received any refunds related to Kansanshi.

Corporate developments

- The Company declared an interim corporate dividend on July 29, 2015 of C\$0.033 per common share for a total interim corporate dividend to be paid of \$18 million.

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	20-23
Kansanshi	250-265	-	143-163	-	-	-
Las Cruces	69-72	-	-	-	-	-
Guelb Moghrein	40-45	-	55-60	-	-	-
Ravensthorpe	-	24-30	-	-	-	-
Kevitsa	16-18	8-10	11-13	-	25-35	20-23
Çayeli	24-27	-	4	22-25	-	-
Pyhäsalmi	11-13	-	5-7	18-20	-	-

Guidance**Production:**

- Since the introduction of power restrictions at mines in North Western province of Zambia, Kansanshi and the smelter have been operating at reduced capacity and the processing plant at Sentinel has been closed. Various options to alleviate the effect on production are being evaluated. Agreement has been reached to redirect the majority of Sentinel's power allocation to enable Kansanshi to operate close to full capacity, while delaying ramp-up at Sentinel. The Company is unable to currently provide estimates on the length of the supply reduction or its full impact on production on Zambian operations.
- In the table above, Group guidance for production for the year remains unchanged for all major metals.
- In addition to production in the above table, prior to the introduction of power restrictions, total physical production at Sentinel in 2015 was expected to be between 80,000 and 100,000 tonnes of copper. The impact of current power restrictions is being evaluated but further ramp-up and estimated date of commercial production are likely to be impacted.
- At Ravensthorpe, re-commissioning of the atmospheric leach circuit commenced on July 19, 2015. The circuit is forecast to operate at 50% of production capacity for the next six months, while out of service leach tanks are progressively refurbished. Nickel production is forecast to increase throughout the second half of 2015.

Cash operating cost:

- Expected average cash cost has decreased to approximately \$1.25 to \$1.40 per pound of copper, inclusive of assumed post-commercial production at Sentinel.
- As a result of lower costs than planned, the expected average cash cost has decreased to approximately \$4.75 to \$5.00 per pound of nickel.

Capital expenditures:

- Total capital expenditure, excluding capitalization of any pre-commercial production costs and capitalized interest, is unchanged and estimated to be approximately \$1.4 billion, including \$600 million for the Cobre Panama project.
- In 2016, focus will be on optimizing the phasing of capital expenditure at Cobre Panama while keeping the project on track.

OPERATIONS

Kansanshi Copper and Gold Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Sulphide ore tonnes milled (000's)	1,503	2,347	2,892	5,048
Sulphide ore grade processed (%)	0.9	0.8	0.9	0.9
Sulphide copper recovery (%)	92	91	91	91
Mixed ore tonnes milled (000's)	3,342	1,770	6,630	3,086
Mixed ore grade processed (%)	1.0	1.1	1.1	1.1
Mixed copper recovery (%)	68	75	68	74
Oxide ore tonnes milled (000's)	1,760	2,448	3,127	4,371
Oxide ore grade processed (%)	1.6	1.7	1.6	1.9
Oxide copper recovery (%)	79	83	83	83
Copper production (tonnes)	57,016	66,296	110,562	136,845
Copper sales (tonnes)	44,288	73,209	97,792	136,279
Gold production (ounces)	35,182	41,760	67,774	81,494
Gold sales (ounces)	30,459	43,784	61,766	81,512
Cash costs (C1) (per lb) ¹	\$1.37	\$1.70	\$1.58	\$1.63
Total costs (C3) (per lb) ¹	\$2.38	\$2.22	\$2.58	\$2.12
Sales revenues	268	477	582	907
Gross profit before royalties	84	189	117	385
Gross profit (loss)	14	157	(20)	322
Comparative EBITDA ¹	41	192	49	382

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

Kansanshi Mining Operations

Copper production in Q2 2015 was 14% lower than Q2 2014, due primarily to reduced throughput on the sulphide and oxide circuits and lower oxide and mixed ore feed grades. Throughput on the oxide circuit continued to be reduced intentionally to match the acid consumption with the current smelter production, and thereby limit the consumption of costly acid purchased from third parties. The volume of copper cathode produced in Q2 2015 decreased by 37% from Q2 2014. To date, over 200,000 tonnes of sulphuric acid produced by the smelter have been used in the mine's oxide and mixed circuits.

Gold production was 16% lower than Q2 2014 as a result of lower head grade.

Cash cost decreased by \$0.33 per lb compared to Q2 2014 due to reduced mining and processing costs reflective of less acid consumed from third parties, lower fuel prices and cost reduction measures implemented in Q2, including review of service contracts, plant efficiencies and labour productivity. Lower third party acid purchases and fuel prices contributed a \$0.15 per lb decrease in cash cost in Q2 2015 compared to Q2 2014. The impact of lower operating costs was partially offset by higher treatment and refining charges and the impact of lower copper production in the quarter.

Sales revenues decreased by 44% from Q2 2014 reflecting lower copper and gold sales volumes combined with the impact of lower realized copper and gold prices.

Gross profit of \$14 million in the quarter decreased from \$157 million in Q2 2014, driven by the decrease in sales revenues and an increase in royalty costs. Royalty costs were \$49 million 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%.

Comparative EBITDA of \$41 million in Q2 2015 excluded a \$7 million unrealized foreign exchange gain on the revaluation of the Zambian VAT recoverable balance following a strengthening of the Zambian kwacha during the quarter.

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 Q2 2015.

As of July 29, 2015 the Zambian government is in the process of passing into parliament changes which, effective from July 1, 2015, will 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%. The proposed changes had no impact on the results for the period ended June 30, 2015. The impact of the 9% royalty rate would have been to reduce Q2 2015 royalty charges by \$38 million. The reintroduction of

corporation tax will require a revaluation to the Company's deferred tax balances in Zambia, which will result in the reversal of an income tax credit through the statement of earnings, which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

Kansanshi Copper Smelter

During Q2 2015, operational commissioning of the smelter was completed successfully and commercial production was declared on July 1, 2015. The smelter recorded throughput of over 80,000 tonnes during the month of June, representing 76% of design capacity, and an average smelter recovery rate of 97.69% was achieved in the same period, above design rates of 97.5%. As of the date that commercial production was declared, the smelter had processed 157,600 tonnes of concentrate and produced 46,700 tonnes of copper anode and 201,300 tonnes of sulphuric acid. The acid is expected to optimize the mine's expanded oxide leach facilities and allow for improved recoveries of leachable minerals in material now classified and treated as mixed ore. Kansanshi's copper concentrate stockpile has decreased with a valuation of \$107 million at June 30, 2015 compared to \$224 million at March 31, 2015.

Outlook

Production in 2015 is expected to be between 250,000 and 265,000 tonnes of copper, and 143,000 and 163,000 ounces of gold. 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, optimization of the smelter and continued process improvements and cost reduction measures.

On July 25, 2015, electricity supply to Kansanshi, including the smelter, was reduced to 117 megawatts from the steady-state level of 153 megawatts following the imposed power reduction by ZESCO. The Kansanshi mine and smelter are currently operating at reduced capacities. After agreement with ZESCO, the majority of electricity allocated to Sentinel is in the process of being allocated to Kansanshi to optimize available power and allow Kansanshi to operate close to full capacity. Further reviews are being conducted at Kansanshi to evaluate options to manage electricity requirements in order to alleviate the effect on production. As such, the Company is unable to provide estimates on the length of the supply reduction or its impact on production. Discussions with ZESCO to mitigate the proposed power cuts across the industry have been progressing. In the midst of these discussions, the President of Zambia has asked ZESCO to spare the industry excessive load-shedding.

Las Cruces Copper Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Ore tonnes processed (000's)	388	372	750	747
Copper ore grade processed (%)	5.1	5.1	5.1	5.3
Copper recovery (%)	88	90	90	91
Copper cathode production (tonnes)	17,362	17,197	34,056	35,872
Copper cathode sales (tonnes)	16,600	18,867	36,198	37,524
Cash costs (C1) ¹ (per lb)	\$0.87	\$0.89	\$0.92	\$0.93
Total costs (C3) ¹ (per lb)	\$2.07	\$2.00	\$1.99	\$1.96
Sales revenues	101	129	217	261
Gross profit	23	46	58	98
Comparative EBITDA ¹	64	97	136	183

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

Copper production of 17,362 tonnes was slightly higher compared to Q2 2014, a result of a 4% increase in throughput, partially offset by lower recoveries. Recoveries were impacted by slower leaching kinetics resulting from a higher quantity of primary sulphide ore in the feed this quarter. Recoveries were also negatively impacted by the performance of the pressure filters, which were designed to replace the less efficient belt filters and increase overall plant recoveries.

Cash cost in Q2 2015 was slightly lower compared to Q2 2014, primarily due to favourable processing costs reflecting processing efficiencies from various debottlenecking initiatives implemented in 2014. Cash cost also benefited from the appreciation in the US dollar against the euro in the quarter.

Sales revenues decreased by 22% in comparison to Q2 2014 due to lower copper cathode sales volumes and lower realized copper prices. This decrease flowed through to gross profit, which was 50% lower than Q2 2014.

Outlook

The guidance on copper production in 2015 is between 69,000 and 72,000 tonnes. The plant performed well in Q2 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 continues to be essential to ensuring design-level copper recovery is sustained.

Permitting approval for additional surface waste dump space, necessary for the current life of mine plan, is expected to be granted in Q4 2015. Permit approval will allow for efficient stripping of successive phases of the mine.

Guelb Moghrein Copper and Gold Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Sulphide ore tonnes milled (000's)	1,014	729	2,015	1,467
Sulphide ore grade processed (%)	1.2	1.2	1.2	1.2
Sulphide copper recovery (%)	91	92	92	93
Copper production (tonnes)	11,141	8,069	21,783	16,916
Copper sales (tonnes)	9,470	6,064	18,480	12,424
Gold production (ounces)	16,240	12,256	30,708	26,105
Gold sales (ounces)	14,568	9,488	27,428	18,563
Cash costs (C1) ¹ (per lb)	\$0.99	\$1.87	\$1.05	\$1.71
Total costs (C3) ¹ (per lb)	\$1.70	\$2.62	\$1.75	\$2.40
Sales revenues	63	47	121	96
Gross profit	18	9	25	20
Comparative EBITDA ¹	33	13	51	27

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

Copper production in Q2 2015 was 38% higher than Q2 2014 as a result of a 39% increase in throughput achieved with the SAG mill commissioned in July 2014, which has significantly improved the milling rate. Copper feed grade was in line with Q2 2014, while recoveries were slightly lower.

Gold production was 33% higher than Q2 2014 due mainly to increased tonnes milled and higher recovery.

Cash cost in Q2 2015 decreased by \$0.88 per lb compared to Q2 2014 mainly due to a \$0.47 per lb decrease in processing costs and a \$0.46 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, less efficient equipment, a reduction in external contractors, procurement improvement initiatives, optimization of the water station and fuel management initiatives. The decrease in cash cost 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 34% compared to Q2 2014 due to higher copper and gold sales volumes, partially offset by lower average realized metals prices. The increase in sales revenues flowed through to gross profit in Q2 2015, which was partially offset by higher depreciation resulting from the increase in sales volumes.

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 55,000 and 60,000 ounces.

Ravensthorpe Nickel Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Beneficiated ore tonnes processed (000's)	528	828	897	1,589
Beneficiated ore grade processed (%)	1.5	1.5	1.5	1.6
Nickel recovery (%)	93	83	93	84
Nickel production (contained tonnes)	7,115	9,611	11,353	18,981
Nickel sales (contained tonnes)	6,556	8,825	10,288	19,245
Nickel production (payable tonnes)	5,513	7,528	8,787	14,794
Nickel sales (payable tonnes)	5,125	6,879	8,087	14,921
Cash costs (C1) (per lb) ¹	\$4.70	\$4.26	\$4.69	\$4.14
Total costs (C3) (per lb) ¹	\$6.13	\$5.66	\$6.19	\$5.52
Sales revenues	69	131	112	250
Gross profit (loss)	(8)	44	(8)	68
Comparative EBITDA ¹	4	56	5	99

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

Production in Q2 2015 was 26% lower than Q2 2014 due to the atmospheric leach tank failure in December 2014. Following re-commencement of production in Q1 2015 at reduced capacity, production volumes have steadily increased throughout Q2 as planned, as limonite and saprolite ore blending trials were optimized. Overall plant recovery of 93% was achieved in Q2, compared to approximately 70% recovery typically achieved through atmospheric leaching, due to production being sourced solely from the highly efficient limonite blend and processed through the two optimized high pressure acid leaching circuits this quarter.

Corrective action to address the impacts of the atmospheric leach tank failure continued in Q2, including strapping, tank relining, and implementation of plans to carry out integrity checks on all storage tanks, with a focus on ensuring a return to full production as safely and quickly as possible.

Cash cost in Q2 2015 was \$0.44 per lb higher in comparison to Q2 2014 primarily due to lower nickel production volumes and the allocation of fixed costs over the fewer units produced. Strengthening of the US dollar against the Australian dollar in the second half of Q2 2015 provided a partial offset to the increase in cash cost this quarter. Nickel cash cost is expected to normalize once the atmospheric leach circuit is re-commissioned.

Sales revenues for Q2 2015 decreased by 47% compared to Q2 2014, due to a lower average realized nickel price and lower sales volumes as a result of the limited production in the quarter. Ravensthorpe incurred a gross loss of \$8 million in Q2 2015 driven by the decrease in sales revenues and the impact of fixed production costs.

Outlook

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

Re-commissioning of the atmospheric leach circuit commenced on July 19, 2015. The circuit is forecast to operate at 50% of production capacity for the next six months, while out of service leach tanks are progressively refurbished. Following the re-commissioning of the atmospheric leach circuit, overall recoveries are expected to return to normal levels.

The cost of operations remains highly correlated to the price of sulphur, which remained stable throughout Q2.

Reduced production following the atmospheric leach tank failure initiated a cost saving focus across the business. Significant fixed cost reductions in many areas of the business were executed in Q2, and are expected to remain a critical focus for the operation in 2015.

Kevitsa Nickel-Copper-PGE ¹ Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Ore tonnes milled (000's)	1,559	1,809	3,063	3,336
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2
Nickel recovery (%)	66	61	65	63
Nickel production (tonnes)	1,944	2,611	3,974	5,080
Nickel sales (tonnes)	2,165	1,825	4,139	5,502
Copper ore grade processed (%)	0.3	0.3	0.3	0.3
Copper recovery (%)	89	89	89	89
Copper production (tonnes)	4,293	4,648	8,701	8,636
Copper sales (tonnes)	4,704	5,787	8,807	11,024
Gold production (ounces)	2,890	3,514	5,892	6,543
Platinum production (ounces)	6,104	9,210	12,572	18,067
Palladium production (ounces)	4,731	7,000	9,708	13,485
Nickel cash costs (C1) (per lb) ²	\$4.61	\$4.02	\$4.24	\$4.82
Nickel total costs (C3) (per lb) ²	\$7.32	\$5.13	\$6.39	\$5.89
Copper cash costs (C1) (per lb) ²	\$1.22	\$0.97	\$1.27	\$1.22
Copper total costs (C3) (per lb) ²	\$2.23	\$1.66	\$2.13	\$1.96
Sales revenues	52	71	100	152
Gross profit	0	11	3	23
Comparative EBITDA ²	18	24	29	50

¹ Platinum-group elements ("PGE")

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

Nickel production decreased by 26% in Q2 2015 compared to Q2 2014, primarily due to lower feed grades and, to a lesser extent, lower throughput resulting from operational challenges and planned downtime to reline the secondary mill. The decrease in production was partially offset by improved recoveries.

Copper production decreased by 8% compared to Q2 2014 as a result of lower throughput. Copper grade and recoveries were consistent with Q2 2014.

Nickel cash cost increased by \$0.59 per lb compared to Q2 2014, primarily due to the impact of lower nickel production volumes and lower by-product credits. The increase in nickel cash costs was partially offset by lower mining costs resulting from production efficiencies, improvements in energy costs and an appreciation in the US dollar against the euro as well as a significant reduction in treatment and refining charges reflecting the renegotiation of contract terms.

Copper cash cost increased by \$0.25 per lb compared to Q2 2014, primarily due to the impact of lower by-product credits and lower copper production volumes. The increase was partially offset by lower mining costs resulting from production efficiencies, improvements in energy costs and an appreciation in the US dollar against the euro.

Sales revenues were 27% lower compared to Q2 2014 due to lower copper sales volumes and realized metal prices. The lower sales revenues flowing through to gross profit were partially offset by lower cost of sales in Q2 2015 compared to Q2 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 20,000 and 23,000 ounces of palladium.

Key to future process improvements continues to be the development of the ore characterization project with respect to optimization of flotation operations, with the aim of copper and nickel recovery improvement.

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

Çayeli Copper and Zinc Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Ore tonnes milled (000's)	315	332	647	669
Copper ore grade processed (%)	2.2	3.0	2.5	2.8
Copper recovery (%)	81	83	81	82
Zinc ore grade processed (%)	2.7	3.8	3.0	4.1
Zinc recovery (%)	55	62	55	64
Copper production (tonnes)	5,746	8,229	12,882	15,371
Copper sales (tonnes)	6,747	7,264	12,467	12,975
Zinc production (tonnes)	4,599	7,898	10,553	17,689
Zinc sales (tonnes)	4,967	9,069	10,133	17,708
Cash costs (C1) (per lb) ¹	\$1.34	\$0.80	\$1.18	\$0.78
Total costs (C3) (per lb) ¹	\$2.19	\$1.63	\$2.10	\$1.67
Sales revenues	36	52	68	95
Gross profit	9	16	12	29
Comparative EBITDA ¹	18	27	29	49

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

Copper production in Q2 2015 decreased by 30% compared to Q2 2014 due to lower copper grade, recoveries and throughput. Zinc production in Q2 2015 was 42% lower than Q2 2014, reflecting a decrease in zinc grade and associated decrease in recovery due to the processing of more zinc-poor stockwork ore. A blasting injunction imposed by the Turkish courts, which was resolved in the quarter, resulted in approximately four days of lost throughput and curtailed access to higher grade stopes.

Cash cost increased by \$0.54 per lb compared to Q2 2014, primarily due to a decrease in by-product credits resulting from lower zinc sales and the impact of lower copper production, partially offset by lower mining and processing costs which benefited from the appreciation of the US dollar against the Turkish lira.

Sales revenues were 31% lower than Q2 2014 due to lower copper and zinc sales volumes and realized copper prices. Gross profit was 44% lower than Q2 2014 as a result of the decrease in sales revenues, partially offset by a decrease in operating costs and 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. While throughput lost in Q2 2015 is expected to be recovered by the end of the year, throughput is expected to decline slightly compared to 2014. This decrease is 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 expected to recover from the levels experienced in Q2 2015, however are forecast to decline compared to 2014 when a greater percentage of ore will come from the lower grade stopes.

Ore haulage distances are increasing as mining blocks at a greater distance from the main hoisting facilities are extracted. Actions plans to mitigate these effects have been developed, including the reconfiguration of loading facilities and the acquisition of additional haulage trucks. The reconfiguration of the loading facilities will require a 3-month shutdown of the facilities in the second half of 2015, with no expected impact to production.

Pyhäsalmi Copper and Zinc Operation	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Ore tonnes milled (000's)	346	347	687	689
Copper ore grade processed (%)	0.9	1.0	0.9	1.1
Copper recovery (%)	97	96	97	96
Zinc ore grade processed (%)	1.2	1.9	1.7	1.8
Zinc recovery (%)	90	91	92	91
Copper production (tonnes)	2,877	3,369	5,766	7,286
Copper sales (tonnes)	2,573	3,259	5,823	7,009
Zinc production (tonnes)	3,621	5,889	10,642	10,939
Zinc sales (tonnes)	2,444	6,351	10,332	10,570
Pyrite production (tonnes)	204,493	224,388	403,348	421,272
Pyrite sales (tonnes)	104,919	216,244	334,272	408,045
Cash costs (C1) ¹ (per lb)	\$0.84	\$0.18	\$0.09	\$0.36
Total costs (C3) ¹ (per lb)	\$2.96	\$2.24	\$2.23	\$2.40
Sales revenues	21	38	60	75
Gross profit (loss)	(2)	6	10	13
Comparative EBITDA ¹	10	20	35	42

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

Copper production for Q2 2015 decreased by 15% compared to Q2 2014 due to lower copper grades. Zinc production was 39% lower than Q2 2014 due to lower zinc grades. The abnormally low copper and zinc grades reflect the available work areas mined as the mine ages. Throughput in Q2 2015 was comparable to Q2 2014.

Cash cost in the quarter was \$0.66 per lb higher compared to Q2 2014 primarily due to lower by-product credits relating to decreased pyrite and zinc sales volumes, as well as the impact of lower copper production.

Sales revenues decreased by 45% in Q2 2015 compared to Q2 2014, reflecting lower copper, zinc and pyrite sales volumes, and lower realized copper prices. Zinc sales volumes were 62% lower than Q2 2014 reflecting train cancellations, which delayed sales in June, and lower zinc production volumes. Pyhäsalmi incurred a gross loss of \$2 million in the quarter resulting from the decrease in sales revenues, partially offset by a decrease in operating costs and depreciation.

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 important going forward. A continuing emphasis on maintaining a low underground void volume will positively impact ground conditions. Efforts are ongoing to increase the volume and density of tailings backfill sent underground in order to reduce waste rock dilution from adjacent stopes and further stabilize active work areas. Successful extraction of sill pillar ore, which can require more challenging mining techniques, is important to executing the longer term mine plan as the mine ages.

DEVELOPMENT ACTIVITIES

Trident Project, Zambia

The focus during Q2 2015 has been on achieving steady state operation within the process circuit. Periods of above nameplate design throughput for Train 1 were achieved and cumulative copper production to the end of Q2 was 6,802 tonnes. The production ramp-up has been impacted by softer transitional material containing a higher proportion of fines, including carbon, which is deleterious to flotation. Existing cyclones are being used to discard some of this finer material and performance has improved. A more permanent solution is being engineered.

Stripping in the mine was delayed during the rains and the boxcuts for the next two crushers was hence also delayed. Completion of the power lines project is expected in Q3 and ramp-up will continue with the commissioning of Train 2 as power becomes available. Commercial production is expected when the second train is brought on stream following completion of the second power line, and the installation of the second of three mobile crushing plants.

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 was completed in Q2 2015 and commissioned during July 2015. A replacement contract was executed between ZESCO and KEC International Limited in October 2014 for the final 136-kilometre power line section between Mumbwa and Lusaka West, and the Company has been taking a direct role in the project implementation to ensure this section is completed promptly. It is expected that this final section will be completed in August, which would subsequently enable full power to be drawn at Sentinel as required.

On July 25, 2015, electricity supply to Sentinel was reduced to 42 megawatts from 55 megawatts following the imposed power reduction by ZESCO. The imposed power limit is not sufficient to produce a suitable quality concentrate and, as a result, the process plant has been closed since July 27, 2015. The process plant will remain closed until a viable level of operation can be sustained by a sufficient electricity supply. Basic mining operations continue but no production of copper concentrate is possible while the process plant is closed. After agreement with ZESCO, the majority of electricity allocated to Sentinel is in the process of being allocated to Kansanshi to optimize available power and allow Kansanshi to operate close to full capacity. In response to the restrictions, Sentinel is focused on a program of cost reduction measures while it further evaluates impact and options. Discussion with ZESCO to mitigate the power restrictions across the industry have been progressing.

Prior to the closure of the processing plant, total physical production at Sentinel in 2015 was expected to be between 80,000 and 100,000 tonnes of copper. Expected copper production and the anticipated commercial production date will likely be impacted by the recent power reductions in Zambia.

The Enterprise nickel mine is located approximately 12 kilometres north-west of Sentinel, and site construction work for the process plant is well underway, ramping up as construction personnel are released from Sentinel. Commissioning is expected to take place during Q4 2015, initially 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. Detailed engineering and design reached approximately 75% completion at the end of Q2 2015.

Construction contracts for the power station chimney and the 230kv transmission line were awarded in Q2, and contract awards are planned for the tailings dam decant tunnel, power station boiler erection and installation of the steam turbine generators.

Construction progress has accelerated during Q2 with earthworks at the process plant over 70% complete, port earthworks completed, and other earthworks progressing well. Earthworks of 41 million m³ have been completed to date. Concrete works are progressing strongly with monthly averages increasing, and over 13,000 m³ placed during June 2015. Total concrete placement to the end of Q2 was 75,000 m³, which represents approximately 32% of the project total. Concrete pouring targets of up to 15,000 m³ per month are planned going forward. Structural steel erection is underway at both the port and plant site, with a total of 2,500 tonnes of structural steel erected to date, representing 7% of the project total. The port commodity berth is complete and installation of the mills is planned to commence during Q3 2015.

Tailings management facility earthworks, including starter dams, quarry and waste dump reached 30% completion.

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 Q2 2015, no funds have been drawn on this agreement, however the amount to be paid by Franco-Nevada upon finalizing the revised agreement based on expenditure to June 30, 2015 would be \$275 million.

The Company's planned capital expenditures for Cobre Panama in 2015 remains at \$600 million and 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. At the end of Q2 2015, the actual drawdown against the annual plan was 41% against a target of 47%. Overall the total project budget remains intact.

EXPLORATION

In Q2 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 concentrated on the search of high quality porphyry and sediment-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 continued during Q2 2015. Local socio-political conditions have resulted in the negotiations being extended into Q3 2015. 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. Discussions are underway to evaluate potential synergies of electricity generation and transmission in the region.

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 was made during Q2 2015. The study is expected to start in Q3 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 were drill-tested in Q2 2015 and pump-testing is underway.

Early stage exploration efforts continued in Q2 2015 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. During Q2, reconnaissance drilling programs were active in Botswana and Namibia. Drilling will commence during Q3 2015 on new porphyry copper prospects in Peru, Alaska and Serbia as well as sediment-hosted copper targets in Zambia and Australia.

SALES REVENUES

		Three months ended June 30		Six months ended June 30	
		2015	2014	2015	2014
Kansanshi	- copper	236	429	518	819
	- gold	32	48	64	88
Las Cruces	- copper	101	129	217	261
Guelb Moghrein	- copper	46	35	90	74
	- gold	17	12	31	22
Ravensthorpe	- nickel	67	127	108	242
	- cobalt	2	4	4	8
Kevitsa	- nickel	21	20	41	51
	- copper	22	33	41	64
	- gold, PGE and cobalt	9	18	18	37
Çayeli	- copper	30	38	54	70
	- zinc, gold and silver	6	14	14	25
Pyhäsalmi	- copper	13	20	30	42
	- zinc	3	8	14	13
	- pyrite, gold and silver	5	10	16	20
		610	945	1,260	1,836

Q2 2015 total sales revenues were 35% below Q2 2014 due to a combination of lower average metal prices and lower sales volumes. The average LME copper and nickel cash prices were 11% and 30% lower than Q2 2014 respectively. Copper sales volumes were 26% lower than Q2 2014, primarily reflecting lower volumes at Kansanshi. Nickel sales volumes were 18% lower reflecting reduced operating capacity at Ravenshorpe as a result of the atmospheric leach tank failure in December 2014.

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)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Average LME cash price	2.74	3.08	2.69	3.14
Realized copper price	2.65	2.97	2.61	3.03
Treatment/refining charges ("TC/RC") and freight charges	(0.28)	(0.26)	(0.28)	(0.26)
Net realized copper price	2.37	2.71	2.33	2.77

Nickel selling price (per lb)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Average LME cash price	5.90	8.38	6.21	7.49
Realized nickel price per payable lb	5.98	8.45	6.21	7.38
TC/RC charges	(0.08)	(0.41)	(0.10)	(0.52)
Net realized nickel price per payable lb	5.90	8.04	6.11	6.86

SUMMARY FINANCIAL RESULTS

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Gross profit (loss)				
Kansanshi	14	157	(20)	322
Las Cruces	23	46	58	98
Guelb Moghrein	18	9	25	20
Ravensthorpe	(8)	44	(8)	68
Kevitsa	-	11	3	23
Çayeli	9	16	12	29
Pyhäsalmi	(2)	6	10	13
Other	-	3	-	1
Total gross profit	54	292	80	574
Exploration	(10)	(13)	(20)	(24)
General and administrative	(22)	(29)	(46)	(58)
Impairment and related charges	-	-	(72)	-
Impairment to ENRC Promissory Note	(117)	-	(117)	-
Other expense	(3)	(15)	(26)	(23)
Net finance income	6	2	8	6
Income tax credit (expense)	(2)	(92)	5	(185)
Net earnings (loss) for the period	(94)	145	(188)	290
Net earnings (loss) for the period attributable to:				
Non-controlling interests	7	11	(5)	29
Shareholders of the Company	(101)	134	(183)	261
Comparative earnings	18	152	6	282
Earnings (loss) per share				
Basic	(\$0.16)	\$0.23	(\$0.30)	\$0.44
Diluted	(\$0.16)	\$0.23	(\$0.30)	\$0.44
Comparative	\$0.03	\$0.26	\$0.01	\$0.48
Basic weighted average number of shares (in '000s)	621,686	587,164	609,118	587,164

Copper cost (\$/lb)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cash costs (C1)	\$1.22	\$1.45	\$1.31	\$1.41
Total costs (C3)	\$2.24	\$2.16	\$2.31	\$2.09

Nickel cost (\$/lb)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cash costs (C1)	\$4.68	\$4.16	\$4.57	\$4.30
Total costs (C3)	\$6.39	\$5.51	\$6.24	\$5.61

Total costs (C3) comprise cash costs (C1) in addition to depreciation, mineral royalties, exploration and interest.

Gross profit for the quarter was \$238 million lower than Q2 2014, reflecting lower revenues resulting from lower realized average metal prices and lower sales volumes.

Cost of sales was lower than Q2 2014 a result of lower volumes as well as lower copper production costs at Kansanshi, Las Cruces and Guelb Mogrein reflecting lower fuel costs, operating efficiencies, the benefits of foreign exchange and, at Kansanshi, a significant saving from the reduction in acid purchased from third parties. Total copper costs (C3) including depreciation and royalties was \$2.24 per lb, an increase of \$0.08 per lb from Q2 2014. This increase was partly driven by an increase in the Kansanshi royalty rate from 6% to 20%, which had an impact of \$49 million in Q2 2015 compared to Q2 2014. On an aggregate basis nickel cash costs were lower, reflecting lower production volumes as Ravensthorpe continues to operate at lower levels. Lower production has resulted in a higher total cost (C3) of \$6.39 per lb, an increase of \$0.88 per lb from Q2 2014.

Exploration costs include expenses from the Company's exploration program and investments in option agreements. Exploration costs in Q2 2015 were consistent with the prior quarter and lower than Q2 2014.

General and administrative costs are below both the previous quarter and Q2 2014 as a result of the Company's focus on cost reduction.

The Company has recorded a \$117 million impairment to the ENRC Promissory Note. On July 7, 2015 an amendment to the Promissory Note was agreed with ERG (formerly ENRC). Under the revised terms the Promissory Note has been reduced from \$430 million to \$300 million, after an immediate cash payment of \$215 million was received. The balance of \$85 million outstanding is to be satisfied by either a sale and purchase agreement in respect of the acquisition of certain ERG assets, or if terms of a sale and purchase agreement are not satisfied by early October 2015, an immediate payment of \$85 million in cash.

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

As of July 29, 2015 the Zambian government is in the process of passing into parliament changes which, effective from July 1, 2015, will 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%. The proposed changes had no impact on the results for the period ended June 30, 2015. The impact of the 9% royalty rate would have been to reduce Q2 2015 royalty charges by \$38 million. At the proposed rates the Company estimates a full year 2015 effective group tax rate of 20% - 30%. The reintroduction of corporation tax will require a revaluation to the Company's deferred tax balances in Zambia, which will result in the reversal of an income tax credit through the statement of earnings, which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cash flows from operating activities				
- before changes in working capital and tax paid	157	389	288	759
- after changes in working capital and tax paid	104	185	256	275
Cash flows from investing activities				
Payments and deposits for property, plant and equipment	(393)	(619)	(791)	(1,207)
Capitalized borrowing costs paid in cash	(68)	(25)	(168)	(71)
Partial repayment and prepaid interest from ENRC	-	-	-	110
Other investing activities	(3)	7	(11)	24
Cash flows from financing activities				
Proceeds on issuance of common shares	1,121	-	1,121	-
Net movement in debt and trading facilities	(745)	541	(442)	1,018
Dividends paid	(25)	(150)	(25)	(150)
Other financing activities	-	(3)	(2)	(12)
Exchange loss on cash and cash equivalents	(4)	(1)	(6)	-
Net cash outflows	(13)	(65)	(68)	(13)
Cash balance	289	682	289	682
Cash balance including restricted cash	364	769	364	769
Total assets	18,264	16,689	18,264	16,689
Total current liabilities	687	880	687	880
Total long-term liabilities	6,561	6,571	6,561	6,571
Cash flows from operating activities per share ¹				
before working capital (per share)	\$0.25	\$0.66	\$0.47	\$1.29
after working capital (per share)	\$0.17	\$0.31	\$0.42	\$0.47

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

Q2 2015 operating cash flows before changes in working capital and taxes paid are lower than Q2 2014 due to lower realized metal prices and sales volumes, partially offset by lower operating costs.

Changes in working capital during Q2 2015 resulted in a decrease in cash of \$53 million due to an increase in inventory of \$53 million and taxes paid of \$41 million, partially offset by an increase in payables. The increase in inventory was largely due to production at the Kansanshi smelter.

Since June 2013, no 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 June 30, 2015 is \$277 million, of which \$247 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 \$30 million as current at June 30, 2015.

Capital expenditure, excluding capitalized interest, on the Company's key development projects totalled \$393 million for the three months ended June 30, 2015 (compared to \$619 million for the same period in 2014) and comprised primarily:

- \$145 million at Cobre Panama for project development
- \$104 million at Trident, including commissioning and pre-commercial overheads
- \$103 million at Kansanshi for the smelter project and mine pit development costs

Cash flows from financing activities of \$351 million include the \$1,121 million net proceeds from an equity issuance completed on June 4, 2015. Upon receipt \$1 billion of the proceeds were used to repay senior debt facilities.

As a result of the equity issuance the financial position of the Company has improved and remains positive. The Company's debt position has reduced by \$729 million during the quarter following the equity proceeds, with an increase of \$315 million in property, plant and equipment as investment continues to expand the Company's current and future production capacity.

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

As at June 30, 2015, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt	5,573	7,625	397	986	2,515	3,727
Trade and other payables	568	568	568	-	-	-
Current taxes payable	27	27	27	-	-	-
Deferred payments	35	35	4	4	4	23
Finance leases	28	40	5	10	7	18
Commitments	-	1,124	244	862	7	11
Restoration provisions	569	960	7	16	27	910
Total	6,800	10,379	1,252	1,878	2,560	4,689

At June 30, 2015, the Company had total commitments of \$1,124 million, of which approximately \$244 million relates to the next 12 months, and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama. 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 billion. Discussions are underway to effect changes to the existing security and reporting requirements of this agreement. At the end of Q2 2015, no funds have been drawn on this agreement, however the amount to be paid by Franco-Nevada upon finalizing the revised agreement based on expenditure to June 30, 2015 would be \$275 million.

The significant capital expansion and development program is expected to be funded using available committed undrawn facilities totaling \$1,540 million, unrestricted cash of \$289 million as at June 30, 2015 and future cash flows.

Hedging program

As at June 30, 2015, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	55,943	\$2.70/lb	\$2.60/lb	October 2015
Nickel	905	\$5.82/lb	\$5.30/lb	July 2015
Gold	16,448	\$1,187/oz	\$1,173/oz	October 2015
Zinc	3,225	\$0.98/lb	\$0.90/lb	August 2015
Platinum	2,944	\$1,099/oz	\$1,081/oz	July 2015
Palladium	2,049	\$757/oz	\$674/oz	July 2015
Commodity contracts:				
Copper ¹	53,791	\$2.70/lb	\$2.60/lb	October 2015
Nickel	159	\$5.82/lb	\$5.30/lb	July 2015
Gold	16,448	\$1,187/oz	\$1,173/oz	October 2015
Zinc	3,225	\$0.98/lb	\$0.90/lb	August 2015
Platinum	2,944	\$1,099/oz	\$1,081/oz	July 2015
Palladium	2,049	\$757/oz	\$674/oz	July 2015

¹ Further to the above the Company entered into derivative positions totalling 40,000 tonnes at an average contract price of \$2.77 per pound for copper anode inventory produced by the Kansanshi smelter. A gain on the open position as at June 30, 2015 of \$14 million was recognized in the period (December 2014: nil).

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

	June 30, 2015	December 31, 2014
Commodity contracts:		
Asset position	35	22
Liability position	(2)	(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 June 30, 2015, a significant portion 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 688,967,162 shares outstanding.

SUMMARY OF RESULTS

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

Consolidated operating statistics	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Sales revenues</i>											
Copper	\$664	\$644	\$2,590	\$644	\$685	\$628	\$583	\$2,540	\$501	\$449	\$950
Nickel	123	138	531	146	148	157	146	597	62	86	148
Gold	67	57	282	56	66	59	48	229	52	53	105
PGE and other elements	32	58	150	45	46	41	44	176	35	22	57
Total sales revenues	886	897	3,553	891	945	885	821	3,542	650	610	1,260
Gross profit	303	320	1,134	282	292	241	183	998	26	54	80
EBITDA ¹	393	367	1,373	364	381	383	309	1,437	105	158	263
Comparative EBITDA ¹	380	393	1,420	373	402	355	278	1,408	120	161	281
Net earnings attributable to shareholders of the Company	143	131	459	127	133	122	453	835	(82)	(101)	(183)
Comparative earnings ²	122	154	521	130	152	133	58	473	(12)	18	6
Basic earnings per share	\$0.24	\$0.22	\$0.82	\$0.22	\$0.23	\$0.21	\$0.76	\$1.40	(\$0.14)	(\$0.16)	(\$0.30)
Comparative earnings per share	\$0.21	\$0.26	\$0.93	\$0.22	\$0.26	\$0.22	\$0.10	\$0.79	(\$0.02)	\$0.03	\$0.01
Diluted earnings per share	\$0.24	\$0.22	\$0.81	\$0.21	\$0.23	\$0.20	\$0.75	\$1.39	(\$0.14)	(\$0.16)	(\$0.30)
Dividends declared per common share (\$CDN per share)	\$0.0583	-	\$0.1730	\$0.0930	-	\$0.0504	-	\$0.1434	\$0.0487	-	\$0.0487
Basic weighted average # shares (000's) ³	587,625	587,456	560,009	587,191	587,164	591,244	595,994	595,994	595,986	621,686	609,118
<i>Cash flows per share from operating activities</i>											
Before working capital movements	\$0.70	\$0.72	\$2.57	\$0.63	\$0.67	\$0.57	\$0.44	\$2.28	\$0.22	\$0.25	\$0.47
After working capital movements	\$0.08	\$0.34	\$1.55	\$0.15	\$0.32	\$0.42	\$0.36	\$1.25	\$0.25	\$0.17	\$0.42
<i>Copper statistics</i>											
Total copper production (tonnes)	114,488	114,791	412,281	113,118	107,808	101,553	105,176	427,655	96,318	104,233	200,551
Total copper sales (tonnes)	105,859	95,598	386,057	102,786	114,449	99,132	94,836	411,203	95,185	84,382	179,567
Realized copper price (per lb)	3.10	3.26	3.22	3.10	2.97	3.11	2.91	3.03	2.56	2.65	2.61
TC/RC (per lb)	(0.10)	(0.08)	(0.09)	(0.14)	(0.15)	(0.14)	(0.15)	(0.14)	(0.16)	(0.18)	(0.17)
Freight charges (per lb)	(0.12)	(0.12)	(0.14)	(0.12)	(0.11)	(0.10)	(0.09)	(0.11)	(0.12)	(0.10)	(0.11)
Net realized copper price (per lb)	2.88	3.06	2.99	2.84	2.71	2.87	2.67	2.78	2.28	2.37	2.33
Cash costs – copper (C1) (per lb) ¹	\$1.16	\$1.23	\$1.30	\$1.38	\$1.45	\$1.44	\$1.35	\$1.41	\$1.39	\$1.22	\$1.31
Total costs – copper (C3) (per lb) ¹	\$1.84	\$1.81	\$1.92	\$2.03	\$2.16	\$2.26	\$2.06	\$2.12	\$2.35	\$2.24	\$2.31
<i>Nickel statistics</i>											
Nickel production (contained tonnes)	12,485	12,634	47,066	11,838	12,223	11,884	9,934	45,879	6,268	9,059	15,327
Nickel sales (contained tonnes)	12,335	13,795	49,105	14,097	10,651	10,812	12,189	47,749	5,706	8,721	14,427
Nickel production (payable tonnes)	9,873	9,964	37,224	9,503	9,900	9,316	7,767	36,486	4,851	7,026	11,877
Nickel sales (payable tonnes)	9,482	11,008	38,376	11,113	8,344	8,417	9,374	37,248	4,360	6,662	11,022
Realized nickel price (per payable lb)	6.45	6.37	6.82	6.57	8.45	8.47	7.20	7.58	6.56	5.98	6.21
TC/RC (per payable lb)	(0.56)	(0.67)	(0.54)	(0.60)	(0.41)	(0.03)	(0.12)	(0.31)	(0.13)	(0.08)	(0.10)
Net realized nickel price (per payable lb)	5.89	5.70	6.28	5.97	8.04	8.44	7.08	7.27	6.43	5.90	6.11
Cash costs – nickel (C1) (per payable lb) ¹	\$4.90	\$4.51	\$5.02	\$4.37	\$4.16	\$4.52	\$4.49	\$4.40	\$4.40	\$4.68	\$4.57
Total costs – nickel (C3) (per payable lb) ¹	\$6.09	\$5.46	\$6.20	\$5.65	\$5.51	\$5.77	\$6.06	\$5.82	\$5.99	\$6.39	\$6.24
<i>Gold statistics</i>											
Total gold production (ounces)	65,368	63,199	248,078	60,164	60,723	51,446	57,480	229,813	52,782	56,725	109,507
Total gold sales (ounces)	60,391	50,399	228,962	53,126	60,135	52,235	48,608	214,104	49,880	50,804	100,684
Net realized gold price (per ounce)	1,084	1,124	1,231	1,056	1,102	1,124	989	1,071	1,036	1,044	1,041
<i>Platinum statistics</i>											
Platinum production (ounces)	9,416	7,993	30,403	8,857	9,210	6,712	9,311	34,090	6,468	6,104	12,572
Platinum sales (ounces)	6,433	11,375	28,930	9,931	10,558	5,079	8,330	33,898	7,310	7,223	14,533
<i>Palladium statistics</i>											
Palladium production (ounces)	7,404	6,600	24,639	6,485	7,000	5,271	7,234	25,990	4,977	4,731	9,708
Palladium sales (ounces)	5,540	8,167	23,420	7,769	7,285	4,536	6,256	25,846	5,342	5,431	10,773
<i>Zinc statistics</i>											
Zinc production (tonnes)	17,331	15,393	49,933	14,841	13,787	14,795	12,557	55,980	12,975	8,220	21,195
Zinc sales (tonnes)	15,876	17,866	51,925	12,858	15,420	15,327	12,663	56,268	13,054	7,411	20,465

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	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Waste mined (000's tonnes)	28,332	18,850	84,388	9,343	11,927	17,725	15,971	54,966	12,043	17,119	29,162
Ore mined (000's tonnes)	8,365	9,868	36,275	5,688	6,563	7,859	6,835	26,945	6,838	9,166	16,004
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,857	2,790	11,089	2,701	2,347	1,366	1,530	7,944	1,389	1,503	2,892
Sulphide ore grade processed (%)	0.9	0.9	0.8	1.0	0.8	1.0	1.0	0.9	0.9	0.9	0.9
Sulphide ore recovery (%)	93	92	92	92	91	91	89	91	90	92	91
Mixed ore processed (000's tonnes)	1,886	1,997	7,677	1,316	1,770	3,064	3,263	9,413	3,288	3,342	6,630
Mixed ore grade processed (%)	1.2	1.2	1.2	1.1	1.1	1.2	1.1	1.1	1.1	1.0	1.1
Mixed ore recovery (%)	68	71	71	72	75	74	70	73	68	68	68
Oxide ore processed (000's tonnes)	1,669	1,660	6,662	1,923	2,448	1,853	1,753	7,977	1,367	1,760	3,127
Oxide ore grade processed (%)	2.2	2.4	2.2	2.2	1.7	1.6	1.6	1.8	1.5	1.6	1.6
Oxide ore recovery (%)	88	87	86	82	83	85	81	83	89	79	83
Copper cathode produced (tonnes)	25,599	27,118	99,834	28,022	29,813	25,162	19,365	102,362	14,915	18,750	33,665
Copper cathode tolled produced (tonnes)	13,288	14,489	64,675	2,560	-	-	-	2,560	-	-	-
Copper in concentrate produced (tonnes)	32,150	30,994	106,214	39,967	36,483	38,356	42,559	157,365	38,631	38,266	76,897
Total copper production	71,037	72,602	270,724	70,549	66,296	63,518	61,924	262,287	53,546	57,016	110,562
Concentrate grade (%)	25.6	23.2	24.6	24.2	22.5	23.9	22.2	23.3	23.4	22.5	22.9
Gold produced (ounces)	43,904	43,508	167,395	39,734	41,760	36,232	36,705	154,431	32,592	35,182	67,774
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.42	\$0.46	\$0.52	\$0.64	\$0.73	\$0.57	\$0.61	\$0.64	\$0.67	\$0.56	\$0.62
Processing	0.73	0.77	0.79	0.78	0.84	0.91	0.93	0.86	0.88	0.69	0.79
Site administration	0.07	0.08	0.07	0.07	0.09	0.08	0.05	0.07	0.09	0.06	0.07
TC/RC and freight charges	0.36	0.30	0.34	0.37	0.34	0.30	0.31	0.33	0.40	0.59	0.49
Gold credit	(0.33)	(0.33)	(0.34)	(0.29)	(0.30)	(0.29)	(0.22)	(0.27)	(0.27)	(0.33)	(0.30)
Total smelter costs	-	-	-	-	-	-	-	-	-	(0.20)	(0.09)
Cash costs (C1) (per lb) ¹	\$1.25	\$1.28	\$1.38	\$1.57	\$1.70	\$1.57	\$1.68	\$1.63	\$1.77	\$1.37	\$1.58
Total costs (C3) (per lb) ¹	\$1.68	\$1.70	\$1.83	\$2.04	\$2.22	\$2.21	\$2.17	\$2.16	\$2.75	\$2.38	\$2.58
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$287	\$267	\$1,245	\$207	\$244	\$229	\$228	\$908	\$137	\$124	\$261
Copper anode	-	-	-	-	-	-	-	-	16	-	16
Copper in concentrates	80	129	401	183	185	142	108	618	129	112	241
Gold	44	42	186	40	48	38	26	152	32	32	64
Total sales revenues	\$411	\$438	\$1,832	\$430	\$477	\$409	\$362	\$1,678	\$314	\$268	\$582
Copper cathode sales (tonnes)	30,393	28,199	115,778	27,153	36,580	32,921	31,386	128,040	20,202	19,372	39,574
Copper tolled cathode sales (tonnes)	13,288	14,489	64,675	2,560	-	-	-	2,560	-	-	-
Copper anode sales (tonnes)	-	-	-	-	-	-	-	-	2,922	127	3,049
Copper in concentrate sales (tonnes)	17,685	15,003	68,292	33,357	36,629	25,391	21,335	116,712	30,380	24,789	55,169
Gold sales (ounces)	39,279	36,844	152,632	37,728	43,784	33,366	27,731	142,609	31,307	30,459	61,766

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

Las Cruces statistics	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Waste mined (000's tonnes) ¹	5,645	3,273	17,066	852	4,476	7,096	6,629	19,053	2,615	3,154	5,769
Ore mined (000's tonnes)	627	149	1,173	362	558	422	350	1,692	298	566	864
<i>Processing</i>											
Copper ore processed (000's tonnes)	359	334	1,253	375	372	413	379	1,539	362	388	750
Copper ore grade processed (%)	6.1	6.0	6.2	5.5	5.1	4.8	5.2	5.1	5.1	5.1	5.1
Recovery (%)	88	91	89	91	90	89	89	90	91	88	90
Copper cathode produced (tonnes)	19,119	18,346	69,304	18,675	17,197	17,693	17,525	71,090	16,694	17,362	34,056
<i>Cash Costs (per lb)²</i>											
Cash costs (C1) (per lb) ²	\$0.69	\$1.24	\$1.14	\$0.98	\$0.89	\$1.03	\$0.95	\$0.96	\$0.97	\$0.87	\$0.92
Total costs (C3) (per lb) ²	\$2.07	\$2.15	\$2.13	\$1.92	\$2.00	\$2.04	\$1.94	\$1.97	\$1.90	\$2.07	\$1.99
<i>Revenues (\$ millions)</i>											
Copper cathode	\$134	\$121	\$490	\$132	\$129	\$126	\$104	\$491	\$116	\$101	\$217
Copper cathode sales (tonnes)	18,691	16,883	66,806	18,657	18,867	18,002	15,594	71,120	19,598	16,600	36,198

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.

Guelb Moghrein statistics	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Waste mined (000's tonnes)	5,229	5,653	22,313	4,390	4,755	3,394	4,601	17,140	2,972	6,198	9,170
Ore mined (000's tonnes)	766	735	2,891	682	730	703	971	3,086	829	840	1,669
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	694	714	2,847	738	729	621	969	3,057	1,001	1,014	2,015
Sulphide ore grade processed (%)	1.4	1.3	1.4	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.2
Recovery (%)	92	93	94	93	92	92	91	92	92	91	92
Copper in concentrate produced	8,670	8,866	37,970	8,847	8,069	6,395	9,768	33,079	10,642	11,141	21,783
Gold produced (ounces)	13,093	13,336	58,191	13,849	12,256	8,942	13,901	48,948	14,468	16,240	30,708
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.53	\$0.55	\$0.50	\$0.56	\$0.78	\$0.67	\$0.43	\$0.60	\$0.43	\$0.32	\$0.38
Processing	1.20	1.30	1.18	1.06	1.14	1.32	0.94	1.09	0.68	0.67	0.67
Site administration	0.41	0.24	0.32	0.21	0.24	0.37	0.21	0.25	0.18	0.16	0.17
TC/RC and freight charges	0.54	0.54	0.57	0.52	0.57	0.61	0.57	0.57	0.58	0.67	0.63
Gold credit	(0.84)	(0.77)	(0.99)	(0.79)	(0.86)	(0.86)	(0.84)	(0.84)	(0.76)	(0.83)	(0.80)
Cash costs (C1) (per lb) ¹	\$1.83	\$1.86	\$1.58	\$1.56	\$1.87	\$2.11	\$1.31	\$1.67	\$1.11	\$0.99	\$1.05
Total costs (C3) (per lb) ¹	\$2.45	\$2.11	\$2.11	\$2.20	\$2.62	\$2.94	\$2.07	\$2.41	\$1.80	\$1.70	\$1.75
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$53	\$41	\$239	\$39	\$35	\$54	\$48	\$176	\$44	\$46	\$90
Gold	15	10	76	10	12	17	15	54	14	17	31
Total sales revenues	\$68	\$51	\$315	\$49	\$47	\$71	\$63	\$230	\$58	\$63	\$121
Copper in concentrate sales (tonnes)	8,564	6,327	36,585	6,360	6,064	9,152	8,519	30,095	9,010	9,470	18,480
Gold sales (ounces)	12,585	8,281	56,040	9,075	9,488	13,917	13,421	45,901	12,860	14,568	27,428

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

Ravensthorpe statistics	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Processing</i>											
Beneficiated ore processed (000's tonnes)	830	845	3,119	761	828	829	710	3,128	369	528	897
Beneficiated ore grade processed (%)	1.6	1.6	1.6	1.6	1.5	1.5	1.4	1.5	1.4	1.5	1.5
Nickel recovery – leach feed to NI produced (%) ¹	79	81	82	85	83	84	82	84	92	93	93
Nickel produced (contained tonnes)	9,917	10,244	38,103	9,370	9,611	9,728	7,736	36,445	4,238	7,115	11,353
Nickel produced (payable tonnes)	7,560	7,808	29,137	7,266	7,528	7,619	6,059	28,472	3,274	5,513	8,787
<i>Cash Costs (per lb)²</i>											
Mining	\$0.68	\$0.85	\$0.77	\$0.74	\$0.74	\$0.80	\$0.94	\$0.80	\$0.86	\$0.81	\$0.83
Processing	3.41	2.72	3.47	2.76	2.99	3.39	3.64	3.18	3.24	3.12	3.16
Site administration	0.35	0.27	0.34	0.26	0.28	0.32	0.29	0.29	0.43	0.42	0.43
TC/RC and freight charges	0.56	0.51	0.54	0.48	0.48	0.49	0.41	0.46	0.39	0.60	0.52
Cobalt credit	(0.15)	(0.12)	(0.13)	(0.22)	(0.23)	(0.22)	(0.24)	(0.23)	(0.26)	(0.25)	(0.25)
Cash costs (C1) (per lb) ²	\$4.85	\$4.23	\$4.99	\$4.02	\$4.26	\$4.79	\$5.04	\$4.50	\$4.66	\$4.70	\$4.69
Total costs (C3) (per lb) ²	\$5.94	\$5.39	\$6.18	\$5.38	\$5.66	\$6.44	\$6.57	\$5.98	\$6.28	\$6.13	\$6.19
<i>Revenues (\$ millions)</i>											
Nickel	\$110	\$112	\$465	\$115	\$127	\$129	\$121	\$492	\$41	\$67	\$108
Cobalt	3	2	9	4	4	3	4	15	2	2	4
Total sales revenues	\$113	\$114	\$474	\$119	\$131	\$132	\$125	\$507	\$43	\$69	\$112
Nickel sales (contained tonnes)	10,535	10,142	40,612	10,420	8,825	8,824	9,912	37,981	3,732	6,556	10,288
Nickel sales (payable tonnes)	7,842	8,021	30,972	8,042	6,879	6,937	7,688	29,546	2,962	5,125	8,087

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	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Total tonnes mined (000's tonnes)	6,624	6,071	21,604	5,626	7,357	6,880	8,302	28,165	8,514	10,072	18,586
<i>Processing</i>											
Ore tonnes milled (000's tonnes)	1,676	1,670	6,314	1,527	1,809	1,666	1,709	6,711	1,504	1,559	3,063
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 (%)	65	64	63	65	61	56	63	61	64	66	65
Nickel production (tonnes)	2,568	2,390	8,963	2,469	2,611	2,156	2,197	9,433	2,030	1,944	3,974
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 (%)	84	84	83	88	89	87	84	87	89	89	89
Copper production (tonnes)	4,020	4,015	14,775	3,988	4,648	4,798	4,101	17,535	4,408	4,293	8,701
Gold production (ounces)	3,382	3,008	11,723	3,029	3,514	3,208	3,093	12,844	3,002	2,890	5,892
Platinum production (ounces)	9,416	7,993	30,403	8,857	9,210	6,712	9,311	34,090	6,468	6,104	12,572
Palladium production (ounces)	7,404	6,600	24,639	6,485	7,000	5,271	7,234	25,990	4,977	4,731	9,708
Cash costs – Nickel (C1) (per lb) ^{1,2}	\$5.51	\$5.15	\$5.24	\$5.19	\$4.02	\$3.24	\$2.66	\$4.07	\$3.87	\$4.61	\$4.24
Total costs – Nickel (C3) (per lb) ^{1,2}	\$7.03	\$5.35	\$6.41	\$6.23	\$5.13	\$4.41	\$4.31	\$5.29	\$5.49	\$7.32	\$6.39
Cash costs – Copper (C1) (per lb) ^{1,2}	\$1.56	\$1.49	\$1.68	\$1.52	\$0.97	\$2.19	\$1.11	\$1.42	\$1.32	\$1.22	\$1.27
Total costs – Copper (C3) (per lb) ^{1,2}	\$2.70	\$1.78	\$2.44	\$2.30	\$1.66	\$3.01	\$2.24	\$2.27	\$2.04	\$2.23	\$2.13
<i>Revenues (\$ millions)</i>											
Nickel	\$13	\$27	\$66	\$31	\$20	\$28	\$25	\$104	\$20	\$21	\$41
Copper	25	17	79	31	33	16	29	109	19	22	41
Gold	3	1	8	3	4	1	3	11	2	3	5
PGE and other	10	16	45	16	14	8	9	47	7	6	13
Total sales revenues	\$51	\$61	\$198	\$81	\$71	\$53	\$66	\$271	\$48	\$52	\$100
Nickel sales (tonnes)	1,801	3,652	8,493	3,677	1,825	1,989	2,277	9,768	1,974	2,165	4,139
Copper sales (tonnes)	4,075	2,938	12,652	5,237	5,787	2,973	5,545	19,542	4,103	4,704	8,807
Gold sales (ounces)	2,655	1,182	7,358	2,749	3,485	1,413	3,229	10,876	2,611	3,383	5,994
Platinum sales (ounces)	6,433	11,375	28,930	9,931	10,558	5,079	8,330	33,898	7,310	7,223	14,533
Palladium sales (ounces)	5,540	8,167	23,420	7,769	7,285	4,536	6,256	25,846	5,342	5,431	10,773

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	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Ore mined (000's tonnes)	322	340	1,330	332	337	321	366	1,356	327	303	630
<i>Processing</i>											
Ore milled (000's tonnes)	335	342	1,333	337	332	324	348	1,341	332	315	647
Copper ore grade processed (%)	3.1	2.8	3.1	2.7	3.0	2.5	2.8	2.7	2.6	2.2	2.5
Copper ore recovery (%)	77	78	77	80	83	77	81	80	81	81	81
Zinc ore grade processed (%)	5.1	4.5	4.9	4.4	3.8	4.7	4.1	4.3	3.3	2.7	3.0
Zinc ore recovery (%)	66	63	66	66	62	65	60	63	55	55	55
Copper produced (tonnes)	8,010	7,538	31,510	7,142	8,229	6,169	7,820	29,360	7,136	5,746	12,882
Zinc produced (tonnes)	11,346	9,837	43,097	9,791	7,898	10,016	8,513	36,218	5,954	4,599	10,553
<i>Cash Costs (per lb)^{1,2}</i>											
Cash costs – Copper (C1) (per lb) ¹	\$0.98	\$0.87	\$0.76	\$0.76	\$0.80	\$1.04	\$1.02	\$0.90	\$1.02	\$1.34	\$1.18
Total costs – Copper (C3) (per lb) ¹	\$1.76	\$1.89	\$1.64	\$1.72	\$1.63	\$2.43	\$1.66	\$1.83	\$2.04	\$2.19	\$2.10
<i>Revenues (\$ millions)</i>											
Copper	\$53	\$46	\$185	\$32	\$38	\$42	\$43	\$155	\$24	\$30	\$54
Zinc	6	14	48	10	11	15	11	47	6	5	11
Other	5	3	15	1	3	3	3	10	2	1	3
Total sales revenues	\$64	\$63	\$248	\$43	\$52	\$60	\$57	\$212	\$32	\$36	\$68
Copper sales (tonnes)	8,484	7,940	31,370	5,711	7,264	7,847	8,419	29,241	5,720	6,747	12,467
Zinc sales (tonnes)	9,897	12,179	43,354	8,639	9,069	10,228	9,362	37,298	5,166	4,967	10,133

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

Pyhäsalmi statistics	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Mining</i>											
Ore mined (000's tonnes)	348	348	1,382	342	360	340	360	1,402	341	341	682
<i>Processing</i>											
Ore milled (000's tonnes)	348	348	1,382	342	347	345	343	1,377	341	346	687
Copper ore grade processed (%)	1.1	1.0	1.1	1.2	1.0	0.9	1.2	1.1	0.9	0.9	0.9
Copper ore recovery (%)	96	98	97	97	96	95	97	96	97	97	97
Zinc ore grade processed (%)	2.0	1.7	1.7	1.6	1.9	1.5	1.3	1.6	2.2	1.2	1.7
Zinc ore recovery (%)	92	92	92	90	91	90	89	90	92	90	92
Copper produced (tonnes)	3,632	3,422	14,854	3,917	3,369	2,980	4,038	14,304	2,889	2,877	5,766
Zinc produced (tonnes)	5,985	5,556	21,679	5,050	5,889	4,780	4,043	19,762	7,021	3,621	10,642
Pyrite produced (tonnes)	221,734	202,688	825,821	196,884	224,388	219,224	200,433	840,929	198,855	204,493	403,348
<i>Cash Costs (per lb)¹</i>											
Cash costs – Copper (C1) (per lb) ¹	\$0.65	\$0.03	\$0.14	\$0.52	\$0.18	\$0.09	(\$0.49)	\$0.06	(\$0.52)	\$0.84	\$0.09
Total costs – Copper (C3) (per lb) ¹	\$2.48	\$2.51	\$1.82	\$2.54	\$2.24	\$2.24	\$1.49	\$2.11	\$1.64	\$2.96	\$2.23
<i>Revenues (\$ millions)</i>											
Copper	\$32	\$25	\$101	\$22	\$20	\$18	\$24	\$84	\$17	\$13	\$30
Zinc	6	7	27	5	8	8	5	27	11	3	14
Pyrite	6	15	33	5	6	6	11	27	8	2	10
Other	1	4	13	5	4	2	4	15	3	3	6
Total sales revenues	\$45	\$51	\$174	\$37	\$38	\$34	\$44	\$153	\$39	21	60
Copper sales (tonnes)	4,678	3,819	15,221	3,750	3,259	2,847	4,038	13,894	3,250	2,573	5,823
Zinc sales (tonnes)	5,979	5,687	22,339	4,219	6,351	5,100	3,300	18,970	7,888	2,444	10,332
Pyrite sales (tonnes)	89,999	454,665	769,919	191,801	216,244	211,949	320,849	940,843	229,353	104,919	334,272

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	Q3 13	Q4 13	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	2015
<i>Processing</i>											
Copper produced (tonnes)	-	-	-	-	-	-	-	-	1,003	5,799	6,802

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 and 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 and impairment charges.

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 foreign exchange gains and losses, gains and losses on disposal of assets, one-time costs related to acquisitions, dispositions, restructuring and other transactions and revisions in estimates of restoration provisions at closed sites.

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Operating profit (loss)	(98)	235	(201)	469
Add back:				
Depreciation	139	146	275	276
Impairment of ENRC Promissory Note	117	-	117	-
Impairment of Guelb Moghrein magnetite plant	-	-	62	-
Impairment of investments	-	-	10	-
EBITDA	158	381	263	745
Adjustments:				
Foreign exchange loss	2	18	11	30
Costs relating to leach tank failure at Ravensthorpe	-	-	8	-
Restructuring costs	-	-	2	-
Losses on disposal of assets	-	1	2	1
Revisions in estimates of restoration provisions on closed sites	1	2	(5)	(1)
Total adjustments to EBITDA	3	21	18	30
Comparative EBITDA	161	402	281	775

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net earnings (loss) attributable to shareholders of the Company	(101)	134	(183)	261
Adjustments attributable to shareholders of the Company:				
Total adjustments to EBITDA including impairment	120	21	207	30
Tax on adjustments	(1)	-	(11)	(5)
Minority interest share of adjustments	-	(2)	(7)	(3)
Other	-	(1)	-	(1)
Comparative earnings	18	152	6	282
Earnings (loss) per share as reported	(\$0.16)	\$0.23	(\$0.30)	\$0.44
Comparative earnings per share	0.03	\$0.26	0.01	\$0.48

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 June 30, 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.

Following an amendment (see note 16 to the financial statements) the Company holds a \$300 million Promissory Note issued by a subsidiary of ERG (formally ENRC). On July 14, 2015 \$215 million proceeds has been received with the balance of \$85 million is to be satisfied by either a sale and purchase agreement in respect of the acquisition of certain ERG

assets, or if terms of a sale and purchase agreement are not satisfied by early October 2015 an immediate payment of \$85 million in cash. The remaining \$85 million has a final maturity to October 2015 and is secured against the shares in a subsidiary holding ERG's Mozambique coal assets and is guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ERG. The Note is classified as current on the balance sheet at June 30, 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 June 30, 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 normally 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 June 30, 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. In addition, during the period the Company has entered into derivative contracts in respect of increased levels of copper anode inventory at Kansanshi during the period of smelter commissioning.

As at June 30, 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 June 30, 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 June 30, 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.