

First Quantum Minerals Ltd. 2015 Annual Report

OUR FOCUS IS
CLEAR

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 of the MD&A, 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, commissioning and reaching commercial production at Sentinel and expected timing of completion of project development at Enterprise and Cobre Panama and are subject to 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 continuing production at all operating facilities, 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, the temporary or permanent closure of uneconomic operations, 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, power supply, 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.

**Lowered Copper Production
Cost by Over 14%**

Mainly through the successful start-up and operation of our Kansanshi copper smelter and our company-wide cost reduction and cash conservation programs.

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**Reduced Capital Investment
by 36%**

With the construction completion of our Kansanshi copper smelter and the lower estimated capital investment required to build our Cobre Panama project.

Page 34

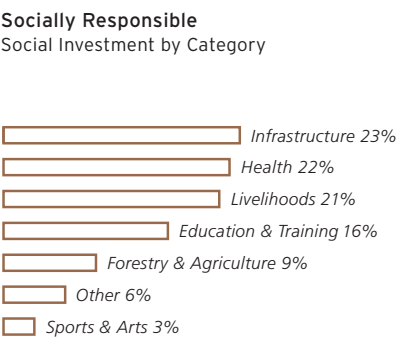
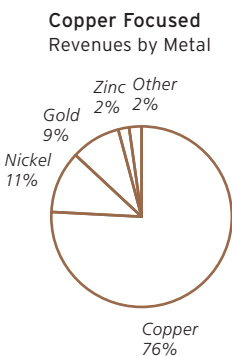
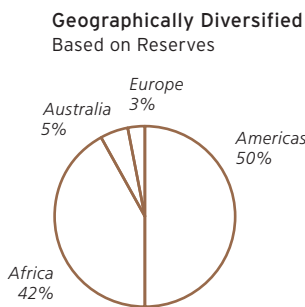
**Strengthened
the Balance Sheet**

Through a number of successful proactive initiatives including the raising of CDN\$1.4 billion from an equity offering and \$712 million from the sale of a non-core asset.

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**WE HAVE TAKEN CLEAR AND DECISIVE ACTIONS
TO PROTECT FIRST QUANTUM MINERALS IN
THE PREVAILING MARKET VOLATILITY WHILE
PRESERVING ITS GROWTH TO BENEFIT IN
FUTURE IMPROVED CONDITIONS.**

First Quantum Minerals Ltd. is a well-established and growing metals and mining company producing mainly copper, gold, nickel and zinc. The Company’s assets are located in Zambia, Spain, Mauritania, Australia, Finland, Turkey, Panama, Argentina and Peru. In 2015, First Quantum produced **428,229** tonnes of copper, **223,914** ounces of gold, **35,472** tonnes of nickel, **41,139** tonnes of zinc, and **57,095** ounces of platinum-group elements.



Unless otherwise noted, all amounts in this report are expressed in United States dollars.

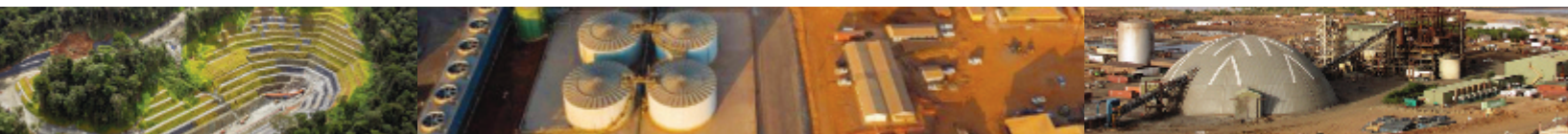
OUR FOCUS IS CLEAR: CREATE VALUE FOR OUR STAKEHOLDERS BY APPLYING OUR CORE STRENGTHS IN THE ACQUISITION, DEVELOPMENT AND OPERATION OF MINING AND PROCESSING ASSETS.

LETTER TO SHAREHOLDERS

OUR PRIORITIES: MAXIMIZE PROFITABILITY AND CASH FLOW FROM OUR OPERATIONS AND MAINTAIN THE INTEGRITY OF OUR BALANCE SHEET BY:

1 Operating safely and effectively, maintaining the margin optimization efforts and staying vigilant for improvement opportunities; and

2 Pursuing strategic initiatives to strengthen the balance sheet further and improve our capital structure to be more reflective of the Cobre Panama project's development and start-up timetable.



2015 was a difficult year for the natural resource industry. Concerns about the health of China's economy and its outlook combined with market speculation by some financial participants created volatile conditions.

The market prices for commodities declined substantially. For copper, First Quantum's main metal, trading ranged from \$2.90 per pound to \$2.08 during the year. Nickel fared even worse as its market price swung from \$7.11 per pound to \$3.69. To date in 2016, the volatility has continued with lows registered of \$1.96 per pound and \$3.42 for copper and nickel, respectively, as concerns persist.

As a consequence, share prices for companies in the industry suffered, First Quantum included. It has been a difficult period for all our stakeholders. While we cannot directly influence metal prices, we can try to offset their impacts and we have implemented a wide-ranging action plan to protect the Company in a period of prolonged low metal prices and market volatility.

OUR ACTION PLAN TO PROTECT FIRST QUANTUM IS WORKING

We put our action plan into effect very early on. We limited cash outflow to essential and economically attractive projects and re-phased our capital expenditure program. We reduced our workforce in essentially all areas of the Company and lowered salaries by up to 20%.

This was followed up with the renegotiation of an outstanding \$300 million Note Receivable that brought forward the payment of funds owed to the Company.

As the copper price showed potential for further weakening, we increased our lines of defense by putting in place a copper sales hedge program, launched an equity issue and reduced our dividend payout ratio. Additionally, earlier this year, we entered into an agreement to sell the Kevitsa mine to Boliden for \$712 million.

While these initiatives are not ones we would normally enter into lightly, they proved to be effective, appropriate for the conditions and consistent with our highest priorities – protecting the cash flows from our operations and maintaining the integrity of our balance sheet.

Overall, the results of our actions implemented so far are clearly evident. The Company is on a much stronger financial footing, its production and administration costs have been meaningfully and sustainably lowered and we continue to benefit from the strong support of our lenders.



ADVANCING OUR NEXT STEPS

There is little consensus on the duration of the current period of low commodity prices so we continue to evaluate and advance other strategic initiatives to lower our net debt position and remove the market overhang of a potential debt covenant breach. In hindsight, a net debt to EBITDA ratio covenant is not ideal for your company; First Quantum creates shareholder value through project development. As a result, our efforts over the coming months will be mostly focused on achieving a capital structure that is more reflective of who we are and where we are heading.

Despite the challenging market conditions we continued throughout the year to create value for our shareholders through the development of exciting and valuable projects.

COPPER SMELTER COMPLETED AND EXCEEDING EXPECTATIONS

A major achievement in 2015 was the completion and successful ramp-up of our new copper smelter at the Kansanshi complex. Commercial production status was achieved well ahead of schedule and the expected synergies are already being realized.

SENTINEL COMPLETED AND AWAITING FULL RAMP-UP

Construction of the nearby Sentinel mine was also completed. However, only partial operations have been possible as power shortages in Zambia have not allowed the ramp-up of production as planned. We expect the power situation to be resolved in the upcoming months followed by a smooth ramp-up to commercial production shortly thereafter.

COBRE PANAMA PROJECT ADVANCING WITH LOWER DEVELOPMENT COST AND FUNDING ARRANGEMENTS SETTLED

Our Cobre Panama project has an estimated mine life of over 30 years. When in operation, it is expected to be a significant earnings and cash flow generator as its start-up is expected to coincide with improving market conditions for copper.



Our fourth quarter average realized price for copper was higher than market due to our sales hedge program.



We entered into an agreement to sell the non-core Kevitsa mine for \$712 million in the first quarter of 2016.



We reduced Cobre Panama's capital cost estimate by 15% due mostly to efficiencies achieved to date and better pricing for equipment and materials.



Construction is progressing well. The workforce now totals over 4,800 engineers, tradespeople and support staff of which Panamanians make up about 78%. In addition, our community and environmental programs such as reforestation, fauna conservation, rural electrification and schooling are all well established and benefiting the neighboring communities.

With much of the most challenging aspects of the project now behind us, we were able to reappraise and lower the capital cost estimate. Our new estimate of \$5.48 billion is 15% lower than previously forecasted, due mostly to efficiencies already achieved in the critical earthworks, concrete and construction phases of the project, and better pricing for equipment and materials.

Importantly, a revised precious metals stream agreement was negotiated which allowed \$1 billion in funding to commence. It also provides a mechanism to utilize the project as collateral while maintaining the counterparty's security. This is a significant change as it now gives us the flexibility to improve our capital structure to be more reflective of the project's development and start-up timetable.

ACKNOWLEDGEMENTS

The market and metal price volatility should not distract from the many achievements First Quantum has had during the year that add shareholder value.

The excellent performance of the Kansanshi copper smelter, good operations at all our mines, substantial progress at our Cobre Panama project and the wide array of initiatives made to strengthen our financial position were all possible only through the dedication of our 14,600 people and I thank them for their efforts and contribution to our success.

I also thank our shareholders for the confidence they have placed in us and for their continued support.

We are confident that, with our focused action plan and your support, your company will emerge from this current period of volatility as a stronger company with a platform of assets which will be among the best in the industry.



Signed by Philip K.R. Pascall,
Chairman & Chief Executive Officer

OUR FOCUS IS CLEAR: FROM THE BEGINNING, WE HAVE PURSUED GEOGRAPHIC DIVERSIFICATION AND CONSEQUENTLY HAVE SOUGHT GOOD-QUALITY ASSETS IN JURISDICTIONS WHERE WE BELIEVED WE COULD OPERATE SAFELY. INITIALLY THIS REQUIRED THE CONFIDENCE TO BE AN EARLY MOVER IN COUNTRIES WHERE WE SAW POTENTIAL BUT WHERE OTHER COMPANIES WERE PERHAPS HESITANT TO ENTER. THOSE EARLY DECISIONS TURNED OUT TO BE GOOD ONES. IMPORTANTLY, WE HAVE SHOWN THAT WE CAN APPLY OUR TECHNICAL EXPERTISE SUCCESSFULLY IN A VARIETY OF CLIMATIC ENVIRONMENTS.



EUROPE

Las Cruces

Location: Spain, Sevilla Province
Ownership: 100%
Primary metal: Copper
Workforce: 260 persons

Kevitsa*

Location: Finland, Lapland
Ownership: 100%
Primary metals: Copper, Nickel
Secondary metals: Platinum group elements
Workforce: 371 persons

Pyhäsalmi

Location: Finland, southeast of Pyhäjärvi
Ownership: 100%
Primary metal: Copper
Secondary metals: Zinc, Pyrite
Workforce: 291 persons

Çayeli

Location: Turkey, Rize Province
Ownership: 100%
Primary metal: Copper
Secondary metal: Zinc
Workforce: 507 persons

AFRICA

Guelb Moghrein

Location: Mauritania, northeast of Nouakchott
Ownership: 100%
Primary metal: Copper
Secondary metal: Gold
Workforce: 1,137 persons

Kansanshi Mine and Smelter

Location: Zambia, north of Solwezi in the Northwestern Province
Ownership: 80%
Primary metal: Copper
Secondary metal: Gold
Workforce: 1,602 persons

Sentinel

Location: Zambia, Northwestern Province
Ownership: 100%
Primary metal: Copper
Workforce: 2,877 persons

Enterprise

Location: Zambia, Northwestern Province
Ownership: 100%
Primary metal: Nickel

Ravensthorpe

Location: Australia, Western Australia
Ownership: 100%
Primary metal: Nickel
Secondary metal: Cobalt
Workforce: 267 persons

AUSTRALIA

*Sale is expected to close in mid-2016.



OUR PRIORITIES ARE TO ENSURE THAT PROFITABILITY AND CASH FLOW FROM OUR OPERATIONS ARE MAXIMIZED AND PROTECTED IN THESE VOLATILE MARKET CONDITIONS AND THAT CASH OUTFLOWS ARE LIMITED TO ESSENTIAL AND ECONOMICALLY ATTRACTIVE PROJECTS.

Sales Revenues

\$ millions



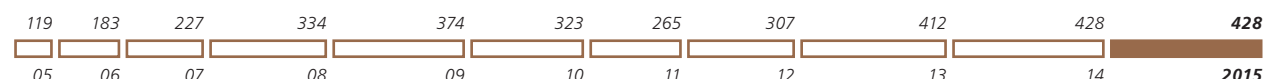
Comparative Earnings

\$ millions



Copper Production

000's tonnes



Nickel Production

000's tonnes



Gold Production

000's ounces



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

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

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MD+A

INDEPENDENT
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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2015

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the year ended December 31, 2015. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Regulatory Disclosures" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of February 18, 2016.

SUMMARIZED OPERATING AND FINANCIAL RESULTS

(USD millions unless otherwise noted)	Q4 2015	Q3 2015	Q4 2014	2015	2014
Copper production (tonnes) ^{1,2}	120,193	107,485	105,176	428,229	427,655
Copper sales (tonnes) ¹	124,554	104,613	94,836	408,734	411,203
Cash cost of copper production (C1) ³ (per lb)	\$ 1.07	\$ 1.18	\$ 1.35	\$ 1.21	\$ 1.41
Total cost of copper production (C3) ³ (per lb)	\$ 1.82	\$ 2.09	\$ 2.06	\$ 2.13	\$ 2.12
Realized copper price (per lb)	\$ 2.28	\$ 2.28	\$ 2.91	\$ 2.43	\$ 3.03
Nickel production (contained tonnes)	10,190	9,955	9,934	35,472	45,879
Nickel sales (contained tonnes)	11,195	10,733	12,189	36,355	47,749
Cash cost of nickel production (C1) ³ (per lb)	\$ 4.31	\$ 4.56	\$ 4.49	\$ 4.50	\$ 4.40
Total cost of nickel production (C3) ³ (per lb)	\$ 5.62	\$ 5.62	\$ 6.06	\$ 5.88	\$ 5.82
Realized nickel price (per payable lb)	\$ 4.24	\$ 4.81	\$ 7.20	\$ 5.18	\$ 7.58
Gold production (ounces)	57,520	56,887	57,480	223,914	229,813
Gold sales (ounces)	61,371	63,411	48,608	225,466	214,104
Sales revenues	765	673	821	2,698	3,542
Gross profit	110	103	183	293	998
Net earnings (loss) attributable to shareholders of the Company	114	(427)	453	(496)	835
Earnings (loss) per share	\$ 0.17	\$ (0.62)	\$ 0.76	\$ (0.77)	\$ 1.40
Diluted earnings (loss) per share	\$ 0.17	\$ (0.62)	\$ 0.75	\$ (0.77)	\$ 1.39
Comparative earnings ⁴	190	70	62	267	482
Comparative earnings per share ⁴	\$ 0.28	\$ 0.10	\$ 0.10	\$ 0.41	\$ 0.81
Comparative EBITDA ^{3,4}	230	261	282	773	1,417

¹ Total copper production includes initial production at Sentinel of 15,190 tonnes for the three months ended December 31, 2015, and 32,971 tonnes for the year ended December 31, 2015. Total copper sales includes initial sales at Sentinel of 6,422 tonnes for the three months ended December 31, 2015, and 8,896 tonnes for the year ended December 31, 2015. Sentinel production and sales are pre-commercial production and therefore excluded from earnings.

² Production is presented on a copper concentrate basis, i.e. mine production only, and does not include output from the Kansanshi smelter.

³ C1 cash cost, C3 total cost and earnings before interest, tax, depreciation, amortization and impairment ("EBITDA") are not recognized under IFRS. See "Regulatory Disclosures" for further information. C3 total cost is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

⁴ Net 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" for a reconciliation of comparative EBITDA and comparative earnings.

2015 was a challenging year for the mining industry, with a significant decline in metals prices. The average LME cash price for copper was \$2.49 per pound in 2015, reflecting a 20% decrease compared to the 2014 average LME copper price of \$3.11. Nickel suffered a 30% decline in 2015, with an average LME nickel price of \$5.34 per pound compared to \$7.65 per pound in 2014. The Company's reported earnings have been negatively impacted by these falls with 2015 gross profit \$705 million lower than 2014 including a \$675 million decrease (or 68% of 2014 gross profit) specifically resulting from lower realized metal prices. Throughput was intentionally reduced at Kansanshi to match Kansanshi's acid consumption with the smelter's ramp-up to commercial production, resulting in lower production and sales volumes at Kansanshi in the first half of 2015. The Company's sales volumes in the second half of 2015 were higher than the comparable period of 2014.

The Company's 2015 financial results were also impacted by changes to the Zambian taxation regime, which the Government of Zambia passed into law under two separate enactments. Under the first enactment, effective January 1, 2015, the royalty rate applicable to the Company's Zambian operations was increased from 6% to 20%, which resulted in incremental royalty costs of \$97 million in the first half of 2015. Effective the same date, the corporate tax rate in Zambia was reduced to 0% from 30%, and as a result no corporate tax was recognized in relation to the Company's Zambian operations in the first half of 2015. On August 14, 2015, the Government of Zambia substantively enacted further changes to the taxation regime that took effect July 1, 2015. With this second round of enacted changes to the Zambian tax regime, corporate tax of 30% was reintroduced and the royalty rate applicable to the Company's Zambian operations decreased from 20% to 9%. The reintroduction of the 30% corporate tax rate resulted in an income tax charge of \$514 million recognized in reported earnings in the third quarter of 2015 (effectively a reversal of the 2014 release of the deferred tax provision on the elimination of corporate taxes).

The Company's operating and financial results in 2015 were also impacted by temporary power restrictions at Kansanshi and Sentinel imposed by ZESCO, the state-run power company in Zambia. The power restrictions contributed to reduced production and sales volumes at Kansanshi. The ramp-up in production at Sentinel progressed, albeit slower than anticipated due to the imposed temporary power restrictions and softer transitional material that has presented in the ore.

The Company has pursued a number of measures in 2015 to address the business challenges it has and continues to face with lower metal prices. A focus on cost reduction measures across the business in 2015 resulted in lower costs compared to 2014, including work force and salary reductions and operating efficiency initiatives. Cost savings generated by the Company in the fourth quarter of \$113 million, excluding foreign exchange, represent \$452 million on an annualized basis. In the third quarter of 2015, the Company introduced a copper hedging program to limit price volatility on sales revenues and the impact of the current low metal price environment. The Company entered into commodity contracts to hedge 208,575 tonnes of future copper sales in 2015, with 89,075 tonnes of copper sales hedged and realized at \$2.41 per pound in the year, generating \$54 million in additional revenue. At December 31, 2015, the Company had 119,500 tonnes of unsettled hedged copper sales at \$2.41 per pound, which are expected to be realized in the first quarter of 2016.

A detailed review of the Cobre Panama capital budget was performed in the third quarter of 2015, and again in early 2016, which resulted in a revised capital cost estimate of \$5.48 billion from the previous estimate of \$5.95 billion, leading to a total reduction of 15% from the original estimate of \$6.42 billion. The savings result from efficiencies achieved to date in the critical earthworks, concrete and construction aspects of the project, better pricing on materials and equipment procurement, together with a number of smaller cumulative savings opportunities.

The Company has reduced or re-phased its other capital expenditure projects for future years by \$800 million, giving a total reduction of capital expenditure plans of \$1,700 million in the past six months.

As announced on October 5, 2015, the Company has committed to a range of strategic initiatives to manage its debt position. These are being actively progressed.

FULL YEAR HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

ANNUAL PRODUCTION FOR ALL METALS WITHIN GUIDANCE RANGES, INCLUDING PRE-COMMERCIAL PRODUCTION AT SENTINEL.

Copper production ahead of 2014

- Copper production of 428,229 tonnes was slightly higher than 2014 by 574 tonnes, resulting from the contribution of 32,971 tonnes from Sentinel and an increase in copper production at Guelb Moghrein due to higher throughput. This was partially offset by lower production at Kansanshi primarily in the first half of the year, when throughput was intentionally reduced to match acid consumption from the smelter's production.
- The Kansanshi smelter declared commercial production on July 1, 2015, and processed 709,188 tonnes of concentrate in the year. The smelter produced 150,292 tonnes of copper anode and 645,000 tonnes of sulphuric acid in 2015, and achieved an overall copper recovery of 98%.
- First filtered concentrate was produced at Sentinel in January 2015 and production ramped up over the course of the year, with higher copper production achieved in each successive quarter of 2015. The ramp-up has been slower than anticipated due to temporary power restrictions imposed in Zambia and softer transitional material that has presented in the ore. A permanent solution to address the flotation challenges presented by this transitional ore was implemented in the fourth quarter of 2015.

Nickel production lower than 2014 due to lower production at Ravensthorpe

- Nickel production of 35,472 tonnes was lower compared to 2014 by 10,407 tonnes, primarily due to the impact of the atmospheric leach tank failure at Ravensthorpe in December 2014. Ravensthorpe produced 26,668 tonnes of nickel in 2015 compared to 36,445 tonnes in 2014, a decrease of 27%, reflective of the site operating at reduced capacity while refurbishment efforts took place throughout the year. The ramp-up in production at Ravensthorpe progressed well following the re-start of operations on February 2, 2015, with higher nickel recoveries achieved in 2015 from processing through the high pressure acid leaching circuits while re-commissioning efforts proceeded on the atmospheric leach circuit.

Gold production marginally lower than 2014 from lower production at Kansanshi

- Gold production of 223,914 ounces in 2015 was 5,899 ounces lower than 2014 primarily due to lower gold production at Kansanshi, reflective of lower feed grades. This was partially offset by higher gold production at Guelb Moghrein resulting from higher throughput achieved with the semi-autogenous grinding mill ("SAG") mill.

Copper sales volumes on par while nickel sales volumes lower than 2014

- Copper sales volumes of 408,734 tonnes were marginally lower than 2014, reflecting lower copper sales volumes at Kansanshi in the first half of the year following lower production volumes and at Çayeli, partially offset by higher copper sales volumes at Guelb Moghrein and pre-commercial sales of 8,896 tonnes at Sentinel.
- Nickel sales volumes of 36,355 tonnes decreased by 24% compared to 2014, primarily reflecting lower nickel sales volumes at Ravensthorpe.

Copper C1 cash cost lowered to \$1.21 per pound

- The average copper production C1 cash cost of \$1.21 per lb was significantly lower than C1 cash cost of \$1.41 per lb in 2014, reflecting the benefits of the Company's ongoing focus on cost reduction and efficiencies, increased acid consumed from the smelter, lower fuel costs and the appreciation in the US dollar.

Nickel C1 cash cost of \$4.50 per pound

- The average nickel production C1 cash cost of \$4.50 per lb increased from \$4.40 per lb in 2014 primarily due to the impact of lower nickel production volumes during the re-commissioning at Ravensthorpe in 2015, following the acid leach tank failure in December 2014. The increase was partially offset by lower operating costs at Ravensthorpe and Kevitsa due to the implementation of various cost saving initiatives, production efficiencies and the appreciation in the US dollar.

Sales revenues decreased by 24% in 2015 due to lower metal prices and sales volumes

- Sales revenues of \$2,698 million decreased by \$844 million compared to 2014 principally due to lower copper and nickel prices and sales volumes, partially offset by higher gold sales volumes. The average LME cash prices for copper and nickel were 20% and 30% lower, respectively, in 2015 compared to 2014. The impact of lower copper prices was partially mitigated through hedging 89,075 tonnes of copper sales at \$2.41 per pound, which settled in the year generating \$54 million in additional revenue. At December 31, 2015, the Company had 119,500 tonnes of unsettled hedged copper sales priced at \$2.41 per pound.

Gross profit in 2015 impacted by lower sales volumes and metal prices

- Gross profit in 2015 was impacted by lower metal prices and higher Zambian royalty costs, however benefited from lower operating costs and favourable foreign exchange resulting from the appreciation in the US dollar. Sales volumes were lower in the first half of the year, reflecting the intentional reduction in production volumes at Kansanshi to match acid consumption with the smelter's ramp-up in operations. Sales volumes in the second half of 2015 were higher than the comparable period of 2014.

(USD millions unless otherwise noted)

	Q4 2015	Full year 2015
Gross profit in 2014	\$ 183	\$ 998
Lower realized metal prices	(249)	(675)
Higher (lower) sales volumes	67	(190)
Lower costs excluding depreciation and change in royalty	93	137
Foreign exchange	40	145
Increase in royalty rate	(13)	(124)
Decrease (increase) in depreciation	(11)	2
Gross profit in 2015 ¹	\$ 110	\$ 293

¹ Full year gross profit is reconciled to comparative EBITDA by including: exploration costs of \$34 million, general, administrative and other costs of \$48 million, and adding back depreciation of \$562 million.

- Excluding the impact of foreign exchange, exploration and general and administrative costs were \$48 million lower in 2015 compared to 2014, and \$20 million lower in Q4 2015 compared to Q4 2014.
- The majority of the cost savings in 2015 were achieved in the second half of the year following the implementation of company-wide cost reduction initiatives and the ramp-up of the smelter after commercial production was reached on July 1, 2015. Cost savings of \$113 million, excluding the impact of foreign exchange, achieved in Q4 2015 compared to the same period in 2014 equate to annualized cost savings of \$452 million.

Effective reversal of deferred income tax provision of \$514 million drives net loss of \$496 million

- Net loss attributable to shareholders of the Company of \$496 million includes a \$514 million deferred income tax charge on the revaluation of the Company's Zambian net deferred tax liability, triggered by the Zambian government's reinstatement of corporate tax to 30% effective July 1, 2015. This was effectively the re-instatement of deferred tax provisions released in 2014, when the Company revalued its Zambian net deferred tax liability as a result of the Zambian government's reduction of the corporate tax rate to 0%. The net loss also includes an unrealized foreign exchange loss of \$102 million on the revaluation of the Company's Zambian VAT receivable balance due to the depreciation of the Zambian kwacha against the US dollar in 2015, and impairment charges of \$117 million and \$62 million recognized on the Eurasian Resources Group SARL ("ERG") Promissory Note and Guelb Moghrein magnetite plant, respectively.

Comparative EBITDA of \$773 million in 2015

- Comparative EBITDA of \$773 million excludes the impact of foreign exchange losses, impairment charges and revisions in estimates of closed site restoration provisions.

Financial position and operating cash flow

- On June 4, 2015, the Company completed an equity issuance, resulting in net proceeds of \$1,121 million. \$1.0 billion of net proceeds were used to repay senior debt facilities in order to reduce borrowing costs.

- In July 2015, the Company renegotiated the Promissory Note that was due from ERG (formerly Eurasian Natural Resources Corporation PLC “ENRC”). During 2015, the Company received \$238 million from ERG and recorded an impairment of \$117 million to the Promissory Note. An additional \$21 million was received subsequent to year end. The remaining principal balance of \$43 million plus interest at 10% per annum is agreed to be paid in four equal monthly instalments from March 1, 2016.
- In September 2015, the Company received \$58 million in insurance proceeds in relation to the December 2014 atmospheric leach tank failure at Ravensthorpe. The insurance recovery was comprised of \$49 million in business interruption proceeds and \$9 million relating to assets that were written off as a result of the failure.
- On November 2, 2015, the Company signed a revised precious metal stream agreement with Franco-Nevada and received payment of \$338 million in November 2015. This sum has been treated as deferred revenue.
- In relation to VAT claims made by Kansanshi, the Company has recovered \$18 million from the Government of Zambia in VAT refunds to date, with all VAT claims made by Kansanshi prior to February 2015 still outstanding. The amount of VAT accrued by the Company's Zambian operations at December 31, 2015, was \$224 million, of which \$204 million related to Kansanshi inclusive of \$46 million in VAT claims made since February 2015, when the change in Statutory Instrument was implemented in Zambia, and \$158 million related to claims made prior to February 2015.
- The Company has been impacted by market volatility and significant falls in commodity prices, particularly copper and nickel, along with power restrictions in Zambia. Despite this, operating cash inflows, including the metal stream deposit, were \$1,191 million compared to \$744 million in 2014.
- As previously announced, the Company has taken a number of actions to reduce cash outflows, and manage its debt and working capital. These actions are as follows, including related impacts as at December 31, 2015:
 - A detailed review of the Cobre Panama capital budget, which resulted in a revised capital cost estimate of \$5.48 billion, 15% below the original estimate of \$6.42 billion;
 - Reductions or re-phasing of other capital programs by approximately \$800 million;
 - Work force and salary reductions, which, when combined with a detailed review of all operating costs, has led to annualized cost savings of approximately \$452 million excluding foreign exchange;
 - Hedging of copper sales at an average price of \$2.41 per pound during the fourth quarter, with hedge contracts for 119,500 tonnes outstanding at the end of 2015;
 - Plans to realize up to \$150 million through the reduction of working capital; and
 - Disclosed its intention to reduce its net debt position by over \$1.0 billion by the end of Q1 2016 through a combination of asset sales and other strategic initiatives.
- The Company ended the year with \$365 million of unrestricted cash and cash equivalents in addition to \$1,800 million of committed undrawn facilities and was in full compliance with all covenants. Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through 2016. However, the current conditions have impacted the EBITDA generation of the Company, putting at risk the Company's ability to meet the Net Debt to EBITDA ratio covenant under the debt Financing Agreements (the \$3.0 billion facility, the \$350 million Kansanshi facility and the \$102 million Caterpillar facility, together, the “Financing Agreements”). The definitions of both Net Debt and EBITDA used in computing the ratio under the covenant are defined in the Financing Agreements and are not the same as those used by management for the purposes of this document in discussing the Company's results. Current forecasts for 2016 indicate the Company may breach the Net Debt to EBITDA ratio covenant during the coming twelve months which casts significant doubt on the Company's ability to continue as a going concern. Accordingly, disclosure of this material uncertainty has been made in the notes to the consolidated financial statements.
- The Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, and is managing the situation closely. Management has a strong expectation that the debt management initiatives initiated last year will be realized in the near term thereby significantly reducing the risk of breaching any covenants. Furthermore, there are various options available to management to further mitigate this risk, including further asset sales, additional reductions to uncommitted capital expenditure, and renegotiation of covenants with the Company's principal bankers. These options are necessarily based on the agreement of other parties and, although believed to be reasonable, are nevertheless outside the Company's direct control. In the light of the actions already taken and the alternatives available to the Company, the consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company continues to be a going concern, management have taken account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2015.

DEVELOPMENT PROJECTS

- Production ramp-up at Sentinel continued across 2015 with progress toward achieving steady state operation within the process circuit. Both Train 1 and Train 2 milling circuits are in continuous operation with periods of above nameplate throughput being achieved separately, and combined operation up to 99% of nameplate throughput capacity achieved. Ore reporting to the plant during the production ramp-up has included softer and more transitional material which has impeded flotation performance in 2015. Despite the challenging transitional ore, recoveries progressively improved in Q4 2015 with the stabilization of the plant, optimization of reagents for the transitional ore, and introduction of new flexibility in process circuit routes providing additional optionality for treatment of transitional ores. These enhancements resulted in improved flotation performance in the fourth quarter, with copper recoveries of between 70% and 80% regularly achieved. Construction of the power lines project was completed on September 22, 2015, and is partially energized from Lusaka West to Mumbwa substations. ZESCO has advised that full energization of the power lines has been delayed to the second quarter of 2016. Although Sentinel has been able to reach design capacity at times with the current 120MW allocation, the full power requirement is progressively increasing with harder ore from the mine. Sentinel is expected to reach commercial production levels in the second quarter of 2016 once the allocated power is increased by 10%. A declaration of commercial production will follow when the operation attains a sustained level of commissioning performance.
- At Cobre Panama, good development progress was made in all areas of the project in 2015. The power station and associated infrastructure continues to receive priority for early completion, taking advantage of virtually all required materials being available on-site. First commercial power is expected from the power station during 2017, which will then commence a revenue stream from the project. The balance of the project is scheduled for a phased commissioning and ramp-up over 2018, achieving commercial production throughput levels by the end of 2018.

ZAMBIAN DEVELOPMENTS

- The Zambian government passed into law changes to the taxation regime that impacted the Company's 2015 financial results under two separate enactments. First and as previously disclosed, effective January 1, 2015, the corporate tax rate in Zambia was reduced to 0% and the mineral royalty rate was increased from 6% to 20% for open pit mines. As a result, no corporate tax was recognized in relation to the Company's Zambian operations in the first half of 2015 and the increase in royalty rate resulted in \$97 million in incremental royalty costs compared to the first half of 2014. On August 14, 2015, the Zambian government passed into law further changes to the taxation regime that became effective from July 1, 2015. The changes resulted in a decrease in mineral royalties to 9% for open pit mines from the 20% royalty rate that was enacted effective January 1, 2015. The changes also included the reinstatement of corporate tax to 30% with variable profits tax of up to 15%. The reintroduction of corporation tax resulted in an income tax charge of \$514 million in the statement of earnings related to the revaluation of the Company's deferred tax balances in Zambia. This was effectively the re-instatement of deferred tax provisions released in 2014, when the Company revalued its Zambian net deferred tax liability as a result of the Zambian government's reduction of the corporate tax rate to 0%.
- On July 25, 2015, reductions to the electricity supply at Kansanshi mine, smelter and Sentinel were imposed by ZESCO, Zambia's state-run power company. Full power was restored on August 6, 2015. During the 12 days the power limitations were in place, the majority of electricity allocated to Sentinel was transferred to the Kansanshi mine and smelter to lessen the production impact. Currently, the Company's Zambian operations are being consistently provided a total of 285MW, which allows for normal operations at the Kansanshi mine and smelter complex and for Sentinel to achieve nameplate capacity throughput for periods, depending on the hardness of the ore. ZESCO has commenced supplementary power imports from neighbouring countries. Kansanshi and Sentinel have been offered additional power at a premium for a portion of their total power requirements which are being met by ZESCO through additional power imports. In December 2015, Kansanshi and Sentinel were advised by ZESCO that power tariffs were to be increased to 10.35c/kWh effective January 1, 2016. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing.

CORPORATE DEVELOPMENTS

- The Company has declared a final dividend of CDN\$0.01 per share, in respect of the financial year ended December 31, 2015. The final dividend together with the interim dividend of CDN\$0.0330 per share is a total of CDN\$0.0430 per share for the 2015 financial year.

FOURTH QUARTER HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- Copper production of 120,193 tonnes was 14% higher compared to Q4 2014, primarily reflecting 15,190 tonnes of copper contributed by Sentinel.
- Nickel production of 10,190 tonnes was 3% higher than the comparable period in 2014, primarily due to higher production at Kevitsa reflecting higher recoveries and throughput.
- Gold production of 57,520 ounces was on par with the comparable period in 2014, with higher gold production at Guelb Moghrein partially offset by lower production at Kansanshi.
- Copper sales of 124,554 tonnes were 31% higher than Q4 2014. The increase in copper sales primarily reflects higher copper anode sales volumes at Kansanshi and 6,422 tonnes of pre-commercial sales at Sentinel. The decrease in nickel sales volumes was primarily due to lower sales volumes at Ravensthorpe, partially offset by higher nickel sales at Kevitsa.
- Average copper production C1 cash cost of \$1.07 per lb decreased from \$1.35 per lb in the comparable period of 2014, while average nickel production C1 cash cost of \$4.31 per lb decreased from \$4.49 per lb. Copper and nickel C1 cash costs benefited from lower processing costs achieved from the Company's focus on cost reduction and efficiencies, and the appreciation in the US dollar.

FINANCIAL HIGHLIGHTS

- Sales revenues of \$765 million were 7% lower compared to Q4 2014, reflecting lower metal prices partially offset by higher sales volumes.
- Gross profit of \$110 million was \$73 million lower compared to Q4 2014, reflecting the reduction in sales revenues, higher depreciation and an increase in royalty costs at Kansanshi due to the increase in royalty rate from 6% in 2014 to 9% that came into effect July 1, 2015. The quarter benefited from higher sales volumes, lower costs and favourable foreign exchange from the appreciation in the US dollar.

(USD millions unless otherwise noted)

Gross profit in Q4 2014	\$	183
Lower realized metal prices		(249)
Higher sales volumes		67
Lower costs excluding depreciation and change in royalty		93
Foreign exchange		40
Increase in royalty rate		(13)
Increase in depreciation		(11)
Gross profit in Q4 2015 ¹	\$	110

¹ Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$6 million; general, administrative and other costs of \$22 million; and adding back depreciation of \$148 million.

- Exploration and general and administrative costs were \$20 million lower in Q4 2015 compared to Q4 2014, excluding the impact of foreign exchange.
- Net earnings attributable to shareholders of the Company of \$114 million includes a tax credit of \$43 million largely relating to the realization of losses previously incurred. Net earnings of \$114 million compares to \$453 million in the comparable period of 2014, reflecting the reduction in gross profit in the period. Furthermore, net earnings in Q4 2014 included a \$499 million deferred income tax credit relating to the revaluation of the Company's Zambian net deferred tax liability that was subject to a corporate tax rate of 0% at December 31, 2014.
- Comparative EBITDA of \$230 million excludes the impact of foreign exchange losses, impairment, and revisions in estimates of closed site restoration provisions.

GUIDANCE SUMMARY

Guidance is based on a number of assumptions and estimates as of December 31, 2015, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

PRODUCTION GUIDANCE

000's	2016	2017	2018
Copper - tonnes - excluding Sentinel	400	400	407
Sentinel - copper - tonnes	135-155	210-240	230-260
Nickel - contained tonnes	40	40	42
Gold - ounces	215	225	225
Zinc - tonnes	26	20	20
Platinum - ounces	30-40	30-40	35-40
Palladium - ounces	24-30	24-30	25-30

INDICATIVE PRODUCTION GUIDANCE BY OPERATION

Copper – '000s tonnes	2016	2017	2018
Kansanshi	235	235	240
Las Cruces	70	70	70
Guelb Moghrein	40	40	40
Kevitsa	22	23	25
Çayeli	22	22	22
Pyhäsalmi	12	11	11
Sentinel	135-155	210-240	230-260

Nickel – '000s contained tonnes	2016	2017	2018
Ravensthorpe	28	28	28
Kevitsa	13	13	14

Gold – '000s ounces	2016	2017	2018
Kansanshi	150	150	150
Guelb Moghrein	40	50	50
Kevitsa	17	17	19
Pyhäsalmi	7	7	6

Zinc – '000s tonnes	2016	2017	2018
Çayeli	6	6	5
Pyhäsalmi	20	14	15

Guidance on precise production during the ramp-up and commissioning phases at Cobre Panama has not been included above and will depend on a number of factors which can only be properly assessed closer to the time but at this stage there is no reason to vary from previously published production annual post commercial production levels after 2018.

CAPITAL EXPENDITURE GUIDANCE

- 2016 net capital expenditure, after contributions from third parties, is expected to be approximately \$710 million, inclusive of net capital expenditure of \$390 million for the Cobre Panama project, \$200 million for capitalized stripping and \$100 million for sustaining capital. This excludes capitalization of any net pre-commercial production costs and capitalized interest.
- 2017 and 2018 net capital expenditure, after contributions from third parties, is estimated at approximately \$820 million per annum, with Cobre Panama net capital expenditure of approximately \$480 million per annum, excluding capitalization of any net pre-commercial production costs and capitalized interest.

CASH COST AND ALL-IN SUSTAINING COST GUIDANCE

Cash operating cost (C1):

- Expected average cash cost of copper in 2016 (excluding Sentinel) of approximately \$1.15 to \$1.35 per pound (including Sentinel of approximately \$1.25 to \$1.45 per pound).
- Expected average cash cost of copper in 2017 and 2018 of approximately \$1.20 to \$1.40 per pound, including Sentinel.
- Expected average cash cost of nickel of approximately \$4.00 to \$4.40 per pound for 2016, 2017 and 2018.

All-In Sustaining Cost ('AISC'):

- Expected average AISC of copper of approximately \$1.70 to \$1.90 per pound for 2016 (excluding Sentinel), and of approximately \$1.75 to \$1.95 per pound (including Sentinel).
- Expected average AISC of copper of approximately \$1.70 to \$1.90 per pound for 2017 and 2018 (including Sentinel).
- Expected average AISC of nickel of approximately \$4.80 to \$5.10 per pound for 2016, 2017 and 2018.

C1 cash cost and AISC are not recognized under IFRS. See "Regulatory disclosures" for further information.

OPERATIONS

Kansanshi Copper and Gold Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Sulphide ore tonnes milled (000's)	2,926	2,478	1,530	8,296	7,944
Sulphide ore grade processed (%)	0.7	0.8	1.0	0.8	0.9
Sulphide copper recovery (%)	92	91	89	91	91
Mixed ore tonnes milled (000's)	1,960	2,359	3,263	10,949	9,413
Mixed ore grade processed (%)	1.1	1.0	1.1	1.1	1.1
Mixed copper recovery (%)	73	71	70	72	73
Oxide ore tonnes milled (000's)	1,895	1,773	1,753	6,795	7,977
Oxide ore grade processed (%)	1.7	1.3	1.6	1.5	1.8
Oxide copper recovery (%)	83	82	81	80	83
Copper production (tonnes) ¹	61,600	54,512	61,924	226,674	262,287
Copper smelter					
Concentrate processed (DMT) ²	228,427	254,709	–	709,188	–
Copper anodes produced (tonnes) ²	46,493	57,085	–	150,292	–
Smelter copper recovery (%)	97	98	–	98	–
Acid tonnes produced (000's)	214	229	–	645	–
Copper sales (tonnes) ³	77,845	54,556	52,721	230,193	247,312
Gold production (ounces)	34,009	34,474	36,705	136,257	154,431
Gold sales (ounces)	38,664	31,542	27,731	131,972	142,609
Cash costs (C1) (per lb) ⁴	\$ 1.09	\$ 1.34	\$ 1.68	\$ 1.38	\$ 1.63
Total costs (C3) (per lb) ⁴	\$ 1.82	\$ 2.23	\$ 2.17	\$ 2.28	\$ 2.16
Sales revenues	430	310	362	1,322	1,678
Gross profit before royalties	137	112	99	366	619
Gross profit	99	70	81	149	512
Comparative EBITDA ⁴	145	109	95	303	647

¹ Production presented on a copper concentrate basis, i.e. mine production only. Production does not include output from the smelter.

² Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel concentrate processed. Concentrate processed is measured in dry metric tonnes ("DMT").

³ Sales include third party sales of concentrate, cathode and anode attributable to Kansanshi (excluding copper cathode and anode sales attributable to Sentinel).

⁴ C1 cash cost, C3 total cost, and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information. C3 total cost includes royalties, exploration, insurance and depreciation.

Full year operating results

Kansanshi Mining Operations

Overall copper production at Kansanshi was 14% lower than 2014, due to lower oxide and sulphide throughput during the first half of the year, which was limited in order to match acid consumption with smelter production, and temporary power restrictions imposed by ZESCO during Q3 2015. The treatment of sulphide ore was switched to the higher throughput circuit contributing to the higher sulphide volumes processed in 2015. Lower oxide and sulphide feed grades, and oxide and mixed ore recoveries, also contributed to the decrease in copper production.

The process plant continues to feed additional acid soluble tailings from the mixed circuit into the leaching circuit to boost cathode production. The volume of acid soluble tails processed depends on the availability of acid. Copper cathode production for the year was 35% lower than 2014.

Gold production was 12% lower than 2014 due to lower concentrate production and lower head grade.

C1 cash cost decreased by \$0.25 per lb compared to 2014, mainly as a result of reduced processing costs due to increased consumption of acid produced by the smelter and lower fuel costs, as well as cost reduction initiatives implemented during the year including review of service contracts, plant efficiencies, supply contracts and labour productivities.

Total C3 cost including royalties and depreciation increased by \$0.12 per lb compared to 2014, reflecting higher royalty charges and depreciation. Royalty costs were \$110 million higher in 2015 compared to the prior year as a result of two changes in the mineral royalty regime in Zambia, the first of which increased the royalty rate from 6% to 20% effective January 1, 2015, and the second reduced the royalty rate to 9% effective July 1, 2015. The royalty rate in Zambia was 6% throughout 2014.

Sales revenues decreased by 21% from 2014 reflecting lower realized copper and gold prices, and lower sales volumes. Copper and gold sales volumes were both 7% lower than 2014. Gross profit decreased by 71% compared to 2014, reflecting the decrease in sales revenues and increased royalty charges and depreciation.

Comparative EBITDA of \$303 million in 2015 excluded a \$102 million foreign exchange loss on the revaluation of the Zambian VAT receivable balance due to the depreciation of the Zambian kwacha against the US dollar in 2015.

Effective January 1, 2015, the corporate tax rate in Zambia reduced to 0%, and no corporate tax was recognized in relation to Kansanshi profits in the first half of 2015. On August 14, 2015, the Zambian government passed into law changes to the taxation regime that were effective from July 1, 2015. The changes resulted in a decrease in mineral royalties to 9% for open pit and to 6% for underground mines from the 20% royalty rate that was enacted effective January 1, 2015. The changes also included the reinstatement of corporate tax to 30% with variable profits tax of up to 15%. The reintroduction of corporation tax resulted in an income tax charge of \$514 million in the statement of earnings related to the revaluation of the Company's deferred tax balances in Zambia, which primarily represents the reversal of the net tax credit that arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

Kansanshi Copper Smelter

The smelter declared commercial production on July 1, 2015. As of the date that commercial production was declared, the smelter had produced 46,700 tonnes of copper anode and 201,300 tonnes of sulphuric acid. The smelter treated 709,188 tonnes of concentrate and produced 150,292 tonnes of copper anode in 2015. The overall copper recovery rate for the year was 97.6%. Acid production for the year was 645,000 tonnes.

Kansanshi's copper concentrate stockpile has decreased from 67,000 tonnes concentrate at December 31, 2014, to 10,000 tonnes at December 31, 2015, reflective of normal operating levels.

Q4 operating results

Kansanshi Mining Operations

Copper production in Q4 2015 was consistent with the volume produced in Q4 2014. The quarterly production reflects a circuit swap with sulphide ore processed through the 12 mtpa milling circuit and improved plant recoveries on sulphide, mixed and oxide ore, which partially offset lower sulphide ore grades. Production in Q4 2015 also benefited from copper cathode produced from acid soluble tails processed through the leaching circuit.

Gold production was 7% lower compared to Q4 2014 as a result of lower head grade.

C1 cash cost decreased by \$0.59 per lb compared to Q4 2014 primarily due to reduced processing costs reflecting the impact of acid consumed from the smelter and lower fuel costs, lower treatment charges associated with external smelters, reduced freight charges and additional cost savings achieved through the review of service contracts, plant efficiencies and labour productivity.

Total C3 cost including royalties and depreciation was \$0.35 per lb lower compared to Q4 2014, primarily due to the decrease in C1 cash cost and partially offset by higher royalty costs and depreciation. Royalty charges were \$20 million higher than Q4 2014, resulting from the 9% royalty rate that came into effect July 1, 2015. The royalty rate was 6% in Q4 2014.

Sales revenues increased by 19% compared to Q4 2014 reflecting higher copper and gold sales volumes, mainly due to increased anode sales in the quarter, partially offset by lower realized metals prices. Gross profit of \$99 million was 22% higher compared to Q4 2014, reflecting the increase in sales revenues, partially offset by higher depreciation and royalty costs.

Kansanshi Copper Smelter

The smelter treated 228,427 tonnes of concentrate and produced 46,493 tonnes of copper anode and 214,000 tonnes of sulphuric acid in Q4 2015. The overall copper recovery rate achieved in the quarter was 97.4%.

Outlook

Production in 2016 is expected to be approximately 235,000 tonnes of copper, and approximately 150,000 ounces of gold. In terms of quarterly phasing of annual production, it is expected that Kansanshi's production will be at its lowest in the first quarter.

The focus during the first part of 2016 is planned to remain on development of the mine, improvements in plant efficiencies, smelter production and cost reduction to optimize cash flow.

Kansanshi has been offered additional power at a premium for a portion of its total power requirement which is being met by ZESCO through additional power imports from neighbouring countries. In December 2015, Kansanshi was advised by ZESCO that power tariffs were to be increased to 10.35c/kWh effective January 1, 2016. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing.

Las Cruces Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Ore tonnes processed (000's)	380	370	379	1,500	1,539
Copper ore grade processed (%)	5.3	5.2	5.2	5.2	5.1
Copper recovery (%)	93	90	89	90	90
Copper cathode production (tonnes)	18,608	17,365	17,525	70,029	71,090
Copper cathode sales (tonnes)	16,884	17,484	15,594	70,566	71,120
Cash cost (C1) ¹ (per lb)	\$ 1.03	\$ 0.73	\$ 0.95	\$ 0.90	\$ 0.96
Total cost (C3) ¹ (per lb)	\$ 1.90	\$ 1.84	\$ 1.94	\$ 1.93	\$ 1.97
Sales revenues	91	94	104	402	491
Gross profit	18	23	36	99	180
Comparative EBITDA ¹	58	57	74	251	341

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

Full year operating results

Copper production in 2015 was consistent with production in 2014. An increase in copper grade was offset by slightly lower throughput due to three additional days of maintenance shutdown compared to 2014. Improved performance of the new pressure filters resulted in an increase in recoveries in the second half of 2015, which helped to offset the impact of lower throughput.

C1 cash cost in 2015 was \$0.06 per lb lower than in 2014, reflecting the benefit of the appreciation in the US dollar against the euro in 2015 compared to the prior year. Excluding the impact of foreign exchange, C1 cash cost was higher in 2015 compared to 2014 due to the impact of lower copper production and higher mining and processing costs reflecting higher cost of electricity and reagents as well as maintenance costs relating to the ramp-up of the new pressure filters.

Higher processing costs were partially offset by lower fuel costs and efficiencies gained from various debottlenecking initiatives implemented in 2015.

Sales revenues decreased by 18% compared to 2014 due to lower copper cathode sales volumes and lower realized copper prices. This reduction flowed through to gross profit, which was 45% lower than 2014.

Q4 operating results

Copper production increased by 6% compared to Q4 2014, reflecting higher copper grade and recovery and slightly higher throughput. Higher copper recoveries benefited from the continued improved performance of the pressure filters during the quarter.

C1 cash cost in Q4 2015 was \$0.08 per lb higher compared to Q4 2014, primary due to higher mining and processing costs, partially offset by the benefit from the appreciation in the US dollar against the euro in Q4 2015 compared to Q4 2014.

Sales revenues decreased by 13% in comparison to Q4 2014 due to lower realized copper prices, partially offset by higher copper cathode sales volume. The decrease in sales revenues flowed through to gross profit, which, combined with higher operating costs, resulted in a 50% decrease in gross profit compared to Q4 2014.

Outlook

The guidance on copper production in 2016 is approximately 70,000 tonnes.

The three pressure filters installed in late 2014 reached adequate performance in last half of 2015, improving overall copper recovery. New cooling towers planned to be commissioned in Q1 2016, which are expected to extend the life of the pressure filters, will further support the pressure filters' performance and help to address the overall water balance in the processing plant. The plant is planned to process similar throughput and copper grade in 2016.

Permitting issues, particularly with regard to acquiring additional surface waste dump space, will continue to be an area of focus in 2016. The necessary permit approvals will allow for efficient stripping of successive phases of the mine.

Guelb Moghrein Copper and Gold Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Sulphide ore tonnes milled (000's)	1,021	979	969	4,015	3,057
Sulphide ore grade processed (%)	1.3	1.3	1.1	1.2	1.2
Sulphide copper recovery (%)	91	92	91	92	92
Copper production (tonnes)	11,845	11,373	9,768	45,001	33,079
Copper sales (tonnes)	11,228	17,614	8,519	47,322	30,095
Gold production (ounces)	17,145	16,154	13,901	64,007	48,948
Gold sales (ounces)	16,667	26,585	13,421	70,680	45,901
Cash costs (C1) ¹ (per lb)	\$ 0.83	\$ 1.09	\$ 1.31	\$ 1.01	\$ 1.67
Total costs (C3) ¹ (per lb)	\$ 1.49	\$ 1.70	\$ 2.07	\$ 1.67	\$ 2.41
Sales revenues	66	102	63	289	230
Gross profit	21	25	2	71	34
Comparative EBITDA ¹	30	44	12	124	71

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

Full year operating results

Copper and gold production in 2015 increased by 36% and 31%, respectively, compared to 2014 as a result of the significantly improved milling rate achieved with the SAG mill commissioned in July 2014, resulting in a 31% increase in throughput for the year. Copper and gold production in 2014 were negatively impacted by the suspension of work operations caused by a 21-day industrial action in the third quarter. Copper production in 2015 also benefited from higher copper feed grade, while improved recoveries contributed to the higher gold production compared to 2014.

C1 cash cost decreased by \$0.66 per lb compared to 2014 as a result of lower operating costs and the impact of higher copper production. C1 cash cost benefited from lower fuel costs and cost reduction initiatives including a reduction in external contractors, procurement improvement initiatives, termination of the magnetite bypass road project, mining and plant optimization initiatives and salary reductions.

Sales revenues increased by 26% compared to 2014 due to higher copper and gold sales volumes, partially offset by lower average realized metals prices. Gross profit of \$71 million achieved in 2015 was 109% higher than 2014, reflecting the increase in sales revenues partially offset by higher depreciation resulting from the increase in sales volumes.

In light of the uncertain outlook for iron ore prices, the operation of the magnetite plant was put on hold after successful commissioning during Q1 2015, and an impairment charge of \$62 million was recognized on the carrying value of the plant in Q1 2015 along with related costs, bringing the net carrying value of the plant to nil at December 31, 2015.

Q4 operating results

Copper production in Q4 2015 was 21% higher than Q4 2014 as a result of higher copper feed grade. Production also benefited from optimization initiatives on the milling circuit and debottlenecking the flotation circuit by running an open flotation process and eliminating recycles.

Gold production was 23% higher than Q4 2014 primarily due to the increase in throughput and improved recoveries.

C1 cash cost in Q4 2015 decreased by \$0.48 per lb compared to Q4 2014, reflecting lower mining, processing and site administration costs, and the impact of higher copper production. Lower operating costs resulted from a lower cost of fuel and cost reduction initiatives including a reduction in external contractors, procurement improvement initiatives, termination of the magnetite bypass road project, mining and plant optimization initiatives and salary reductions. The decrease in C1 cash cost was partially offset by a lower gold credit due to lower realized gold prices.

Sales revenues increased by 5% compared to Q4 2014 as result of higher copper and gold sales volumes, partially offset by lower realized metals prices. Gross profit of \$21 million achieved in Q4 2015, compared to \$2 million in Q4 2014, reflects the increase in sales revenues and lower operating costs.

Outlook

Copper production in 2016 is expected to be over 40,000 tonnes. Gold in copper concentrate production is expected to be over 40,000 ounces.

During 2016, there will be a focus on further cost reduction in mining and process maintenance costs by continuing the sourcing of consumables and spares from generic sources that was rolled out in 2015. A significant cost reduction is expected from the termination of Guelb Moghrein's fuel supply contract in Q2 2016 and the site moving to a self-perform arrangement.

An increase in concentrate grade is expected from depressant and collector reagent trials scheduled for Q1 2016. Also, opportunities to source an additional Knelson Concentrator to increase the gold recovery are ongoing. Based on preliminary work undertaken, an additional Knelson in the primary milling circuit is expected to increase the gold recovery by a further two to three percent.

Ravensthorpe Nickel Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Beneficiated ore tonnes processed (000's)	750	687	710	2,334	3,128
Beneficiated ore grade processed (%)	1.4	1.4	1.4	1.4	1.5
Nickel recovery (%)	84	85	82	88	84
Nickel production (contained tonnes)	7,653	7,662	7,736	26,668	36,445
Nickel sales (contained tonnes)	8,583	8,062	9,912	26,933	37,981
Nickel production (payable tonnes)	5,887	5,893	6,059	20,567	28,472
Nickel sales (payable tonnes)	6,716	6,270	7,688	21,073	29,546
Cash costs (C1) (per lb) ¹	\$ 4.49	\$ 4.60	\$ 5.04	\$ 4.60	\$ 4.50
Total costs (C3) (per lb) ¹	\$ 5.82	\$ 5.93	\$ 6.57	\$ 5.99	\$ 5.98
Sales revenues	65	69	125	246	507
Gross profit (loss)	(24)	(19)	18	(51)	121
Comparative EBITDA ¹	(8)	45	41	42	196

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

Full year operating results

Nickel production for 2015 decreased by 27% compared to 2014 following a structural failure to the atmospheric leach tank in December 2014, which resulted in the loss of production from that circuit for the first half of 2015. The atmospheric leach circuit recommenced on July 19, 2015, at reduced capacity while refurbishment of out-of-service leach tanks continued throughout the second half of the year. This refurbishment work is ongoing. Production has primarily been processed through the two high pressure acid leaching circuits with a reduction in preleach material compared to 2014, resulting in increased nickel recoveries in 2015.

Ravensthorpe received \$58 million in insurance proceeds in September 2015 in relation to the atmospheric leach tank failure, comprised of \$49 million in business interruption proceeds and a \$9 million recovery relating to assets that were written off as a result of the failure. The total proceeds of \$58 million have been included within other income in 2015.

C1 cash cost in 2015 was \$0.10 per lb higher compared to 2014 primarily due to the impact of lower nickel production and the allocation of fixed costs and higher treatment and refining charges due to increased sales to tolling refineries. The increase in C1 cash cost was partially offset by lower operating costs due to the implementation of various cost saving initiatives, including contract renegotiations and workforce reductions, and the strengthening of the US dollar against the Australian dollar.

Sales revenues decreased by 51% compared to 2014 due to lower average realized nickel prices and sales volumes. Ravensthorpe incurred a gross loss of \$51 million in 2015, reflecting the decrease in sales revenues partially offset by lower depreciation and operating costs.

Q4 operating results

Production in Q4 2015 was 1% lower than Q4 2014 primarily due to the atmospheric leach tank failure in December 2014. Throughout Q4 2015, production maintained its improvement from the first half of the year and production volumes achieved were consistent with Q3 2015. Production was primarily processed through the two high pressure acid leaching circuits, including optimizing the limonite and saprolite ore blending, and the atmospheric leach circuit at approximately 50% capacity. Higher nickel recoveries compared to Q4 2014 were achieved from the higher ratio of production from the high pressure acid leaching circuit compared to the atmospheric leach circuit.

C1 cash cost in Q4 2015 was \$0.55 per lb lower compared to Q4 2014, primarily due to lower processing costs and site administration expenses resulting from the cost saving initiatives implemented across the business, and lower pricing for two sulphur shipments received in the quarter, partially offset by slightly lower nickel production volumes. Continued strengthening of the US dollar against the Australian dollar in Q4 2015 further contributed to the reduction in C1 cash cost.

Sales revenues for Q4 2015 decreased by 48% compared to Q4 2014, reflecting lower realized nickel prices and sales volumes. Ravensthorpe incurred a gross loss of \$24 million in Q4 2015 driven by the decrease in sales revenues, partially offset by lower cost of operations and depreciation.

Outlook

Production for 2016 is expected to be approximately 28,000 tonnes of nickel.

The atmospheric leach circuit is forecast to operate at 50% of production capacity throughout Q1 2016 while refurbishment of the remaining out-of-service leach tanks is completed. Following the re-commissioning of the remaining tanks, the atmospheric leach circuit is forecast to return to 100% production capacity and overall recoveries are expected to return to normal levels in Q4 2016.

The cost of operations is highly sensitive to the price of sulphur, which can fluctuate with market factors. The sulphur price saw a steady decline in the second half of 2015. Cost saving opportunities continue to be implemented site-wide and are expected to remain a critical focus for the operation in 2016.

Kevitsa Nickel-Copper-PGE¹ Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Ore tonnes milled (000's)	1,791	1,811	1,709	6,665	6,711
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2	0.2
Nickel recovery (%)	69	67	63	67	61
Nickel production (tonnes)	2,538	2,293	2,197	8,805	9,433
Nickel sales (tonnes)	2,611	2,671	2,277	9,421	9,768
Copper ore grade processed (%)	0.3	0.3	0.3	0.3	0.3
Copper recovery (%)	89	90	84	89	87
Copper production (tonnes)	4,307	4,196	4,101	17,204	17,535
Copper sales (tonnes)	5,020	3,254	5,545	17,081	19,542
Gold production (ounces)	3,631	3,324	3,093	12,847	12,844
Platinum production (ounces)	10,185	9,142	9,311	31,899	34,090
Palladium production (ounces)	8,062	7,426	7,234	25,196	25,990
Nickel cash costs (C1) (per lb) ²	\$ 3.78	\$ 4.41	\$ 2.66	\$ 4.16	\$ 4.07
Nickel total costs (C3) (per lb) ²	\$ 5.03	\$ 4.54	\$ 4.31	\$ 5.54	\$ 5.29
Copper cash costs (C1) (per lb) ²	\$ 1.46	\$ 1.56	\$ 1.11	\$ 1.38	\$ 1.42
Copper total costs (C3) (per lb) ²	\$ 1.67	\$ 1.68	\$ 2.24	\$ 1.90	\$ 2.27
Sales revenues	48	41	66	189	271
Gross profit	2	3	14	8	47
Comparative EBITDA ²	7	6	27	42	97

¹ Platinum-group elements ("PGE")

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

Full year operating results

Lower nickel, copper and PGE production in 2015 resulted from slightly lower throughput and feed grades, partially offset by higher plant availability and recoveries. Nickel production decreased by 7% compared to 2014, driven by lower feed grade partially offset by higher nickel recoveries. Copper production decreased by 2% compared to 2014, reflecting lower feed grade partially offset by higher copper recoveries. The improved nickel and copper recoveries, achieved despite variable and lower feed grades, resulted from advancements in understanding the mine's ore mineralogy and the ability to better respond to its varying characteristics. Throughput in 2015 was achieved without the benefit of steel grinding media in the secondary mill, which was used for six months in 2014, setting a new benchmark throughput rate.

Nickel C1 cash cost increased by \$0.09 per lb compared to 2014, primarily due to higher mining costs due to the current position in the mine life cycle, lower by-product credits resulting from lower realized metal prices and the impact of lower nickel production. The increase in nickel C1 cash cost was partially offset by lower underlying processing costs as a result of production efficiencies, lower energy costs and the appreciation of the US dollar against the euro.

Copper C1 cash cost decreased by \$0.04 per lb compared to 2014 due to lower underlying processing costs driven by production efficiencies, lower energy costs and the appreciation of the US dollar against the euro. The decrease in copper C1 cash cost was partially offset by higher mining costs, lower by-product credits and the impact of lower copper production.

Sales revenues decreased by 30% compared to 2014 due to lower copper and nickel sales volumes and realized metals prices. The lower sales revenues flowed through to gross profit, which decreased by 83% compared to 2014, partially offset by lower cost of sales including depreciation.

Q4 operating results

Nickel production increased by 16% compared to Q4 2014, primarily due to higher nickel recovery and throughput. Copper production increased by 5%, reflecting the higher throughput and an increase in copper recoveries. Increases in throughput rates were achieved in Q4 2015 without the addition of steel grinding media, which was used in Q4 2014, and benefited from an optimized mill feed size distribution resulting from blasting refinements in the pit.

Nickel C1 cash cost increased by \$1.12 per lb compared to Q4 2014, primarily due to an increase in mining costs reflecting a decrease in capitalized mine development due to the current mine life cycle, higher mining volumes, and lower by-product credits resulting from lower realized prices. The increase in nickel C1 cash cost was partially offset by lower freight charges, a reduction in processing costs due to production efficiencies, lower energy costs and the appreciation of the US dollar against the euro, as well as the impact of higher nickel production.

Copper C1 cash cost increased by \$0.35 per lb compared to Q4 2014, primarily due to higher mining costs reflecting a reduction in capitalized mine development, partially offset by lower processing costs, higher by-product credits and the impact of higher copper production.

Sales revenues decreased by 27% compared to Q4 2014, mainly reflecting lower realized metal prices and copper sales volumes, partially offset by higher nickel sales volumes. Gross profit of \$2 million achieved in Q4 2015 was 86% lower than Q4 2014, driven principally by the decrease in sales revenues.

Outlook

Production in 2016 is expected to be approximately 22,000 tonnes of copper, approximately 13,000 tonnes of nickel, approximately 17,000 ounces of gold, between 30,000 and 40,000 ounces of platinum and between 24,000 and 30,000 ounces of palladium.

The blast optimization program and crushing circuit optimization initiated in 2015 resulted in the processing of 6.7 million tonnes of ore, achieved in the absence of steel grinding media in the secondary mill. The focus in 2016 will continue to be mine-to-mill optimization in order to consolidate throughput improvements, and on additional initiatives planned through Q1 2016 to improve crushing and milling process availability.

The operation will also continue to build on the ore characterization project to expand its understanding of the geo-metallurgical variations in the ore body, with the objective of further improving nickel and copper recoveries. Particular focus will be on improving nickel flotation performance to increase the recovery of nickel currently lost in the fine fractions.

An increase in mining fleet utilization and contractor mining capacity contributed to the mine moving 37 million tonnes in 2015 compared to 27 million tonnes in 2014. The increasing confidence in the minerals resources model during the year has supported the optimization of waste stripping in a cost effective manner. In 2016, effort will be devoted to further gains realized by shifting to owner maintenance of the mobile fleet.

Çayeli Copper and Zinc Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Ore tonnes milled (000's)	270	312	348	1,229	1,341
Copper ore grade processed (%)	2.6	2.4	2.8	2.5	2.7
Copper recovery (%)	81	78	81	81	80
Zinc ore grade processed (%)	2.8	3.2	4.1	3.0	4.3
Zinc recovery (%)	51	54	60	54	63
Copper production (tonnes)	5,606	5,816	7,820	24,304	29,360
Copper sales (tonnes)	4,262	5,672	8,419	22,401	29,241
Zinc production (tonnes)	3,778	5,477	8,513	19,808	36,218
Zinc sales (tonnes)	4,847	4,499	9,362	19,479	37,298
Cash cost (C1) (per lb) ¹	\$ 1.41	\$ 1.43	\$ 1.02	\$ 1.29	\$ 0.90
Total cost (C3) (per lb) ¹	\$ 1.79	\$ 2.53	\$ 1.66	\$ 2.15	\$ 1.83
Sales revenues	22	27	57	117	212
Gross profit	1	–	22	13	70
Comparative EBITDA ¹	3	8	30	40	112

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

Full year operating results

Copper and zinc production decreased by 17% and 45%, respectively, compared to 2014 primarily due to lower throughput, reduced copper and zinc grades and lower zinc recovery. Throughput was lower than 2014 primarily due to a blasting injunction imposed by the Turkish courts in the second quarter and a 10-day strike action implemented by Cayeli's mining workers' union in the fourth quarter of 2015. The processing of more zinc-poor stockwork ore in the year resulted in lower zinc grades and an associated decrease in zinc recovery, while increasing copper recovery compared to 2014.

Collective bargaining discussions with Çayeli's mining workers' union regarding remuneration failed to reach an agreement at the end of the third quarter. As a result, the union implemented strike action on October 30, 2015, during which time activity at the mine site was limited to the areas of environment and safety, mine dewatering and underground rehabilitation. On November 8, 2015, the Company reached an agreement with the union within the parameters of the Company's cost constraints and considering the prevailing base metals market. Mining operations resumed on November 9, 2015.

C1 cash cost in 2015 increased by \$0.39 per lb compared to 2014, primarily due to lower copper production and lower by-product credits reflecting reduced zinc sales, partially offset by lower operating costs which benefited from the appreciation of the US dollar against the Turkish lira.

Sales revenues were 45% lower than 2014 due to lower copper and zinc sales volumes and realized copper and zinc prices. The decrease in sales revenues flowed through to gross profit, which decreased by 81% compared to 2014.

Q4 operating results

Copper and zinc production in Q4 2015 decreased by 28% and 56%, respectively, compared to Q4 2014 due to lower throughput, copper and zinc grades and reduced zinc recovery. The lower zinc grade and associated decrease in recovery reflected the continued processing of zinc-poor stockwork ore in Q4 2015. Throughput was negatively impacted by the strike action in Q4 2015 as well as long haulage distances from the lower grade stockwork areas, poor ground conditions and an increased amount of waste rock mined to access the current work areas.

C1 cash cost increased by \$0.39 per lb compared to Q4 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 61% lower than Q4 2014 due to lower copper and zinc sales volumes and realized metals prices. Gross profit of \$1 million in Q4 2015 was 95% lower compared to Q4 2014, reflecting the decrease in sales revenues partially offset by lower operating costs and depreciation.

Outlook

Production in 2016 is expected to be approximately 22,000 tonnes of copper and approximately 6,000 tonnes of zinc. Throughput is expected to decline in 2016, in line with a decreasing number of work areas and an increased amount of waste rock to be mined to access peripheral ore reserves. The mine is expected to see a slight drop in copper grade and a significant drop in zinc grade and associated decline in zinc recovery as much of the remaining ore reserve is zinc-poor stockwork material. The processing of stockwork ore generally results in higher copper recoveries.

A reconfigured hoisting facility on the intermediate level of the mine is expected to be commissioned in early 2016 and improve productivity from the upper levels of the mine, where the majority of the future ore reserves are located. Management of the impact of surface ground movement on the functionality of the mine's hoisting facilities remains critical to maintaining the mine's production levels.

Pyhäsalmi Copper and Zinc Operation	Q4 2015	Q3 2015	Q4 2014	2015	2014
Ore tonnes milled (000's)	345	347	343	1,379	1,377
Copper ore grade processed (%)	0.9	1.0	1.2	0.9	1.1
Copper recovery (%)	97	96	97	97	96
Zinc ore grade processed (%)	1.9	1.6	1.3	1.7	1.6
Zinc recovery (%)	90	89	89	91	90
Copper production (tonnes)	3,035	3,245	4,038	12,046	14,304
Copper sales (tonnes)	2,892	3,561	4,038	12,276	13,894
Zinc production (tonnes)	5,827	4,862	4,043	21,331	19,762
Zinc sales (tonnes)	6,188	5,619	3,300	22,139	18,970
Pyrite production (tonnes)	216,031	220,327	200,433	839,706	840,929
Pyrite sales (tonnes)	218,233	198,224	320,849	750,729	940,843
Cash cost (C1) ¹ (per lb)	\$ 0.42	\$ 0.55	\$ (0.49)	\$ 0.30	\$ 0.06
Total cost (C3) ¹ (per lb)	\$ 2.53	\$ 2.62	\$ 1.49	\$ 2.42	\$ 2.11
Sales revenues	26	30	44	116	153
Gross profit (loss)	(1)	1	15	10	35
Comparative EBITDA ¹	13	15	30	63	92

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

Full year operating results

Copper production decreased by 16% in 2015 compared to 2014 due to lower copper grade, despite higher copper recovery and slightly higher throughput. Zinc production was 8% higher than 2014 due to higher zinc grade and recovery. Higher amounts of consolidating backfill slurry and fewer open voids were necessary to reduce backfill dilution and stope failures, and stabilize active work areas. Pyrite production remained consistent with 2014.

C1 cash cost in 2015 was \$0.24 per lb higher compared to 2014 primarily due to lower by-product credits reflecting lower pyrite sales volumes and realized zinc prices, higher site administration costs and the impact of lower copper production volumes. The increase in C1 cash cost was partially offset by lower mining and processing costs in 2015 compared to 2014.

Sales revenues decreased by 24% compared to 2014, reflecting lower copper sales volumes and lower realized copper and zinc prices, partially offset by higher zinc sales volumes. Gross profit was 71% lower in 2015 compared to 2014, reflecting the decline in sales revenues, partially offset by lower operating costs and depreciation.

Q4 operating results

Copper production in Q4 2015 decreased by 25% compared to Q4 2014 due to lower copper grade in the areas mined. Zinc production was 44% higher than Q4 2014 due to higher zinc grade and recovery, reflecting higher zinc grade stopes mined in the quarter.

C1 cash cost in Q4 2015 increased by \$0.91 per lb compared to Q4 2014 primarily due to the impact of lower copper production and a decrease in by-product credits reflecting lower pyrite sales volumes and realized zinc prices.

Sales revenues decreased by 41% in Q4 2015 compared to Q4 2014, reflecting lower copper and pyrite sales volumes and realized metals prices, partially offset by higher zinc sales volumes. The gross loss was \$1 million for the quarter resulting from the decrease in sales revenues, partially offset by lower depreciation.

Outlook

Production in 2016 is expected to be approximately 13,000 tonnes of copper and approximately 20,000 tonnes of zinc. Pyrite production is expected to be approximately 795,000 tonnes.

Deteriorating ground conditions and the reduced number of available stopes as the mine ages presented some challenges in 2015 and are expected to continue in 2016. Greater volumes of tailings backfill are expected to be sent underground as a mitigating measure to reduce dilution and further stabilize active work areas. A reduced open void volume is also expected to be maintained to further support mine stability.

DEVELOPMENT ACTIVITIES

SENTINEL PROJECT, ZAMBIA

Production ramp-up continued across 2015 with positive progress toward achieving steady state operation within the process circuit. Ore was introduced to the second in-pit crusher on October 31, 2015, and quickly ramped up to full production levels including extended periods at above nameplate throughput capacity. Both Train 1 and Train 2 milling circuits are now in continuous operation with periods of above nameplate throughput being achieved separately, and combined operation up to 99% of nameplate throughput capacity achieved. Cumulative copper production for 2015 was 32,971 tonnes, within the revised 2015 production guidance. Sentinel is expected to reach commercial production levels in the second quarter of 2016 once the allocated power is increased by 10%. A declaration of commercial production will follow when the operation attains a sustained level of commissioning performance.

Ore reporting to the plant during the production ramp-up includes softer and more transitional material which has impeded flotation performance. Despite the challenging ore, recoveries progressively improved across 2015 with the stabilization of the plant, optimization of reagents for transitional ore, and introduction of new flexibility in process circuit routes providing additional optionality for treatment of transitional ores. These enhancements and improvements in operational control facilitated improved flotation performance in the fourth quarter, with copper recoveries of between 70% and 80% regularly achieved. This is expected to progressively improve toward design recoveries throughout 2016 as the mine works through transitional ore zones and begins to access fresh primary sulphide ore in greater quantities. Flotation test work has confirmed anticipated recoveries of above 90% from the primary sulphide ore.

Construction of the power lines project was completed on September 22, 2015. The power line between Lusaka West and Sentinel substations were partially energized by ZESCO on November 26, 2015. The energized section is between Lusaka West and Mumbwa substation. The 400 kilometers section of the power line between Mumbwa and Sentinel has not yet been energized, and ZESCO have advised that full energization will be delayed to Q2 2016 when equipment installation at Mumbwa substation is completed, as a result of unexpected voltage concerns relating to the lower than normal hydro-electric generation in the country. ZESCO has progressively increased power supply to Sentinel on the single active 330kV power line, with increments from 90MW to 112MW on November 24, 2015, and to 120MW on January 9, 2016. Once the second power line is energized, Sentinel is expected to receive its full power requirement of 160MW. In early 2016, Sentinel is expected to be able to run at or near design throughput capacity with the current 120MW allocation, as a result of lower power requirements for the early transitional ore.

Kansanshi and Sentinel have been offered additional power at a premium for a portion of their total power requirements which are being met by ZESCO through imported power. In December 2015, Kansanshi and Sentinel were advised by ZESCO that power tariffs were to be increased to 10.35c/kWh effective January 1, 2016. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing.

The Enterprise nickel mine is located approximately 12 kilometers north-west of Sentinel. Process plant construction work is well advanced, with priority given to those sections of Enterprise that can be incorporated into the Sentinel copper processing plant to offer additional processing flexibility in the short term. Commissioning of priority areas is expected to be progressive from Q1 2016, with the balance of the Enterprise project construction and pre-strip mining activities deferred.

COBRE PANAMA PROJECT, PANAMA

At Cobre Panama, good development progress was made in all areas of the project in 2015. The power station and associated infrastructure continues to receive priority for early completion, taking advantage of virtually all required materials being available on-site. First commercial power is expected from the power station during 2017, which will then initiate a revenue stream from the project. The balance of the project is scheduled for a phased commissioning and ramp-up over 2018, achieving commercial production throughput levels by the end of 2018.

Detailed engineering and design exceeds 80% completion. Engineering of the power station, marine facilities and tailing management facility are essentially completed.

Key construction contracts are in place with site work progressing for the concentrate/coal export/import jetty, the 230kv transmission lines, the tailings dam decant tunnel and the power station boiler erection. Contract awards for the power station cooling water intake structure and installation of the steam turbine generator are planned for early 2016.

Construction made strong progress during 2015. At the end of 2015, earthworks at the process plant were approximately 90% complete and port earthworks were completed, pre-strip earthworks at the Botija pit commenced during Q3 and progressed well during Q4, with total project earthworks carried out to date of 70 million m³. Total concrete placement was 132,000 m³, which represents approximately 55% of the project total at the end of 2015. All seven mill foundations were completed as well as the concrete for the three stockpile vaults. Structural steel erection is underway at both the port and plant site, with a total of 9,700 tonnes of structural steel erected to date, representing 20% of the project total. The port is fully operational and has received international shipments comprising of construction materials and equipment.

Tailings management facility earthworks, including starter dams, quarry and waste dump reached 43% completion at the end of 2015.

A revised precious metal stream agreement with Franco-Nevada was signed on November 2, 2015, and payment of \$338 million received by November 6, 2015.

The Company's capital expenditure for Cobre Panama in 2015 was \$610 million (First Quantum's share \$366 million), and the planned expenditure for 2016 is expected to be approximately \$650 million (First Quantum's share \$390 million). A detailed review of the Cobre Panama capital budget was performed in the third quarter of 2015, and again in early 2016, which resulted in a revised capital cost estimate of \$5.48 billion from the previous estimate of \$5.95 billion, leading to a total reduction of 15% from the original estimate of \$6.42 billion. The savings result from efficiencies achieved to date in the critical earthworks, concrete and construction aspects of the project, better pricing on materials and equipment procurement, together with a number of smaller cumulative savings opportunities. Project spending to date amount to \$2.7 billion, including \$552 million contributed by Korea Panama Mining Corporation ("KPMC"), which owns a 20% interest in the project. The estimated costs for completion of \$2.8 billion are expected to be met by an additional contribution from KPMC of \$556 million, \$556 million payable by Franco-Nevada under the precious metal stream agreement and \$1,498 million by the Company.

EXPLORATION

In 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.

During 2015, the Company focused on the community and environmental aspects of the Haquira project in Peru. Resettlement negotiations with local communities for land acquisition continued during 2015. The Environmental Impact Assessment studies were initiated. Continued local unfavourable socio-political conditions, including protests at a neighbouring mine, have delayed the negotiation and environmental studies processes. Once completed, the negotiated resettlement will enable exploration to be prioritized in areas of interest both within and nearby to the Haquira deposits. In November 2015, the company suspended the resettlement negotiations allowing the Cobre Panama project to be prioritized during current economic conditions.

A detailed review of geology, exploration and development options for the Taca Taca project in Argentina was completed in 2015. The terms of reference for the Environmental Impact Assessment for construction permitting were addressed and the consultant was selected. The study started in Q3 2015 and will last approximately 12 months. Drilling on potential aquifers indicated that further programs are warranted to investigate the potential of more proximal water sources for the project.

During 2015 near-mine exploration activities were limited to Kevitsa and Pyhäsalmi in Finland, and to underground drilling activities on extensions of the ore body at Çayeli in Turkey. In Zambia, the Company is pursuing extensive programs of multi-element soil sampling and some reconnaissance drilling on targets in the Kansanshi district, aimed particularly at incremental oxide ore sources.

Early stage exploration activities were scaled back considerably during 2015, commensurate with the economic climate. Exploration budgets and personnel have been reduced to support the Company's management of cash outflows and focus on identifying longer term opportunities through generative studies and grassroots prospecting. The Company has ceased drilling and withdrawn from most major joint ventures programs in Alaska, Namibia, Zambia, Botswana and Serbia. Residual low-cost data collection and reconnaissance work continues in Peru, Chile and Zambia. The company is currently funding a drill program on a copper target at Calingiri in Western Australia as part of a joint venture with Caravel Resources.

CORPORATE DEVELOPMENTS

The Company has declared a final dividend of CDN\$0.01 per share, in respect of the financial year ended December 31, 2015. The final dividend together with the interim dividend of CDN\$0.0330 per share is a total of CDN\$0.0430 per share for the 2015 financial year.

The Company established a Dividend Reinvestment Plan in 2015, which allows eligible shareholders a convenient means to acquire additional common shares through the reinvestment of cash dividends paid by the Company.

SALES REVENUES

		Q4 2015	Q3 2015	Q4 2014	2015	2014
Kansanshi	- copper	389	276	336	1,183	1,526
	- gold	41	34	26	139	152
Las Cruces	- copper	91	94	104	402	491
Guelb Moghrein	- copper	49	74	48	213	176
	- gold	17	28	15	76	54
Ravensthorpe	- nickel	61	65	121	234	492
	- cobalt	4	4	4	12	15
Kevitsa	- nickel	15	19	25	75	104
	- copper	20	13	29	74	109
	- gold, PGE and cobalt	13	9	12	40	58
Çayeli	- copper	17	22	43	93	155
	- zinc, gold and silver	5	5	14	24	57
Pyhäsalmi	- copper	13	15	24	58	84
	- zinc	5	6	6	25	27
	- pyrite, gold and silver	8	9	14	33	42
Corporate		17	-	-	17	-
		765	673	821	2,698	3,542

Full year review of sales revenues

Total sales revenues for 2015 were 24% lower than 2014. While copper sales volumes were in line with 2014, 2015 revenues were impacted by lower realized copper prices than in the prior year. Contributing to lower nickel revenues were decreased sales volumes, due primarily to the atmospheric leach tank failure in December 2014 at Ravensthorpe. The site operated at a reduced capacity while refurbishment efforts took place throughout the year and the subsequent ramp-up in production at Ravensthorpe has progressed well since the re-start of operations in February 2015. A lower net realized nickel price in 2015 compared with 2014 also contributed to lower sales revenues.

Fourth quarter review of sales revenues

Q4 2015 total sales revenues were 7% lower than Q4 2014 despite a 31% increase in copper sales volumes. This is attributable to the lower realized copper price against the same quarter of 2014. Also impacting total sales revenues were lower nickel sales volumes together with the lower net realized nickel price.

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)	Q4 2015	Q3 2015	Q4 2014	2015	2014
Average LME cash price	2.22	2.39	3.00	2.49	3.11
Realized copper price	2.28	2.28	2.91	2.43	3.03
Treatment/refining charges ("TC/RC") and freight charges	(0.13)	(0.16)	(0.24)	(0.21)	(0.25)
Net realized copper price	2.15	2.12	2.67	2.22	2.78

In September 2015, the Company established a sales hedging program at an average price of \$2.41. These hedges impacted sales revenues from November 2015 onwards. Given the recent volatility in copper prices, significant variances can arise between average LME and net realized copper price due to the delay between sales recognition and finalization.

Nickel selling price (per lb)	Q4 2015	Q3 2015	Q4 2014	2015	2014
Average LME cash price	4.28	4.79	7.17	5.34	7.65
Realized nickel price per payable lb	4.24	4.81	7.20	5.18	7.58
TC/RC charges	(0.27)	(0.18)	(0.12)	(0.18)	(0.31)
Net realized nickel price per payable pound	3.97	4.63	7.08	5.00	7.27

SUMMARY FINANCIAL RESULTS

	Q4 2015	Q3 2015	Q4 2014	2015	2014
Gross profit (loss)					
Kansanshi	99	70	81	149	512
Las Cruces	18	23	36	99	180
Guelb Moghrein	21	25	2	71	34
Ravensthorpe	(24)	(19)	18	(51)	121
Kevitsa	2	3	14	8	47
Çayeli	1	–	22	13	70
Pyhäsalmi	(1)	1	14	10	35
Other	(6)	–	(5)	(6)	(1)
Total gross profit	110	103	183	293	998
Exploration	(6)	(8)	(20)	(34)	(60)
General and administrative	(18)	(21)	(27)	(85)	(116)
Impairment and related charges	(1)	–	–	(190)	(16)
Other income (expense)	(7)	(35)	26	(68)	35
Net finance income (expense)	(7)	(9)	2	(8)	11
Income tax credit (expense)	43	(566)	409	(518)	141
Net earnings (loss) for the period	114	(536)	573	(610)	993
Net earnings (loss) for the period attributable to:					
Non-controlling interests	–	(109)	120	(114)	158
Shareholders of the Company	114	(427)	453	(496)	835
Comparative earnings	190	70	62	267	482
Earnings (loss) per share					
Basic	\$ 0.17	\$ (0.62)	\$ 0.76	\$ (0.77)	\$ 1.40
Diluted	\$ 0.17	\$ (0.62)	\$ 0.75	\$ (0.77)	\$ 1.39
Comparative	\$ 0.28	\$ 0.10	\$ 0.10	\$ 0.41	\$ 0.81
Basic weighted average number of shares (in '000s)	684,652	684,513	595,994	646,823	595,994

Full year review of financial results

Lower realized prices for metals had a major impact on sales revenue and gross profit for 2015. Gross profit was also impacted by higher Zambian royalties, as well as lower sales volumes in the first half of 2015. Gross profit did however benefit from cost reductions across the Company as well as the impact of favourable exchange rates on operating costs.

Gross profit for 2015 was 71% lower than in 2014 due principally to lower sales revenues across almost all operations with the exception of Guelb Moghrein where revenues increased by 26% despite lower realized copper prices. The royalty rate in Zambia was 6% throughout 2014 however rates were increased to 20% from January 1, 2015, and changed to 9% from July 1, 2015. Had the 2014 royalty rate of 6% been applicable for the full year 2015, costs would have been approximately \$127 million lower in 2015. Partially offsetting the overall decrease in revenues was lower cost of production at Kansanshi, Las Cruces and Guelb Moghrein which resulted in an overall reduction in operating costs of 5% on the prior year. Excluding the impact of increased royalties, operating costs in 2015 have reduced by 10% on the prior year.

Exploration costs in the year include expenses from the Company's exploration program and expenditure under option agreements. Costs were significantly lower than in 2014 as the exploration program has been reduced in the context of current market conditions. Exploration expenditure is focused on the Company's key greenfield exploration sites.

General and administrative costs were 27% lower in 2015 than in 2014 as a result of various cost reduction initiatives that were implemented during the year in response to the current market conditions, as well as favourable exchange rates.

Other expense was \$258 million in 2015 compared to other income of \$19 million in 2014. This was partly a result of a foreign exchange loss of \$109 million during 2015, primarily from the devaluation of the Zambian kwacha which impacted Zambian kwacha denominated asset balances due to the Company. Further contributing to other expenses in the year was the \$62 million impairment of the magnetite plant and associated costs at Guelb Moghrein, and the \$117 million impairment to the ENRC Promissory Note. Partly offsetting these expenses were insurance proceeds of \$58 million with respect to the atmospheric leach tank failure at Ravensthorpe in December 2014.

The income tax expense for the year was \$518 million. This was inclusive of a \$514 million tax expense arising on the recognition of a deferred tax liability following the reinstatement of corporate tax to 30% and variable profit tax of up to 15%.

Fourth quarter review of financial results

Q4 2015 gross profit was 39% lower compared with the comparable quarter of 2014. This is mainly attributable to lower sales revenues from lower realized average copper and nickel prices, partially offset by increased copper sales volumes.

Lower revenue was partially offset by cost reductions that contributed to lower underlying cost of operations through operational efficiencies, lower fuel costs, and at Kansanshi, a significant saving from reduced third party acid costs.

Q4 2015 general and administrative expenses were over a third lower than Q4 2014 reflecting a reduction in headcount coupled with lower staff costs following salary reductions of up to 20%.

Included within other expenses in the quarter is a foreign exchange loss of \$3 million compared to a gain of \$39 million in Q4 2014. In Q4 2014, a foreign exchange gain of \$58 million was recognized relating to euro denominated balances held by Las Cruces and Pyhäsalmi. The Company also recorded a \$1 million impairment to an equity investment in Q4 2015.

A tax credit of \$43 million was achieved during the quarter, largely relating to the realization of previously unrecognized losses.

	Q4 2015	Q4 2014	2015	2014	2013
Cash flows from operating activities	765	218	1,191	744	869
Cash flows (used by) from investing activities					
Payments and deposits for property, plant and equipment	(399)	(654)	(1,565)	(2,457)	(2,601)
Asset acquisition of Lumina	–	–	–	(190)	–
Capitalized borrowing costs paid in cash	(51)	(65)	(312)	(246)	(162)
Acquisition of Inmet, net of cash acquired	–	–	–	–	(964)
Partial repayment and prepaid interest from ENRC	23	–	238	110	–
Other investing activities	1	(1)	–	25	2,060
Cash flows from financing activities					
Proceeds on issuance of common shares	–	–	1,121	–	–
Net movement in debt and trading facilities	(254)	402	(594)	1,855	1,453
Dividends paid	–	(4)	(41)	(182)	(127)
Other financing activities	(7)	(1)	(35)	(15)	(59)
Exchange gains on cash and cash equivalents	11	10	5	18	–
Net cash flows	89	(95)	8	(338)	469
Cash balance	365	357	365	357	695
Cash balance including restricted cash	458	436	458	436	779
Total assets	18,618	17,824	18,618	17,824	15,471
Total current liabilities	1,095	697	1,095	697	1,805
Total long-term liabilities	6,891	7,039	6,891	7,039	4,578
Cash flows from operating activities per share ¹	\$ 1.12	\$ 0.36	\$ 1.84	\$ 1.25	\$ 1.55

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

Operating cash flows in 2015 are higher than 2014 due to \$338 million received from Franco-Nevada in the fourth quarter of 2015. Excluding this amount, operating cash flows for 2015 are slightly higher than 2014. The carrying value of inventory did not change significantly during 2015. Copper concentrate held by Kansanshi at the end of 2014 was processed through the Kansanshi smelter in 2015 and the majority remains held on the balance sheet as anode inventory at the end of 2015. This anode inventory held at the end of 2015 will be reduced in the first half 2016 as it is sold. Other changes in operating cash flow during 2015 include \$99 million in taxes paid during the year.

During 2015, the Company's subsidiary MPSA finalized an updated agreement with Franco-Nevada for the delivery of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a \$1.0 billion deposit to be funded on a pro-rata basis of 1:3 with certain of the Company's funding contributions to MPSA. At December 31, 2015, \$338 million had been received in cash from Franco-Nevada, of which \$29 million relates to advance payment of their share of future capital expenditure at Cobre Panama and is included within cashflows from operating activities.

The total VAT amount accrued by the Company's Zambian operations at December 31, 2015, is \$224 million, of which \$204 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. VAT refund claims submitted by Kansanshi subsequent to the Statutory Instrument change have begun to be recovered. During the period March to December 2015, Kansanshi made VAT claims of \$64 million of which \$18 million has been received in cash and \$46 million remains outstanding at December 31, 2015. VAT claims totaling \$158 million made by Kansanshi prior to February 2015 remain outstanding. The balance of VAT refunds has not been received as a result of the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. Management is in regular discussions with the relevant government authorities in efforts to resolve the industry and country-wide dispute that has arisen and expects to come to a resolution in the near future. The Company continues to consider the outstanding VAT refunds to be fully recoverable. It is the Company's view that as the timing of the

receipt of the VAT refund remains uncertain, the Kansanshi VAT receivable of \$158 million has been classified on the balance sheet as non-current at December 31, 2015.

Included within other assets on the balance sheet is \$55 million relating to amounts invoiced by ZESCO for electricity above the agreed-upon rates per the prevailing power supply agreement. The Company and ZESCO have agreed to resolve this dispute through arbitration in London and the Company has continued to pay some of the invoices at higher rates while arbitration is on-going.

Capital expenditure, excluding capitalized interest, on the Company's key development projects totalled \$1,565 million for the year (compared to \$2,457 million in 2014 excluding the acquisition of Lumina) and comprised primarily:

- \$610 million at Cobre Panama for project development
- \$450 million at Trident for project development and commissioning tasks
- \$324 million at Kansanshi for the smelter project and mine pit development costs

At December 31, 2015, the Company held a current receivable balance of \$64 million in respect of the amended ENRC Promissory Note, due from Eurasian Resources Group ("ERG"). An impairment of \$117 million (after amortization of prepaid interest) was recorded in net earnings following the receipt of \$215 million proceeds on July 15, 2015, in relation to this Note. A further \$21.25 million payment was received on November 3, 2015 and the Company also received a fee of \$1.25 million on December 1, 2015. Six additional equal monthly payments of \$10.625 million are agreed with ERG to be received starting January 1, 2016, of which the first two have been received at the date of this document. Annual interest of 10% is payable on the outstanding balance until paid. All existing security remains in place until the final payment due in June 2016.

Cash flows from financing activities of \$451 million include \$1,121 million from the equity issuance in Q2 2015, partially offset by \$594 million in net payments on the debt, amount owed to related party and trading facilities during the year. Furthermore, during 2015 dividends were paid to shareholders of the Company totaling \$39 million. From time to time, First Quantum may reduce outstanding debt, including through prepayments, redemptions, opportunistic market purchases and other means.

During the year ended December 31, 2015, the Government of the Republic of Zambia passed through parliament changes, effective from July 1, 2015, which reduced mineral royalties to 9% for open pit and underground mines and reinstated corporate tax of 30% and variable profits tax up to 15%. The reintroduction of corporation tax required a revaluation to the Company's deferred tax balances in Zambia resulting in a deferred tax charge of \$514 million in the year.

LIQUIDITY OUTLOOK

At December 31, 2015, the Company had total commitments of \$714 million, of which approximately \$402 million relates to the 12 months following the year end, 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.

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

	Carrying Value	Contractual Cashflows	< 1 year	1–3 years	3–5 years	Thereafter
Debt	4,953	6,592	605	1,675	2,216	2,096
Trading facilities	108	108	108	–	–	–
Trade and other payables	568	568	568	–	–	–
Liability to related party	390	632	–	137	62	433
Current taxes payable	108	108	108	–	–	–
Deferred payments	33	33	3	3	3	24
Finance leases	26	37	5	9	7	16
Commitments	–	714	318	383	5	8
Restoration provisions	552	929	7	13	26	883
Total	6,738	9,721	1,722	2,220	2,319	3,460

The Company's liquidity position at December 31, 2015, remained positive. At December 31, 2015, the Company had \$1,800 million of committed undrawn facilities and \$365 million in unrestricted cash, as well as future cash flows which support the Company's ability to meet current obligations as they become due, and was in full compliance with all covenants.

The Company has been impacted by market volatility and significant falls in commodity prices, particularly copper and nickel, along with power restrictions in Zambia. As previously announced, the Company has taken a number of actions to reduce cash outflows, and manage its debt and working capital. These actions are as follows, including related impacts as at December 31, 2015:

- A detailed review of the Cobre Panama capital budget, which resulted in a revised capital cost estimate of \$5.48 billion, 15% below the original estimate of \$6.42 billion;
- Reductions or re-phasing of other capital programs by approximately \$800 million;
- Work force and salary reductions, which, when combined with a detailed review of all operating costs, has led to annualized cost savings of approximately \$452 million excluding foreign exchange;
- Hedging of copper sales at an average price of \$2.41 per pound during the fourth quarter, with hedge contracts for 119,500 tonnes outstanding at the end of 2015;
- Plans to realize up to \$150 million through the reduction of working capital; and
- Disclosed its intention to reduce its net debt position by over \$1.0 billion by the end of Q1 2016 through a combination of asset sales and other strategic initiatives.

However, the current conditions have impacted the EBITDA generation of the Company, putting at risk the Company's ability to meet the Net Debt to EBITDA ratio covenant under the debt Financing Agreements. The definitions of both Net Debt and EBITDA used in computing the ratio under the covenant are defined in the Financing Agreements and are not the same as those used by management for the purposes of this document in discussing the Company's results. Current forecasts for 2016 indicate the Company may breach the Net Debt to EBITDA ratio covenant during the coming twelve months which results in the existence of a material uncertainty that casts significant doubt on the Company's ability to continue as a going concern. Accordingly, disclosure of this material uncertainty has been made in the notes to the consolidated financial statements.

The Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, and is managing the situation closely. Management has a strong expectation that the debt management initiatives initiated last year will be realized in the near term thereby significantly reducing the risk of breaching any covenants. Furthermore, there are various options available to management to further mitigate this risk, including asset sales, additional reductions to uncommitted capital expenditure, and renegotiation of covenants with the Company's principal bankers. These options are necessarily based on the agreement of other parties and, although believed to be reasonable, are nevertheless outside the Company's direct control.

In the light of the actions already taken and the alternatives available to the Company, the consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company continues to be a going concern, management have taken account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2015.

IMPAIRMENT REVIEW

As part of the preparation of the Company's consolidated financial statements, management reviewed each Cash-Generating Unit ("CGU") and its assets for the existence of any indicators of impairment, both internal and external. In the current low metal price environment, spot prices have been particularly depressed, while longer term pricing has proved more resilient at the balance sheet date. The Company's most significant CGUs are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions.

In performing its review of indicators of impairment, management has considered any changes to ore reserves and resources estimates made during the year, changes in relevant commodity prices, volatility in the debt and mining markets, future production costs and revised future capital expenditure estimates. Commodity prices were derived from the median of consensus forecasts, including a long-term copper price of \$2.98 per pound and long-term nickel price of \$8.00 per pound. In assessing each CGU's value, management has considered the current country risk profile and various possible future scenarios including, where relevant, potential temporary suspension of operations if such action is necessary by management.

For the Company's development projects, these are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. As management plans to continue to invest in these projects, and eventually develop them, there is no change in this assessment.

Given all of the information available to management at the balance sheet date, with the exception of the \$117 million impairment of the ENRC promissory note, the \$62 million impairment and related charges for the magnetite plant at Guelb Moghrein, and the \$12 million impairment of investments, none of the Company's assets were impaired.

HEDGING PROGRAM

The Company has hedging programs in respect of future copper sales and provisionally priced sales contracts. Below is a summary of the fair values of unsettled derivative financial instruments for commodity contracts recorded on the consolidated balance sheet.

(USD millions unless otherwise noted)		December 31, 2015	December 31, 2014
Commodity contracts:			
Asset position		81	22
Liability position		(4)	(2)

Hedging of future copper sales

During 2015, the Company entered into derivative contracts to ensure that the Company's exposure to the price of copper on future sales is managed so as to limit price volatility. As at December 31, 2015, the Company had entered into forward contracts to hedge copper at an average price of \$2.41/lb with maturities from December 2015 to September 2016. The Company has elected to apply hedge accounting, with the hedges expected to be highly effective in offsetting changes in cash flows of future sales. At December 31, 2015, \$54 million of revenue for settled hedges of 89,075 tonnes was realized, and a fair value gain of \$72 million was recognized on the remaining hedged positions of 119,500 tonnes through other comprehensive income.

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper	119,500	\$2.41/lb	\$2.13/lb	September 2016

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 December 31, 2015, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	72,078	\$2.13/lb	\$2.13/lb	June 2016
Nickel	3,061	\$3.94/lb	\$3.93/lb	January 2016
Gold	25,307	\$1,069/oz	\$1,062/oz	June 2016
Zinc	3,300	\$0.70/lb	\$0.73/lb	March 2016
Platinum	6,240	\$849/oz	\$872/oz	January 2016
Palladium	4,869	\$549/oz	\$547/oz	January 2016
Commodity contracts:				
Copper	74,103	\$2.13/lb	\$2.13/lb	June 2016
Nickel	3,061	\$3.94/lb	\$3.93/lb	January 2016
Gold	25,352	\$1,069/oz	\$1,062/oz	June 2016
Zinc	3,300	\$0.70/lb	\$0.73/lb	March 2016
Platinum	6,240	\$849/oz	\$872/oz	January 2016
Palladium	4,869	\$549/oz	\$547/oz	January 2016

As at December 31, 2015, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 689,331,082 shares outstanding.

SUMMARY OF RESULTS

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

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Consolidated operating statistics											
<i>Sales revenues</i>											
Copper	\$2,590	\$644	\$685	\$628	\$583	\$2,540	\$501	\$449	\$494	\$596	\$2,040
Nickel	531	146	148	157	146	597	62	86	85	76	309
Gold	282	56	66	59	48	229	52	53	66	64	235
PGE and other elements	150	45	46	41	44	176	35	22	28	29	114
Total sales revenues	3,553	891	945	885	821	3,542	650	610	673	765	2,698
Gross profit	1,134	282	292	241	183	998	26	54	103	110	293
EBITDA ¹	1,373	364	385	384	304	1,437	103	161	178	227	669
Comparative EBITDA ¹	1,420	374	405	356	282	1,417	118	164	261	230	773
Net earnings attributable to shareholders of the Company	459	127	134	121	453	835	(82)	(101)	(427)	114	(496)
Comparative earnings	521	131	155	134	62	482	(13)	20	70	190	267
Basic earnings per share	\$0.82	\$0.22	\$0.23	\$0.21	\$0.76	\$1.40	(\$0.14)	(\$0.16)	(\$0.62)	\$0.17	(\$0.77)
Comparative earnings per share	\$0.93	\$0.22	\$0.26	\$0.23	\$0.10	\$0.81	(\$0.02)	\$0.03	\$0.10	\$0.28	\$0.41
Diluted earnings per share	\$0.81	\$0.21	\$0.23	\$0.20	\$0.75	\$1.39	(\$0.14)	(\$0.16)	(\$0.62)	\$0.17	(\$0.77)
Dividends declared per common share (\$CDN per share)	\$0.1730	\$0.0930	–	\$0.0504	–	\$0.1434	\$0.0487	–	\$0.0330	–	\$0.0817
Basic weighted average # shares ('000's) ²	560,009	587,191	587,164	591,244	595,994	595,994	595,986	621,686	684,513	684,652	646,823
<i>Cash flows per share from operating activities</i>											
	\$1.55	\$0.15	\$0.32	\$0.42	\$0.36	\$1.25	\$0.25	\$0.17	\$0.25	\$1.12	\$1.84
<i>Copper statistics</i>											
Total copper production (tonnes)	412,281	113,118	107,808	101,553	105,176	427,655	96,318	104,233	107,485	120,193	428,229
Total copper sales (tonnes)	386,057	102,786	114,449	99,132	94,836	411,203	95,185	84,382	104,613	124,554	408,734
Realized copper price (per lb)	3.22	3.10	2.97	3.11	2.91	3.03	2.56	2.65	2.28	2.28	2.43
TC/RC (per lb)	(0.09)	(0.14)	(0.15)	(0.14)	(0.15)	(0.14)	(0.16)	(0.18)	(0.14)	(0.11)	(0.15)
Freight charges (per lb)	(0.14)	(0.12)	(0.11)	(0.10)	(0.09)	(0.11)	(0.12)	(0.10)	(0.02)	(0.02)	(0.06)
Net realized copper price (per lb)	2.99	2.84	2.71	2.87	2.67	2.78	2.28	2.37	2.12	2.15	2.22
Cash cost - copper (C1) (per lb) ¹	\$1.30	\$1.38	\$1.45	\$1.44	\$1.35	\$1.41	\$1.39	\$1.22	\$1.18	\$1.07	\$1.21
Total cost - copper (C3) (per lb) ¹	\$1.92	\$2.03	\$2.16	\$2.26	\$2.06	\$2.12	\$2.35	\$2.24	\$2.09	\$1.82	\$2.13
<i>Nickel statistics</i>											
Nickel production (contained tonnes)	47,066	11,838	12,223	11,884	9,934	45,879	6,268	9,059	9,955	10,190	35,472
Nickel sales (contained tonnes)	49,105	14,097	10,651	10,812	12,189	47,749	5,706	8,721	10,733	11,195	36,355
Nickel production (payable tonnes)	37,224	9,503	9,900	9,316	7,767	36,486	4,851	7,026	7,608	7,890	27,375
Nickel sales (payable tonnes)	38,376	11,113	8,344	8,417	9,374	37,248	4,360	6,662	8,299	8,706	28,027
Realized nickel price (per payable lb)	6.82	6.57	8.45	8.47	7.20	7.58	6.56	5.98	4.81	4.24	5.18
TC/RC (per payable lb)	(0.54)	(0.60)	(0.41)	(0.03)	(0.12)	(0.31)	(0.13)	(0.08)	(0.18)	(0.27)	(0.18)
Net realized nickel price (per payable lb)	6.28	5.97	8.04	8.44	7.08	7.27	6.43	5.90	4.63	3.97	5.00
Cash cost - nickel (C1) (per payable lb) ¹	\$5.02	\$4.37	\$4.16	\$4.52	\$4.49	\$4.40	\$4.40	\$4.68	\$4.56	\$4.31	\$4.50
Total cost - nickel (C3) (per payable lb) ¹	\$6.20	\$5.65	\$5.51	\$5.77	\$6.06	\$5.82	\$5.99	\$6.39	\$5.62	\$5.62	\$5.88
<i>Gold statistics</i>											
Total gold production (ounces)	248,078	60,164	60,723	51,446	57,480	229,813	52,782	56,725	56,887	57,520	223,914
Total gold sales (ounces)	228,962	53,126	60,135	52,235	48,608	214,104	49,880	50,804	63,411	61,371	225,466
Net realized gold price (per ounce)	1,231	1,056	1,102	1,124	989	1,071	1,036	1,044	1,042	1,024	1,037
<i>Platinum statistics</i>											
Platinum production (ounces)	30,403	8,857	9,210	6,712	9,311	34,090	6,468	6,104	9,142	10,185	31,899
Platinum sales (ounces)	28,930	9,931	10,558	5,079	8,330	33,898	7,310	7,223	8,486	11,847	34,866
<i>Palladium statistics</i>											
Palladium production (ounces)	24,639	6,485	7,000	5,271	7,234	25,990	4,977	4,731	7,426	8,062	25,196
Palladium sales (ounces)	23,420	7,769	7,285	4,536	6,256	25,846	5,342	5,431	6,447	9,231	26,451
<i>Zinc statistics</i>											
Zinc production (tonnes)	49,933	14,841	13,787	14,795	12,557	55,980	12,975	8,220	10,339	9,605	41,139
Zinc sales (tonnes)	51,925	12,858	15,420	15,327	12,663	56,268	13,054	7,411	10,117	11,036	41,618

¹ Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

² Fluctuations in average weighted shares between quarters reflects shares issued and changes in levels of treasury shares held for performance share units.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Kansanshi statistics											
<i>Mining</i>											
Waste mined (000's tonnes)	84,388	9,343	11,927	17,725	15,971	54,966	12,043	17,119	21,816	19,751	70,729
Ore mined (000's tonnes)	36,275	5,688	6,563	7,859	6,835	26,945	6,838	9,166	9,057	9,044	34,105
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	11,089	2,701	2,347	1,366	1,530	7,944	1,389	1,503	2,478	2,926	8,296
Sulphide ore grade processed (%)	0.8	1.0	0.8	1.0	1.0	0.9	0.9	0.9	0.8	0.7	0.8
Sulphide ore recovery (%)	92	92	91	91	89	91	90	92	91	92	91
Mixed ore processed (000's tonnes)	7,677	1,316	1,770	3,064	3,263	9,413	3,288	3,342	2,359	1,960	10,949
Mixed ore grade processed (%)	1.2	1.1	1.1	1.2	1.1	1.1	1.1	1.0	1.0	1.1	1.1
Mixed ore recovery (%)	71	72	75	74	70	73	68	68	71	73	72
Oxide ore processed (000's tonnes)	6,662	1,923	2,448	1,853	1,753	7,977	1,367	1,760	1,773	1,895	6,795
Oxide ore grade processed (%)	2.2	2.2	1.7	1.6	1.6	1.8	1.5	1.6	1.3	1.7	1.5
Oxide ore recovery (%)	86	82	83	85	81	83	89	79	82	83	80
Copper cathode produced (tonnes)	99,834	28,022	29,813	25,162	19,365	102,362	14,915	18,750	18,434	14,191	66,290
Copper cathode tolled produced (tonnes)	64,675	2,560	–	–	–	2,560	–	–	–	–	–
Copper in concentrate produced (tonnes)	106,214	39,967	36,483	38,356	42,559	157,365	38,631	38,266	36,078	47,409	160,384
Total copper production	270,724	70,549	66,296	63,518	61,924	262,287	53,546	57,016	54,512	61,600	226,674
Concentrate grade (%)	24.6	24.2	22.5	23.9	22.2	23.3	23.4	22.5	20.8	19.6	21.1
Concentrate processed (DMT) ²	–	–	–	–	–	–	21,367	204,685	254,709	228,427	709,188
Copper anodes produced (tonnes) ²	–	–	–	–	–	–	3,086	43,628	57,085	46,493	150,292
Gold produced (ounces)	167,395	39,734	41,760	36,232	36,705	154,431	32,592	35,182	34,474	34,009	136,257
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.52	\$0.64	\$0.73	\$0.57	\$0.61	\$0.64	\$0.67	\$0.56	\$0.67	\$0.60	\$0.62
Processing	0.79	0.78	0.84	0.91	0.93	0.86	0.88	0.69	0.61	0.43	0.65
Site administration	0.07	0.07	0.09	0.08	0.05	0.07	0.09	0.06	0.06	0.04	0.06
TC/RC and freight charges	0.34	0.37	0.34	0.30	0.31	0.33	0.40	0.59	0.20	0.12	0.29
Gold credit	(0.34)	(0.29)	(0.30)	(0.29)	(0.22)	(0.27)	(0.27)	(0.33)	(0.28)	(0.21)	(0.26)
Total smelter costs	–	–	–	–	–	–	–	(0.20)	0.08	0.11	0.02
Cash cost (C1) (per lb) ¹	\$1.38	\$1.57	\$1.70	\$1.57	\$1.68	\$1.63	\$1.77	\$1.37	\$1.34	\$1.09	\$1.38
Total cost (C3) (per lb) ¹	\$1.83	\$2.04	\$2.22	\$2.21	\$2.17	\$2.16	\$2.75	\$2.38	\$2.23	\$1.82	\$2.28
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$1,245	\$207	\$244	\$229	\$228	\$908	\$137	\$124	\$108	\$132	\$501
Copper anode	–	–	–	–	–	–	16	–	139	248	403
Copper in concentrates	401	183	185	142	108	618	129	112	29	9	279
Gold	186	40	48	38	26	152	32	32	34	41	139
Total sales revenues	\$1,832	\$430	\$477	\$409	\$362	\$1,678	\$314	\$268	\$310	\$430	\$1,322
Copper cathode sales (tonnes)	115,778	27,153	36,580	32,921	31,386	128,040	20,202	19,372	20,036	22,238	81,848
Copper tolled cathode sales (tonnes)	64,675	2,560	–	–	–	2,560	–	–	–	–	–
Copper anode sales (tonnes)	–	–	–	–	–	–	2,922	127	27,338	52,635	83,022
Copper in concentrate sales (tonnes)	68,292	33,357	36,629	25,391	21,335	116,712	30,380	24,789	7,182	2,972	65,323
Gold sales (ounces)	152,632	37,728	43,784	33,366	27,731	142,609	31,307	30,459	31,542	38,664	131,972

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

² Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel concentrate processed.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Las Cruces statistics											
<i>Mining</i>											
Waste mined (000's tonnes)	17,066	852	4,476	7,096	6,629	19,053	2,615	3,154	7,190	2,500	15,459
Ore mined (000's tonnes)	1,173	362	558	422	350	1,692	298	566	476	197	1,537
<i>Processing</i>											
Copper ore processed (000's tonnes)	1,253	375	372	413	379	1,539	362	388	370	380	1,500
Copper ore grade processed (%)	6.2	5.5	5.1	4.8	5.2	5.1	5.1	5.1	5.2	5.3	5.2
Recovery (%)	89	91	90	89	89	90	91	88	90	93	90
Copper cathode produced (tonnes)	69,304	18,675	17,197	17,693	17,525	71,090	16,694	17,362	17,365	18,608	70,029
<i>Cash Costs (per lb)¹</i>											
Cash cost (C1) (per lb) ¹	\$1.14	\$0.98	\$0.89	\$1.03	\$0.95	\$0.96	\$0.97	\$0.87	\$0.73	\$1.03	\$0.90
Total cost (C3) (per lb) ¹	\$2.13	\$1.92	\$2.00	\$2.04	\$1.94	\$1.97	\$1.90	\$2.07	\$1.84	\$1.90	\$1.93
<i>Revenues (\$ millions)</i>											
Copper cathode	\$490	\$132	\$129	\$126	\$104	\$491	\$116	\$101	\$94	\$91	\$402
Copper cathode sales (tonnes)	66,806	18,657	18,867	18,002	15,594	71,120	19,598	16,600	17,484	16,884	70,566

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration insurance and royalties.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Guelb Moghrein statistics											
<i>Mining</i>											
Waste mined (000's tonnes)	22,313	4,390	4,755	3,394	4,601	17,140	2,972	6,198	4,245	4,130	17,545
Ore mined (000's tonnes)	2,891	682	730	703	971	3,086	829	840	751	498	2,918
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,847	738	729	621	969	3,057	1,001	1,014	979	1,021	4,015
Sulphide ore grade processed (%)	1.4	1.3	1.2	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.2
Recovery (%)	94	93	92	92	91	92	92	91	92	91	92
Copper in concentrate produced (tonnes)	37,970	8,847	8,069	6,395	9,768	33,079	10,642	11,141	11,373	11,845	45,001
Gold produced (ounces)	58,191	13,849	12,256	8,942	13,901	48,948	14,468	16,240	16,154	17,145	64,007
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.50	\$0.56	\$0.78	\$0.67	\$0.43	\$0.60	\$0.43	\$0.32	\$0.38	\$0.38	\$0.38
Processing	1.18	1.06	1.14	1.32	0.94	1.09	0.68	0.67	0.68	0.60	0.67
Site administration	0.32	0.21	0.24	0.37	0.21	0.25	0.18	0.16	0.19	0.12	0.16
TC/RC and freight charges	0.57	0.52	0.57	0.61	0.57	0.57	0.58	0.67	0.59	0.48	0.57
Gold credit	(0.99)	(0.79)	(0.86)	(0.86)	(0.84)	(0.84)	(0.76)	(0.83)	(0.75)	(0.75)	(0.77)
Cash cost (C1) (per lb) ¹	\$1.58	\$1.56	\$1.87	\$2.11	\$1.31	\$1.67	\$1.11	\$0.99	\$1.09	\$0.83	\$1.01
Total cost (C3) (per lb) ¹	\$2.11	\$2.20	\$2.62	\$2.94	\$2.07	\$2.41	\$1.80	\$1.70	\$1.70	\$1.49	\$1.67
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$239	\$39	\$35	\$54	\$48	\$176	\$44	\$46	\$74	\$49	\$213
Gold	76	10	12	17	15	54	14	17	28	17	76
Total sales revenues	\$315	\$49	\$47	\$71	\$63	\$230	\$58	\$63	\$102	\$66	\$289
Copper in concentrate sales (tonnes)	36,585	6,360	6,064	9,152	8,519	30,095	9,010	9,470	17,614	11,228	47,322
Gold sales (ounces)	56,040	9,075	9,488	13,917	13,421	45,901	12,860	14,568	26,585	16,667	70,680

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Ravensthorpe statistics											
<i>Processing</i>											
Beneficiated ore processed (000's tonnes)	3,119	761	828	829	710	3,128	369	528	687	750	2,334
Beneficiated ore grade processed (%)	1.6	1.6	1.5	1.5	1.4	1.5	1.4	1.5	1.4	1.4	1.4
Nickel recovery - leach feed to NI produced (%)	82	85	83	84	82	84	92	93	85	84	88
Nickel produced (contained tonnes)	38,103	9,370	9,611	9,728	7,736	36,445	4,238	7,115	7,662	7,653	26,668
Nickel produced (payable tonnes)	29,137	7,266	7,528	7,619	6,059	28,472	3,274	5,513	5,893	5,887	20,567
<i>Cash Costs (per lb)¹</i>											
Mining	\$0.77	\$0.74	\$0.74	\$0.80	\$0.94	\$0.80	\$0.86	\$0.81	\$0.84	\$0.96	\$0.87
Processing	3.47	2.76	2.99	3.39	3.64	3.18	3.24	3.12	3.25	2.94	3.12
Site administration	0.34	0.26	0.28	0.32	0.29	0.29	0.43	0.42	0.32	0.31	0.36
TC/RC and freight charges	0.54	0.48	0.48	0.49	0.41	0.46	0.39	0.60	0.46	0.53	0.51
Cobalt credit	(0.13)	(0.22)	(0.23)	(0.22)	(0.24)	(0.23)	(0.26)	(0.25)	(0.27)	(0.25)	(0.26)
Cash cost (C1) (per lb) ¹	\$4.99	\$4.02	\$4.26	\$4.79	\$5.04	\$4.50	\$4.66	\$4.70	\$4.60	\$4.49	\$4.60
Total cost (C3) (per lb) ¹	\$6.18	\$5.38	\$5.66	\$6.44	\$6.57	\$5.98	\$6.28	\$6.13	\$5.93	\$5.82	\$5.99
<i>Revenues (\$ millions)</i>											
Nickel	\$465	\$115	\$127	\$129	\$121	\$492	\$41	\$67	\$65	\$61	\$234
Cobalt	9	4	4	3	4	15	2	2	4	4	12
Total sales revenues	\$474	\$119	\$131	\$132	\$125	\$507	\$43	\$69	\$69	\$65	\$246
Nickel sales (contained tonnes)	40,612	10,420	8,825	8,824	9,912	37,981	3,732	6,556	8,062	8,583	26,933
Nickel sales (payable tonnes)	30,972	8,042	6,879	6,937	7,688	29,546	2,962	5,125	6,270	6,716	21,073

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Kevitsa statistics											
<i>Mining</i>											
Total tonnes mined (000's tonnes)	21,604	5,626	7,357	6,880	8,302	28,165	8,514	10,072	9,029	9,322	36,937
<i>Processing</i>											
Ore tonnes milled (000's tonnes)	6,314	1,527	1,809	1,666	1,709	6,711	1,504	1,559	1,811	1,791	6,665
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 (%)	63	65	61	56	63	61	64	66	67	69	67
Nickel production (tonnes)	8,963	2,469	2,611	2,156	2,197	9,433	2,030	1,944	2,293	2,538	8,805
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 (%)	83	88	89	87	84	87	89	89	90	89	89
Copper production (tonnes)	14,775	3,988	4,648	4,798	4,101	17,535	4,408	4,293	4,196	4,307	17,204
<i>Revenues (\$ millions)</i>											
Gold production (ounces)	11,723	3,029	3,514	3,208	3,093	12,844	3,002	2,890	3,324	3,631	12,847
Platinum production (ounces)	30,403	8,857	9,210	6,712	9,311	34,090	6,468	6,104	9,142	10,185	31,899
Palladium production (ounces)	24,639	6,485	7,000	5,271	7,234	25,990	4,977	4,731	7,426	8,062	25,196
Cash cost - Nickel (C1) (per lb) ^{1,2}	\$5.24	\$5.19	\$4.02	\$3.24	\$2.66	\$4.07	\$3.87	\$4.61	\$4.41	\$3.78	\$4.16
Total cost - Nickel (C3) (per lb) ^{1,2}	\$6.41	\$6.23	\$5.13	\$4.41	\$4.31	\$5.29	\$5.49	\$7.32	\$4.54	\$5.03	\$5.54
Cash cost - Copper (C1) (per lb) ^{1,2}	\$1.68	\$1.52	\$0.97	\$2.19	\$1.11	\$1.42	\$1.32	\$1.22	\$1.56	\$1.46	\$1.38
Total cost - Copper (C3) (per lb) ^{1,2}	\$2.44	\$2.30	\$1.66	\$3.01	\$2.24	\$2.27	\$2.04	\$2.23	\$1.68	\$1.67	\$1.90
<i>Revenues (\$ millions)</i>											
Nickel	\$66	\$31	\$20	\$28	\$25	\$104	\$20	\$21	\$19	\$15	\$75
Copper	79	31	33	16	29	109	19	22	13	20	74
Gold	8	3	4	1	3	11	2	3	2	3	10
PGE and other	45	16	14	8	9	47	7	6	7	10	30
Total sales revenues	\$198	\$81	\$71	\$53	\$66	\$271	\$48	\$52	\$41	\$48	\$189
Nickel sales (tonnes)	8,493	3,677	1,825	1,989	2,277	9,768	1,974	2,165	2,671	2,611	9,421
Copper sales (tonnes)	12,652	5,237	5,787	2,973	5,545	19,542	4,103	4,704	3,254	5,020	17,081
Gold sales (ounces)	7,358	2,749	3,485	1,413	3,229	10,876	2,611	3,383	2,132	3,413	11,539
Platinum sales (ounces)	28,930	9,931	10,558	5,079	8,330	33,898	7,310	7,223	8,486	11,847	34,866
Palladium sales (ounces)	23,420	7,769	7,285	4,536	6,256	25,846	5,342	5,431	6,447	9,231	26,451

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

² C1 cash cost and C3 total cost 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.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Çayeli statistics											
<i>Mining</i>											
Ore mined (000's tonnes)	1,330	332	337	321	366	1,356	327	303	313	290	1,233
<i>Processing</i>											
Ore milled (000's tonnes)	1,333	337	332	324	348	1,341	332	315	312	270	1,229
Copper ore grade processed (%)	3.1	2.7	3.0	2.5	2.8	2.7	2.6	2.2	2.4	2.6	2.5
Copper ore recovery (%)	77	80	83	77	81	80	81	81	78	81	81
Zinc ore grade processed (%)	4.9	4.4	3.8	4.7	4.1	4.3	3.3	2.7	3.2	2.8	3.0
Zinc ore recovery (%)	66	66	62	65	60	63	55	55	54	51	54
Copper produced (tonnes)	31,510	7,142	8,229	6,169	7,820	29,360	7,136	5,746	5,816	5,606	24,304
Zinc produced (tonnes)	43,097	9,791	7,898	10,016	8,513	36,218	5,954	4,599	5,477	3,778	19,808
<i>Cash Costs (per lb)^{1,2}</i>											
Cash cost - Copper (C1) (per lb) ¹	\$0.76	\$0.76	\$0.80	\$1.04	\$1.02	\$0.90	\$1.02	\$1.34	\$1.43	\$1.41	\$1.29
Total cost - Copper (C3) (per lb) ¹	\$1.64	\$1.72	\$1.63	\$2.43	\$1.66	\$1.83	\$2.04	\$2.19	\$2.53	\$1.79	\$2.15
<i>Revenues (\$ millions)</i>											
Copper	\$185	\$32	\$38	\$42	\$43	\$155	\$24	\$30	\$22	\$17	\$93
Zinc	48	10	11	15	11	47	6	5	4	3	18
Other	15	1	3	3	3	10	2	1	1	2	6
Total sales revenues	\$248	\$43	\$52	\$60	\$57	\$212	\$32	\$36	\$27	\$22	\$117
Copper sales (tonnes)	31,370	5,711	7,264	7,847	8,419	29,241	5,720	6,747	5,672	4,262	22,401
Zinc sales (tonnes)	43,354	8,639	9,069	10,228	9,362	37,298	5,166	4,967	4,499	4,847	19,479

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Pyhäsalmi statistics											
<i>Mining</i>											
Ore mined (000's tonnes)	1,382	342	360	340	360	1,402	341	341	350	352	1,384
<i>Processing</i>											
Ore milled (000's tonnes)	1,382	342	347	345	343	1,377	341	346	347	345	1,379
Copper ore grade processed (%)	1.1	1.2	1.0	0.9	1.2	1.1	0.9	0.9	1.0	0.9	0.9
Copper ore recovery (%)	97	97	96	95	97	96	97	97	96	97	97
Zinc ore grade processed (%)	1.7	1.6	1.9	1.5	1.3	1.6	2.2	1.2	1.6	1.9	1.7
Zinc ore recovery (%)	92	90	91	90	89	90	92	90	89	90	91
Copper produced (tonnes)	14,854	3,917	3,369	2,980	4,038	14,304	2,889	2,877	3,245	3,035	12,046
Zinc produced (tonnes)	21,679	5,050	5,889	4,780	4,043	19,762	7,021	3,621	4,862	5,827	21,331
Pyrite produced (tonnes)	825,821	196,884	224,388	219,224	200,433	840,929	198,855	204,493	220,327	216,031	839,706
<i>Cash Costs (per lb)¹</i>											
Cash cost - Copper (C1) (per lb) ¹	\$0.14	\$0.52	\$0.18	\$0.09	(\$0.49)	\$0.06	(\$0.52)	\$0.84	\$0.55	\$0.42	\$0.30
Total cost - Copper (C3) (per lb) ¹	\$1.82	\$2.54	\$2.24	\$2.24	\$1.49	\$2.11	\$1.64	\$2.96	\$2.62	\$2.53	\$2.42
<i>Revenues (\$ millions)</i>											
Copper	\$101	\$22	\$20	\$18	\$24	\$84	\$17	\$13	\$15	\$13	\$58
Zinc	27	5	8	8	5	26	11	3	6	5	25
Pyrite	33	5	6	6	11	28	8	2	5	6	21
Other	13	5	4	2	4	15	3	3	4	2	12
Total sales revenues	\$174	\$37	\$38	\$34	\$44	\$153	\$39	\$21	\$30	\$26	\$116
Copper sales (tonnes)	15,221	3,750	3,259	2,847	4,038	13,894	3,250	2,573	3,561	2,892	12,276
Zinc sales (tonnes)	22,339	4,219	6,351	5,100	3,300	18,970	7,888	2,444	5,619	6,188	22,139
Pyrite sales (tonnes)	769,919	191,801	216,244	211,949	320,849	940,843	229,353	104,919	198,224	218,233	750,729

¹ Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

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

	2013	Q1 14	Q2 14	Q3 14	Q4 14	2014	Q1 15	Q2 15	Q3 15	Q4 15	2015
Sentinel statistics											
<i>Processing</i>											
Copper produced (tonnes)	-	-	-	-	-	-	1,003	5,799	10,979	15,190	32,971

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 cost (C1) and total cost (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 cost and total cost

The consolidated cash cost (C1) and total cost (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 C1 cash cost and C3 total cost for each segment, the costs are prepared on the same basis as the segmented financial information that is contained in the financial statements.

C1 cash cost includes 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 C1 cash cost to arrive at an approximate cost of finished metal. C3 total cost is C1 cash cost plus depreciation, exploration, insurance and royalties.

All-in sustaining cost (AISC) is defined as cash cost (C1) plus general and administrative expenses, capitalized stripping, sustaining capital expenditures and royalties.

Group Cost of Sales	Q4 2015	Q3 2015	Q4 2014	2015	2014
Copper	(517)	(450)	(484)	(1,981)	(2,024)
Nickel	(115)	(120)	(154)	(401)	(520)
Other	(23)	–	–	(23)	–
Total cost of sales	(655)	(570)	(638)	(2,405)	(2,544)

Copper Operations	Q4 2015	Q3 2015	Q4 2014	2015	2014
Cost of sales	(517)	(450)	(484)	(1,981)	(2,024)
Adjustments:					
Depreciation	126	122	107	489	472
By-product credits	80	84	83	315	363
Royalties	41	48	25	240	131
Treatment and refining charges and freight costs	(34)	(41)	(50)	(188)	(227)
Finished goods	68	2	–	78	(38)
Other	(4)	(7)	13	20	28
Cash cost (C1)	(240)	(242)	(306)	(1,027)	(1,295)
Adjustments:					
Depreciation (excluding depreciation in finished goods)	(134)	(139)	(116)	(527)	(496)
Royalties	(41)	(48)	(25)	(240)	(131)
Other	(3)	(5)	(7)	(14)	(20)
Total cost (C3)	(418)	(434)	(454)	(1,808)	(1,942)
Copper production (tonnes) ¹	120,193	107,485	105,176	428,229	427,655
Copper sales (tonnes) ¹	124,554	104,613	94,836	408,734	411,203
Cash cost – copper (C1) (per lb) ²	\$1.07	\$1.18	\$1.35	\$1.21	\$1.41
Total cost – copper (C3) (per lb) ²	\$1.82	\$2.09	\$2.03	\$2.13	\$2.12

¹ Total copper production includes initial production at Sentinel of 15,190 tonnes for the three months ended December 31, 2015 and 32,971 tonnes for the year ended December 31, 2015. Total copper sales includes initial sales at Sentinel of 6,422 tonnes for the three months ended December 31, 2015 and 8,896 tonnes for the year ended December 31, 2015.

² C1 cash cost and C3 total cost are calculated by applying either copper sales or production tonnages to the associated cost.

Nickel Operations	Q4 2015	Q3 2015	Q4 2014	2015	2014
Cost of sales	(115)	(120)	(154)	(401)	(520)
Adjustments:					
Depreciation	20	17	21	71	89
By-product credits	7	9	8	28	38
Royalties	3	3	7	11	24
Treatment and refining charges and freight costs	(5)	(3)	(3)	(11)	(25)
Finished goods	12	10	18	26	10
Other	2	7	25	4	30
Cash cost (C1)	(76)	(77)	(78)	(272)	(354)
Adjustments:					
Depreciation (excluding depreciation in finished goods)	(19)	(14)	(21)	(69)	(87)
Royalties	(3)	(3)	(7)	(11)	(24)
Other	(1)	(1)	–	(4)	(5)
Total cost (C3)	(99)	(95)	(106)	(356)	(470)
Nickel production (tonnes)	7,890	7,608	7,767	27,375	36,486
Nickel sales (payable tonnes)	8,706	8,299	9,374	28,027	37,248
Cash cost – nickel (C1) (per lb) ¹	\$4.31	\$4.56	\$4.49	\$4.50	\$4.40
Total cost – nickel (C3) (per lb) ¹	\$5.62	\$5.62	\$6.06	\$5.88	\$5.82

¹ C1 cash cost and C3 total cost are calculated by applying either nickel sales or production tonnages to the associated cost.

Calculation of operating cash flow per share, EBITDA and comparative earnings

In calculating the operating cash flow per share, 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 measure 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.

	Q4 2015	Q3 2015	Q4 2014	2015	2014
Operating profit (loss)	78	39	162	(84)	841
Add back:					
Depreciation	148	139	138	562	571
Impairment and related charges	1	–	4	191	25
EBITDA	227	178	304	669	1,437
Adjustments:					
Foreign exchange (gain) loss	4	94	(39)	109	(37)
Leach tank failure at Ravensthorpe	–	(9)	9	–	9
Restructuring costs	–	–	–	2	–
Loss on disposal of assets	–	2	2	3	2
Revisions in estimates of restoration provisions on closed sites	(1)	(4)	6	(10)	6
Total adjustments to EBITDA	3	83	(22)	104	(20)
Comparative EBITDA	230	261	282	773	1,417
	Q4 2015	Q3 2015	Q4 2014	2015	2014
Net earnings (loss) attributable to shareholders of the Company	114	(427)	453	(496)	835
Adjustments attributable to shareholders of the Company:					
Total adjustments to EBITDA including impairment	4	83	(18)	295	5
Tax on adjustments	26	541	(372)	556	(354)
Minority interest share of adjustments	46	(127)	(1)	(88)	(4)
Other	–	–	–	–	–
Comparative earnings	190	70	62	267	482
Earnings (loss) per share as reported	\$0.17	(\$0.62)	\$0.76	(\$0.77)	\$1.40
Comparative earnings per share	\$0.28	\$0.10	\$0.10	\$0.41	\$0.81

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 knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. References to notes in the text below refer to the notes to the consolidated financial statements.

(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 (note 6), restoration provisions (note 12), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

■ Achievement of commercial production - (accounting policy note 3f(ii))

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 achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral recoveries at or near expected levels; and the transfer of operations from development personnel to operational personnel has been completed.

During the year ended December 31, 2015, the Company concluded that the Kansanshi smelter was operating in a manner intended by management and commercial production was effective from July 1, 2015.

Management have considered at the year end the factors set out above in determining that operations at Trident have not yet reached commercial production.

■ Taxes - (accounting policy note 3k)

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 - (accounting policy note 3d)

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.

■ Precious metal stream arrangement - (accounting policy note 3j)

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Franco-Nevada will provide \$1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine.

Management has determined that the under the terms of the agreement the Company meets the 'own-use' exemption criteria under *IAS 39: Financial Instruments*. The Company also retains significant business risk relating to the completion of the project and delivery of produced gold and silver and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgement in determining the appropriate accounting treatment for the Franco-Nevada streaming agreement. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panama reserves and mine plan, that the Franco-Nevada contribution to capital expenditure constitutes a prepayment of revenues deliverable from future Cobre Panama production.

At December 31, 2015, the Company had received \$338 million from Franco-Nevada.

■ Assessment of impairment indicators - (accounting policy note 3h)

Management applies significant judgement in assessing each cash generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed by senior management.

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.

Management made significant estimates of the strip ratio for each production phase. Waste material stripping costs in excess of this ratio, and from which future economic benefit will be derived from future access to ore, will be capitalized to mineral property and depreciated on a units-of-production basis.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 6), restoration provisions (note 12), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

■ Review of asset carrying values and impairment charges - (accounting policy note 3h)

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.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 6 and note 7 respectively, and by mine location in note 23.

■ Estimation of the amount and timing of restoration and remediation costs - (accounting policy note 3i)

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. The carrying amount of the Company's restoration provision is disclosed in note 12.

■ Taxes - (accounting policy note 3k)

The Company operates in a specialized industry and in a number of 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. Deferred income tax assets are disclosed in note 13.

■ Inventory

In valuing inventories at the lower of cost and net realizable value, the Company makes estimates in determining the net realizable price and in quantifying the contained metal in stockpiled ore and work in progress.

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 December 31, 2015, substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. More than 74% of the Company's trade receivables are generated from five customers together representing greater than 45% of the total sales for the year. Of these five customers, the revenues generated by one customer exceeded 10% of the total revenue earned in the period. A balance of \$38 million was past due from this customer at the balance sheet date and is classified as a current receivable. The Company continues to trade with this customer. Revenues earned from this customer are included within the Kansanshi segment. 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.

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 year ended December 31, 2015, and December 31, 2014. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable. Refer to note 2 in the financial statements for further discussion of the Company's liquidity risk.

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.

During 2015, the Company commenced a new hedging program and elected to apply hedge accounting for a portion of copper sales with the contracts expected to be highly effective in offsetting changes in the cash flows of future sales. For the year ended December 31, 2015, a fair value gain of \$72 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value gain of \$54 million has been recognized through sales revenues. As at December 31, 2015, 119,500 tonnes of copper forward sales contracts at a price of \$2.41 remain outstanding with periods of maturity to September 2016. A deferred tax charge has been recognized in other comprehensive income with a corresponding tax credit recognized in the statement of earnings.

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. As at December 31, 2015, and December 31, 2014, 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 is primarily on cash, and net earnings in relation to the 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 December 31, 2015, and December 31, 2014, the Company held no floating-to-fixed interest rate swaps.

c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("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").

The Company's risk management policy allows for the management of exposure to local currencies through the use of financial instruments at a targeted amount of up to 100% for exposures within one year down to 50% for exposures in five years.

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, 2015 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, 2015 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, 2015 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 December 31, 2015, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative

to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. These forward-looking statements are principally included in the Development activities section and are also disclosed in other sections of the document. The forward looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, commissioning and reaching commercial production at Sentinel and expected timing of completion of project development at Enterprise and Cobre Panama and are subject to 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 continuing production at all operating facilities, 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, the temporary or permanent closure of uneconomic operations, 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, power supply, 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of First Quantum Minerals Ltd. and the information contained in the annual report have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

Signed by
Philip K.R. Pascall
Chairman and Chief Executive Officer

Signed by
Hannes Meyer
Chief Financial Officer

February 18, 2016

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF FIRST QUANTUM MINERALS LTD.

We have audited the accompanying consolidated financial statements of First Quantum Minerals Ltd., which comprise the consolidated balance sheet as at December 31, 2015 and December 31, 2014, and the consolidated statements of earnings (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Quantum Minerals Ltd. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter – Going concern

We draw attention to Note 2 to the consolidated financial statements which describes the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern in respect of the group's ability to comply with its debt covenants. The consolidated financial statements do not include the adjustments that would result if the group was unable to continue as a going concern. Our opinion is not qualified in respect of this matter.

Signed by
PricewaterhouseCoopers LLP
London

February 18, 2016

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the years ended December 31, 2015 and 2014

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

	Note	2015	2014
Sales revenues	17	2,698	3,542
Cost of sales	18, 19	(2,405)	(2,544)
GROSS PROFIT		293	998
Exploration	19	(34)	(60)
General and administrative	19	(85)	(116)
Impairments and related charges	20	(190)	(16)
Other income (expense)	21	(68)	35
OPERATING PROFIT (LOSS)		(84)	841
Finance income		15	33
Finance costs	22	(23)	(22)
EARNINGS (LOSS) BEFORE INCOME TAXES		(92)	852
Income tax credit (expense)	13	(518)	141
NET EARNINGS (LOSS) FOR THE YEAR		(610)	993
NET EARNINGS (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Non-controlling interests		(114)	158
Shareholders of the Company	15	(496)	835
EARNINGS (LOSS) PER COMMON SHARE (expressed in \$ per share)			
Basic	15	(0.77)	1.40
Diluted	15	(0.77)	1.39
WEIGHTED AVERAGE SHARES OUTSTANDING (000'S)			
Basic	15	646,823	595,994
Diluted	15	646,823	599,978
TOTAL SHARES ISSUED AND OUTSTANDING (000'S)	14	689,331	600,506

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2015 and 2014

(expressed in millions of U.S. dollars)

	2015	2014
NET EARNINGS (LOSS) FOR THE YEAR	(610)	993
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to net earnings:		
Unrealized gain on cash flow hedge (note 24)	72	–
Deferred tax on unrealized gain on cash flow hedge (note 24)	(19)	–
Unrealized gain (loss) on available-for-sale investments	(1)	10
Tax on unrealized gain on available-for-sale investments	–	(1)
Capitalization of gains on investments previously classified as available-for-sale	–	(9)
Reclassification to net earnings of net loss on available-for-sale investments	1	–
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(557)	993
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:		
Non-controlling interests	(114)	158
Shareholders of the Company	(443)	835
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	(557)	993

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014
(expressed in millions of U.S. dollars)

	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings for the year		(610)	993
Items not affecting cash			
Depreciation	18	562	572
Income tax (credit) expense	13	518	(141)
Share-based compensation expense	16	23	22
Impairments and related charges		190	16
Net finance (income) expense		8	(11)
Unrealized foreign exchange		84	(97)
Other		11	8
		786	1,362
Taxes paid		(99)	(259)
Franco-Nevada Corporation ("Franco-Nevada") precious metal stream arrangement	11	338	-
Change in non cash operating working capital			
(Increase) decrease in trade and other receivables and derivatives		16	(95)
(Increase) decrease in inventories		46	(54)
Increase (decrease) in trade and other payables		115	(156)
Long term incentive plan contributions ¹		(11)	(54)
		1,191	744
CASH FLOWS USED BY INVESTING ACTIVITIES			
Purchase and deposits on property, plant and equipment	6	(1,565)	(2,647)
Interest paid and capitalized to property, plant and equipment	6	(312)	(246)
Partial repayment and prepaid interest on ENRC Promissory note		238	110
Interest received		2	22
Other		(2)	3
		(1,639)	(2,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in trading facility		73	(21)
Movement in restricted cash		(21)	(3)
Proceeds from debt		954	3,164
Repayments of debt		(1,730)	(1,431)
Proceeds from Korea-Panama Mining Corporation ("KPMC")	10	109	143
Dividends paid to the shareholders of the Company	14	(39)	(78)
Dividends paid to non-controlling interest		(2)	(104)
Proceeds on issuance of common shares		1,121	-
Other		(14)	(12)
		451	1,658
DECREASE IN CASH AND CASH EQUIVALENTS			
		3	(356)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR			
		357	695
Exchange gains on cash and cash equivalents		5	18
CASH AND CASH EQUIVALENTS - END OF YEAR			
	24	365	357

¹ Treasury shares are purchased via a trust which is consolidated in the results of the Company. The purchases are made to fund future long-term incentive plan contributions. Refer to note 16.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at December 31, 2015 and 2014
(expressed in millions of U.S. dollars)

	Note	December 31, 2015	December 31, 2014
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		365	357
Trade and other receivables	4	303	344
Inventories	5	1,184	1,197
Promissory note receivable	20	64	426
Current portion of other assets	8	241	137
		2,157	2,461
Cash and cash equivalents - restricted cash	12	93	79
Non-current VAT receivable		158	246
Property, plant and equipment	6	15,923	14,719
Goodwill	7	237	237
Other assets	8	50	82
Total assets		18,618	17,824
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		568	553
Current taxes payable		108	69
Current debt	9	386	53
Current portion of provisions and other liabilities	10	32	22
		1,094	697
Debt	9	4,675	5,676
Provisions and other liabilities	10	1,065	964
Deferred revenue	11	338	–
Deferred income tax liabilities	13	813	399
Total liabilities		7,985	7,736
EQUITY			
Share capital	14	5,531	4,392
Retained earnings		3,985	4,522
Accumulated other comprehensive income (loss)		52	(1)
Total equity attributable to shareholders of the Company		9,568	8,913
Non-controlling interests		1,065	1,175
Total equity		10,633	10,088
Total liabilities and equity		18,618	17,824
Commitments & contingencies	25		

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors and authorized for issue on February 18, 2016.

Signed by
Andrew Adams, Director

Signed by
Peter St. George, Director

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2015 and 2014
(expressed in millions of U.S. dollars)

	Note	2015	2014
SHARE CAPITAL			
COMMON SHARES			
Balance - beginning of year		4,519	4,303
Shares issued on issuance of equity	14a	1,121	216
Shares issued through Dividend Reinvestment Plan		2	–
Balance - end of year		5,642	4,519
TREASURY SHARES			
Balance - beginning of year		(174)	(138)
Restricted and performance stock units vested		19	18
Shares purchased	14b	(12)	(54)
Balance - end of year		(167)	(174)
CONTRIBUTED SURPLUS			
Balance - beginning of year		47	39
Share-based compensation expense for the year (inclusive of capitalized amounts)	16a	28	26
Restricted and performance stock units vested	16a	(19)	(18)
Balance - end of year		56	47
TOTAL SHARE CAPITAL		5,531	4,392
RETAINED EARNINGS			
Balance - beginning of year		4,522	3,765
Earnings (loss) for the year attributable to shareholders of the Company		(496)	835
Dividends		(41)	(78)
Balance - end of year		3,985	4,522
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance - beginning of year		(1)	(1)
Other comprehensive income for the year		53	–
Balance - end of year		52	(1)
NON-CONTROLLING INTERESTS			
Balance - beginning of year		1,175	1,120
Earnings (loss) attributable to non-controlling interests		(114)	158
Dividends		(2)	(103)
Acquisition of African Energy Holdings SRL ("African Energy")		6	–
Balance - end of year		1,065	1,175

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1 NATURE OF OPERATIONS

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold, zinc, platinum-group elements ("PGE") and acid, and related activities including exploration and development. The Company has operating mines located in Zambia, Australia, Finland, Turkey, Spain and Mauritania. The Company is developing the Trident project in Zambia, the Cobre Panama copper project in Panama, exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum deposit in Argentina.

The Company has its primary listing on the Toronto Stock Exchange, a secondary listing on the London Stock Exchange and has Depositary Receipts listed on the Lusaka Stock Exchange. The Company is registered and domiciled in Canada, and its registered office is the 14th Floor - 543 Granville Street, Vancouver, BC, Canada, V6C 1X8.

2 BASIS OF PRESENTATION

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs").

At December 31, 2015, the Company had \$1,800 million of committed undrawn facilities and \$365 million of unrestricted cash, as well as future cash flows in order to meet all current obligations as they become due. The Company was in full compliance with all existing facility covenants as at December 31, 2015.

The Company has been impacted by market volatility and significant falls in commodity prices, particularly copper and nickel, along with power restrictions in Zambia. The current conditions have impacted the EBITDA generation of the Company, putting at risk the Company's ability to meet the Net Debt to EBITDA ratio covenant under the \$3 billion term loan and revolving facility, the \$350 million Kansanshi facility and the \$100 million equipment financing facility (together, the "Financing Agreements"). The definitions of both Net Debt and EBITDA used in computing the ratio under the covenant are defined in the Financing Agreements.

Current forecasts for 2016 indicate the Company may breach the Net Debt to EBITDA ratio covenant during the coming twelve months which results in the existence of a material uncertainty that casts a significant doubt about the Company's ability to continue as a going concern. The Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, and is managing the situation closely. The Company also has various options available to mitigate the risk of breaching the covenant, including asset sales, additional reductions to uncommitted capital expenditure, and renegotiation of the covenants with the Company's principal bankers. These options are necessarily based on the agreement of other parties and, although believed to be reasonable, are nevertheless outside the Company's direct control.

In the light of the actions already taken and the alternatives available to the Company, these consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2015. These consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

A) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, with the exception of derivative assets and liabilities, and available-for-sale financial assets which are measured at fair value.

B) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its “subsidiaries”). Control is achieved where the Company has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal operating subsidiaries are Kansanshi Mining Plc (“Kansanshi”), First Quantum Mining and Operations Limited (“FQMO”), Mauritanian Copper Mines SARL (“Guelb Moghrein”), FQM Kevitsa Mining OY (“Kevitsa”), Ravensthorpe Nickel Operations Pty Ltd. (“Ravensthorpe”), Cobre Las Cruces S.A. (“Las Cruces”), Çayeli Bakir Isletmeleri A.S. (“Çayeli”), Pyhäsalmi Mine Oy (“Pyhäsalmi”) and Metal Corp Trading AG (“Metal Corp”). The exploration and development subsidiaries include Minera Panama S.A. (“MPSA” or “Cobre Panama”), Minera Antares Peru S.A.C. (“Haquira”), Kalumbila Minerals Limited (“Trident”), and Corriente Argentina S.A. (“Taca Taca”). All the above operating subsidiaries are 100% owned, with the exception of Kansanshi and Cobre Panama in which the Company holds an 80% interest in each.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

At December 31, 2015, and throughout the two year period then ended, ZCCM Investments Holdings Plc (“ZCCM”, a Zambian government owned entity) owned 20% of Kansanshi and KPMC owned 20% of Cobre Panama. A non-controlling interest is held by African Energy Resources Ltd, a publicly listed entity, in the Company’s consolidated subsidiary, African Energy Holdings SRL.

Through the operations in Zambia, there are a number of transactions with the Zambian government in the ordinary course of business, including taxes, utilities and power. The dividends paid to non-controlling interest are the only significant transactions with ZCCM during the year. The Company is limited in its ability to use the assets of Kansanshi and Cobre Panama as a result of the agreement with the other owners of these subsidiaries.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest’s share of changes in equity since the date of the combination.

C) 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 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 (note 6), restoration provisions (note 12), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

■ Achievement of commercial production - (accounting policy note 3f(i))

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 achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral

recoveries at or near expected levels; and the transfer of operations from development personnel to operational personnel has been completed.

During the year ended December 31, 2015, the Company concluded that the Kansanshi smelter was operating in a manner intended by management and commercial production was effective from July 1, 2015.

Management have considered at the year end the factors set out above in determining that operations at Trident have not yet reached commercial production.

■ Taxes - (accounting policy note 3k)

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 - (accounting policy note 3d)

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.

■ Precious metal stream arrangement - (accounting policy note 3j)

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Franco-Nevada will provide \$1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine.

Management has determined that the under the terms of the agreement the Company meets the 'own-use' exemption criteria under *IAS 39: Financial Instruments*. The Company also retains significant business risk relating to the completion of the project and delivery of produced gold and silver and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgement in determining the appropriate accounting treatment for the Franco-Nevada streaming agreement. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panama reserves and mine plan, that the Franco-Nevada contribution to capital expenditure constitutes a prepayment of revenues deliverable from future Cobre Panama production.

At December 31, 2015, the Company had received \$338 million from Franco-Nevada.

■ Assessment of impairment indicators - (accounting policy note 3h)

Management applies significant judgement in assessing each cash generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed by senior management.

(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.

Management made significant estimates of the strip ratio for each production phase. Waste material stripping costs in excess of this ratio, and from which future economic benefit will be derived from future access to ore, will be capitalized to mineral property and depreciated on a units-of-production basis.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 6), restoration provisions (note 12), recognition of deferred income tax amounts (note 13) and depreciation (note 6).

■ Review of asset carrying values and impairment charges - (accounting policy note 3h)

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.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 6 and note 7 respectively, and by mine location in note 23.

■ Estimation of the amount and timing of restoration and remediation costs - (accounting policy note 3i)

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. The carrying amount of the Company's restoration provision is disclosed in note 12.

■ Taxes - (accounting policy note 3k)

The Company operates in a specialized industry and in a number of 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. Deferred income tax assets are disclosed in note 13.

■ Inventory

In valuing inventories at the lower of cost and net realizable value, the Company makes estimates in determining the net realizable price and in quantifying the contained metal in stockpiled ore and work in progress.

Accounting policies

D) Foreign currency translation

The presentation currency and the functional currency of the Company and all of the Company's operations is the USD. The Company's foreign currency transactions are translated into USD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of net earnings. Non-monetary assets and liabilities are translated using historical rates.

E) Inventories

Product inventories comprise ore in stockpiles; acid and work-in-progress; finished acid; finished cathode and metal in concentrate; and gold bullion. Product inventories are recorded at the lower of average cost and net realizable value. Cost includes materials, direct labour, other direct costs and production overheads and depreciation of plant, equipment and mineral properties directly involved in the mining and production processes. Waste material stripping costs related to production at, or below, the strip ratio are inventoried as incurred, with the excess capitalized to mineral property and depreciated in future periods.

When inventories have been written down to net realizable value, a new assessment of net realizable value is made at each subsequent reporting date that the inventory is still held.

Consumable stores are valued at the lower of purchase cost and net realizable value and recorded as a current asset.

F) Property, plant and equipment

(i) Mineral properties and mine development costs

Exploration and evaluation costs are expensed in the period incurred. Property acquisition costs are capitalized. Development costs relating to specific properties are capitalized once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalization of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Property acquisition and mine development costs, including costs incurred during the production phase to increase future output by providing access to additional reserves (deferred stripping costs), are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate.

ii) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Costs recorded for assets under construction include all expenditures incurred in connection with the development and construction of the assets. No depreciation is recorded until the assets are substantially complete and ready for productive use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are depreciated using either the straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the life of mine. Depreciation calculated on a straight-line basis is as follows for major asset categories:

Office equipment	33%
Furniture and fittings	15%
Infrastructure and buildings	2%-5%
Motor vehicles	20%-25%

Depreciation on equipment utilized in the development of assets, including open pit and underground mine development, is depreciated and recapitalized as development costs attributable to the related asset.

(iii) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

G) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company. The results of businesses acquired during the year are included in the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of the business which can be measured reliably are recorded at provisional fair values at the date of acquisition. Provisional fair values are finalized within 12 months of the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed.

H) Asset impairment

(i) Property, plant and equipment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines or exploration and development projects.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent

market participant would consider appropriate. Value in use is the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in net earnings immediately.

(ii) Goodwill

Goodwill arising on business combinations is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Goodwill is allocated to the lowest level at which the goodwill is monitored by the Company's board of directors for internal management purposes that comprise an operating segment. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment at the same time every year.

Any impairment loss is recognised in net earnings immediately. Impairment of goodwill is not subsequently reversed.

I) Restoration provisions

The Company recognizes liabilities for constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset or expensed in the period for closed sites.

J) Revenue recognition

The Company produces copper, nickel, gold, zinc and PGE products which are sold under pricing arrangements where final prices are set at a specified date based on market prices. Revenues are recognized when title and risk pass to the customer. For provisionally priced sales, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales.

The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition.

Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangement are accounted for as deferred revenue and included within long term liabilities.

K) Current and deferred income taxes

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Periodically, the positions taken by the Company with respect to situations in which applicable tax regulation is subject to interpretation are evaluated to establish provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax assets and liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

L) Share-based compensation

The Company grants equity settled performance stock units ("PSUs") and equity settled restricted stock units ("RSUs") under its long-term incentive plan to directors and employees. The Company expenses the fair value of PSUs and RSUs granted over the vesting period.

PSUs typically vest at the end of a three year period if certain performance and vesting criteria, based on the Company's share price performance relative to a representative group of other mining companies, have been met. The fair value of PSUs is determined using a valuation model that takes into account, as of the grant date, the expected life of the PSU, expected volatility, expected dividend yield, and the risk-free interest rate over the life of the PSU to generate potential outcomes for share prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

RSUs typically vest at the end of a three year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

M) Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period. Shares acquired under the long-term incentive plan are treated as treasury shares and are deducted from the number of shares outstanding for the calculation of basic earnings per share. Diluted earnings per share are calculated using the treasury share method whereby all "in the money" share based arrangements are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

N) Financial instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivables, investments, promissory note receivable, trade payables, debt and derivative instruments.

(i) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. Cash and cash equivalents and restricted cash have been classified as loans and receivables.

(ii) **Trade receivables and promissory note receivable**

Trade receivables and promissory note receivable are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred. The promissory note receivable is recorded subsequently at amortized cost using the effective interest rate method.

(iii) **Investments**

Investments are designated as available-for-sale and are normally measured at the reporting date at fair value. Fair value is determined in the manner described in note 24. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Unrealized gains and losses on the marketable securities are recognized in other comprehensive income, until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognized is included in net earnings. Dividends on available-for-sale equity investments are recognized in the income statement when the right to receive payment is established.

(iv) **Derivatives and hedging**

A portion of the Company's metal sales are sold on a provisional 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 Company enters into derivative contracts to directly offset the exposure to final pricing adjustments on the provisionally priced sales contracts. The Company also periodically enters into derivative instruments to mitigate cash flow exposure to commodity prices, foreign exchange rates and interest rates. Derivative financial instruments, including embedded derivatives, are classified as fair value through profit or loss and measured at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in the fair value of derivative instruments are recorded in cost of sales in the net earnings.

At the inception of a designated hedging relationship, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Statements of Earnings within 'Other income (expense)'. No ineffective hedges were recognized in the year ended December 31, 2015 (December 31, 2014: nil)

Amounts accumulated in equity are reclassified to the Statements of Earnings in the periods when the hedged item affects net earnings.

(v) **Trade and other payables, debt and amounts due to related parties**

Trade payables, debt and amounts due to related parties are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. For debt, any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net earnings over the period to maturity using the effective interest rate method.

(vi) **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables, the amount of impairment is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. Any impairment loss is recognized in net earnings immediately.

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the comprehensive statement of earnings to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized in net earnings are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

O) Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

- *IFRS 15 – Revenue from contracts with customers* The new standard replaces *IAS 18 Revenue* and *IAS 11 Construction Contracts* and provides a five step framework for application to customer contracts: identification of customer contract, identification of the contract performance obligations, determination of the contract price, allocation of the contract price to the contract performance obligations, and revenue recognition as performance obligations are satisfied. A new requirement where revenue is variable stipulates that revenue may only be recognized to the extent that it is highly probable that significant reversal of revenue will not occur. The new standard will be effective for annual periods beginning on or after January 1, 2018.
- *IFRS 9 – Financial instruments: Classification and Measurement.* IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. This standard replaces parts of *IAS 39 – Financial Instruments: Recognition and Measurement*. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the *IAS 39* requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The new standard will be effective for annual periods beginning on or after January 1, 2018.
- *IFRS 16 – Leases.* The new standard will replace *IAS 17 Leases* and eliminates the classification of leases as either operating or finance leases by the lessee. Classification of leases by the lessor under *IFRS 16* continues as either an operating or a finance lease, as was the treatment under *IAS 17 Leases*. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under *IAS 17 Leases*. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest expense component recognized for each lease, in line with finance lease accounting under *IAS 17 Leases*. *IFRS 16* will be applied prospectively for annual periods beginning on or after January 1, 2019.

4 TRADE AND OTHER RECEIVABLES

	December 31, 2015	December 31, 2014
Trade receivables and other receivables	213	268
VAT receivable (current)	90	76
	303	344

VAT receivable is deemed to be recoverable and no provision has been made. At December 31, 2015, the Company had classified \$158 million (December 31, 2014: \$246 million) as non-current VAT receivable.

5 INVENTORIES

	December 31, 2015	December 31, 2014
Ore in stockpiles	238	273
Work-in-progress	51	272
Finished product	383	155
Total product inventory	672	700
Consumable stores	512	497
	1,184	1,197

Included within work-in-progress is \$24 million of copper concentrate owned by Kansanshi (December 31, 2014: \$242 million).
Included within finished product is \$278 million of copper anode owned by Kansanshi (December 31, 2014: \$nil).

6 PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value					
As at January 1, 2015	3,920	6,798	1,547	2,454	14,719
Additions	–	1,532	–	–	1,532
Disposals	(13)	–	–	–	(13)
Transfers between categories	1,433	(1,663)	192	38	–
Restoration provision	–	–	(55)	13	(42)
Capitalized interest	–	380	–	–	380
Depreciation charge	(438)	–	(158)	–	(596)
Impairment	(57)	–	–	–	(57)
As at December 31, 2015	4,845	7,047	1,526	2,505	15,923
Cost	7,225	7,047	2,307	2,505	19,084
Accumulated depreciation	(2,380)	–	(781)	–	(3,161)

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value					
As at January 1, 2014	3,087	5,389	1,524	1,986	11,986
Additions	–	2,472	–	423	2,895
Disposals	(13)	–	–	–	(13)
Transfers between categories	1,226	(1,425)	185	14	–
Restoration provision	–	–	52	31	83
Capitalized interest	–	362	–	–	362
Depreciation charge	(380)	–	(214)	–	(594)
As at December 31, 2014	3,920	6,798	1,547	2,454	14,719
Cost	5,826	6,798	2,133	2,454	17,211
Accumulated depreciation	(1,906)	–	(586)	–	(2,492)

During the year \$380 million of interest (December 31, 2014: \$362 million) was capitalized relating to the development of qualifying assets. The amount capitalized in 2015 was determined by applying the weighted average cost of borrowings of 6.3% (2014: 4.8%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at December 31, 2015, is \$526 related to capitalized deferred stripping costs (December 31, 2014: \$442 million).

On August 19, 2014 the Company completed the acquisition of 100% of the shares of Lumina, including property, plant and equipment totalling \$423 million.

7 GOODWILL

Goodwill of \$237 million arose through the acquisition of Inmet Mining Corporation (“Inmet”) in 2013 after the application of *IAS 12 – Income taxes*, due to the requirement to recognize a deferred tax liability calculated as the tax effect of the difference between the fair value of the assets acquired and their respective tax bases. Goodwill is not deductible for tax purposes. The goodwill was assigned to the Cobre Panama cash-generating unit.

The carrying value of Cobre Panama at December 31, 2015, was \$5,527 million (December 31, 2014: \$4,416 million).

The annual impairment test has been performed at December 31, 2015. For the purposes of the goodwill impairment test, the recoverable amount of Cobre Panama has been determined using a fair value less costs of disposal calculation based on a discounted cash flow model taking account of assumptions that would be made by market participants. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to ore reserves and resources estimates, commodity prices, discount rates, future production costs and future capital expenditure to complete the construction of Cobre Panama. Reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons. The production profile used in the cash flow model is consistent with the reserves and resource volumes approved as part of the Company’s process for the estimation of proven and probable reserves. Such production volumes are dependent on a number of variables, including the recovery of metal from the ore, production costs, duration of mining rights, and the selling price of extracted minerals. Commodity prices are management’s estimates of the views of market participants, including a long-term copper price of \$2.98 per pound. The estimates are derived from the median of consensus forecasts. A nominal discount rate of 12.5% (December 31, 2014: 12%) has been applied to future cash flows, derived from Cobre Panama’s weighted average cost of capital (in nominal terms), incorporating the risks specific to the cash-generating unit. Future production costs and future capital expenditure are based on the latest available engineering reports.

The calculated recoverable amount of the cash-generating unit exceeds the carrying value of Cobre Panama at December 31, 2015, and therefore no impairment charge has been recorded.

8 OTHER ASSETS

	December 31, 2015	December 31, 2014
Prepaid expenses	162	141
Investments	23	33
Deferred income tax assets (note 13)	25	23
Derivative instruments (note 24)	81	22
Total other assets	291	219
Less: current portion of other assets	(241)	(137)
	50	82

During the year ended December 31, 2015, the Company recorded an impairment of \$11 million relating to equity investments (December 31, 2014: \$16 million).

9 DEBT

		December 31, 2015	December 31, 2014
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd 8.75% due June 2020			
& 7.50% due June 2021	a)	33	33
First Quantum Minerals Ltd. 6.75% due 2020	b)	1,079	1,068
First Quantum Minerals Ltd. 7.00% due 2021	c)	1,078	1,067
First Quantum Minerals Ltd. 7.25% due 2019	d)	344	342
First Quantum Minerals Ltd. 7.25% due 2022	e)	839	838
Kansanshi senior term loan	f)	346	350
First Quantum Minerals Ltd. senior debt facility	g)	1,152	1,899
Trading facilities	h)	108	35
Equipment financing	i)	82	97
Total debt		5,061	5,729
Less: Current maturities and short term debt		(386)	(53)
		4,675	5,676
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	g)	1,800	1,040
Trading facilities	h)	202	220
Equipment financing	i)	–	3

A) First Quantum Minerals Ltd. senior notes - 8.75%

On May 18, 2012, Inmet issued \$1,500 million in unsecured senior notes due in June 2020, bearing interest at an annual rate of 8.75%. On December 18, 2012, Inmet issued \$500 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.50%. These are referred to as "Inmet notes".

The carrying value of the notes represents the valuation of those notes after the acquisition of Inmet by the Company which remain outstanding following an exchange offer which expired on February 24, 2014, and in the case of the notes expiring in 2021 only, a subsequent note purchase by the Company.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

B) First Quantum Minerals Ltd. senior notes - 6.75%

On February 12, 2014, the Company issued \$1,115 million in senior notes due in 2020, bearing interest at an annual rate of 6.75%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional \$6 million aggregate principal amount of new 6.75% senior notes due 2020 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

The Company may redeem some or all of the notes at any time on or after February 15, 2017 at redemption prices ranging from 103.375% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to February 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. Prior to February 15, 2017, the Company may redeem up to 35% of the aggregate principal amount of the notes (including any additional notes issued after the issue date) at a redemption price equal to 106.75% plus accrued interest, with all or a portion of the net proceeds of one or more equity offerings.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

C) First Quantum Minerals Ltd. senior notes - 7.00%

On February 12, 2014, the Company issued \$1,115 million in senior notes due in 2021, bearing interest at an annual rate of 7.00%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional \$6 million aggregate principal amount of new 7.00% senior notes due 2021 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

The Company may redeem some or all of the notes at any time on or after February 15, 2018 at redemption prices ranging from 103.5% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to February 15, 2018, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. Prior to February 15, 2018, the Company may redeem up to 35% of the aggregate principal amount of the notes (including any additional notes issued after the issue date) at a redemption price equal to 107% plus accrued interest, with all or a portion of the net proceeds of one or more equity offerings.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

D) First Quantum Minerals Ltd. senior notes - 7.25%

On October 10, 2012, the Company issued \$350 million in senior notes due in 2019, bearing interest at an annual rate of 7.25%.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

Under a consent solicitation dated January 27, 2014, the terms of these notes were subsequently aligned with those of the Company's notes issued in February 2014.

E) First Quantum Minerals Ltd. senior notes - 7.25%

On May 13, 2014, the Company issued \$850 million in senior notes due in 2022, bearing interest at an annual rate of 7.25%.

The Company may redeem some or all of the notes at any time on or after May 15, 2017 at redemption prices ranging from 105.438% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to May 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until May 15, 2017, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock.

F) Kansanshi senior term loan

On March 27, 2014, Kansanshi entered into a \$350 million term loan which was available from April 3, 2014, and fully drawn at that date. The loan is repayable in six equal semi-annual instalments commencing on September 27, 2016 and interest is calculated at a rate equal to LIBOR plus a margin.

G) First Quantum Minerals Ltd. senior debt facility

On April 15, 2014, the Company announced that it had signed and drawn down on its \$2,500 million Five-Year Term Loan and Revolving Facility ("the Facility"). The Facility was syndicated during Q2 2014, which resulted in an upsizing of the Facility to \$3,000 million. The Facility comprises a \$1,200 million term loan facility available to draw until April 8, 2016, with interest at LIBOR plus a margin and a \$1,800 million revolving credit facility available to draw until March 8, 2019, also with interest at LIBOR plus a margin. All outstanding loans under these facilities must be repaid no later than April 8, 2019.

Of the amount outstanding at December 31, 2015, \$200 million relating to the Term Loan (December 31, 2014: nil) is due within 12 months of the balance sheet date.

H) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totalling \$310 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus approximately 1.75%. The loans are collateralized by physical inventories.

I) Equipment financing

On April 2, 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns the Trident project, entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to \$102 million. The agreement is secured by equipment that is purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2021. Of the amount outstanding at December 31, 2015, \$20 million (December 31, 2014: \$19 million) is due within 12 months of the balance sheet date.

10 PROVISIONS AND OTHER LIABILITIES

	December 31, 2015	December 31, 2014
Restoration provisions (note 12)	552	584
Amount owed to related party	390	253
Derivative instruments (note 24)	4	2
Other	151	147
Total other liabilities	1,097	986
Less: current portion	(32)	(22)
	1,065	964

Amount owed to related party

In September 2013, the Company and KPMC entered into a shareholder loan agreement with MPSA. Interest is due semi-annually at an annual rate of 9%. As of December 31, 2015, the accrual for interest payable is \$43 million (December 31, 2014: \$15 million) and is included in the carrying value of the debt as this has been deferred under the loan agreement.

Amounts due to KPMC are specifically excluded from the calculation of Net Debt covenant ratios.

11 FRANCO-NEVADA PRECIOUS METAL STREAM ARRANGEMENT

The Company's subsidiary, MPSA, finalized on October 5, 2015, the terms of a replacement agreement with Franco-Nevada for the purchase and sale of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a \$1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of \$1 billion.

The changes from the original agreement have largely addressed standardizing reporting requirements and provide a mechanism for the Company to utilize the Cobre Panama project as collateral while still maintaining the Franco-Nevada subsidiary security.

The amount of gold and silver deliverable is indexed to the copper in concentrate produced from the Cobre Panama project. Beyond approximately the first 30 years of the current life of mine, the precious metals deliverable under the new agreement will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay MPSA an amount for each ounce of gold and silver delivered equal to \$406 per ounce for gold and \$6.09 per ounce for silver, subject to an annual adjustment for inflation, for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries) and thereafter the greater of \$406 per ounce for gold and \$6.09 per ounce for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Although the market price feature represents an embedded derivative, the value of this derivative is not material. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

Upon closing the agreement, a total of \$338 million was received from Franco-Nevada. At the year-end, \$29 million of this amount related to advance payment of Franco-Nevada's share of future capital expenditure in Cobre Panama.

12 RESTORATION PROVISIONS

The Company has restoration and remediation obligations associated with its operating mines, processing facilities, closed sites and development projects. The following table summarizes the movements in the restoration provisions:

	2015	2014
As at January 1	584	484
Changes in estimate - operating sites	(42)	83
Changes in estimate - closed sites (note 21)	10	6
Other adjustments	(11)	(3)
Accretion expense (note 22)	11	14
As at December 31	552	584
Less: current portion	(6)	(8)
	546	576

The Company has issued letters of credit which are guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2015, totalling \$93 million (December 31, 2014: \$79 million).

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 1.4% and 4.2% and an inflation factor between 1.7% and 3.2%. Reclamation activity is expected to occur over the life of each of the operating mines, a period of up to 42 years, with the majority payable in the years following the cessation of mining operations.

13 INCOME TAXES

The significant components of the Company's income tax expense are as follows:

	2015	2014
Current income tax expense	127	279
Deferred income tax (credit) expense	391	(420)
	518	(141)

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before income taxes due to the following:

	2015		2014	
	Amount \$	%	Amount \$	%
Earnings (loss) before income taxes	(92)		852	
Income tax (credit) expense at Canadian				
statutory rates	(24)	26	222	26
Impact of foreign exchange and other	(19)	21	60	7
Losses not recognized	18	(20)	34	4
Difference in foreign tax rates	34	(37)	29	3
Non-deductible expenses	16	(17)	35	4
Effect of Zambian variable tax ¹	-	-	23	3
Impact of rate reduction	(2)	2	(45)	(5)
Recognition of previously unrecognized losses	(19)	21	-	-
Income tax (credit) expense before Zambian				
tax policy changes	4	(4)	358	42
Effect of Zambian tax policy changes	514	(559)	(499)	(58)
Income tax (credit) expense	518	(563)	(141)	(17)

¹ Included in the current and deferred income tax expense are amounts relating to the variable profit tax ("VPT") in Zambia up to 15%.

The deferred income tax assets and liabilities included on the balance sheet are as follows:

	2015	2014
Deferred income tax assets (note 8)	25	23
Deferred income tax liabilities	(813)	(399)
	(788)	(376)

The significant components of the Company's deferred income taxes are as follows:

	2015	2014
Temporary differences relating to property, plant and equipment and finance leases	(1,054)	(416)
Unused operating losses	116	35
Temporary differences relating to non-current liabilities (including restoration provisions)	104	47
Temporary differences relating to inventory	(2)	4
Other	48	(46)
Net deferred income tax liabilities	(788)	(376)

The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

The Company has unrecognized deductible temporary differences relating to operating loss carry-forwards that may be available for tax purposes in Canada totaling \$1,290 million (December 31, 2014: \$1,329 million) expiring between 2025 and 2035, in the United States of America totaling \$38 million (December 31, 2014: \$38 million) expiring between 2018 and 2035, and in Zambia totaling \$64 million (Dec 31, 2014: \$64 million) expiring between 2020 and 2025.

The Company also has unrecognized deductible temporary differences relating to restoration provisions of \$52 million in Canada (December 31, 2014: \$63 million) and \$28 million in Finland (December 31, 2014: \$32 million).

The Company has non-Canadian resident subsidiaries that have undistributed earnings of \$3,679 million (December 31, 2014: \$4,762 million). These undistributed earnings are not expected to be repatriated in the foreseeable future and the Company has control over the timing of such, therefore taxes that may apply on repatriation have not been provided for.

During the year ended December 31, 2015, the Government of the Republic of Zambia passed through parliament changes, effective from July 1, 2015, which reduced mineral royalties to 9% for open pit and underground mines and reinstated corporate tax of 30% and variable profits tax up to 15%. The reintroduction of corporation tax required a revaluation to the Company's deferred tax balances in Zambia resulting in a tax charge of \$514 million in the year.

14 SHARE CAPITAL

A) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2014	600,506
Shares issued on issuance of equity	88,461
Shares issued through Dividend Reinvestment Plan	364
Balance as at December 31, 2015	689,331

On June 4, 2015 the Company completed a public offering of common shares. Inclusive of an overallotment option 88.5 million shares were issued at a price of \$16.25 Canadian dollars ("CDN\$"). Gross proceeds were \$1,156 million, with net proceeds after related fees of \$1,121 million. Upon receipt of proceeds \$1,000 million was used to repay the Facility.

B) Treasury shares

The Company established an independent trust to purchase, on the open market, the common shares pursuant to the long-term incentive plan (note 16). The Company consolidates the trust as it is subject to control by the Company. Consequently, shares purchased by the trust to satisfy obligations under the long-term incentive plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

	Number of shares (000's)
Balance as at January 1, 2014	5,910
Shares purchased	2,694
Shares vested	(1,234)
Balance as at December 31, 2014	7,370
Shares purchased	1,875
Shares vested	(1,811)
Balance as at December 31, 2015	7,434

C) Dividends

On February 20, 2015, the Company declared a final dividend payment of \$0.0487 CDN\$ per share, or \$23 million, in respect of the financial year ended December 31, 2014 (February 20, 2014: \$0.0930 CDN\$ per share or \$50 million) paid to shareholders of record on April 15, 2015.

The Company established a Dividend Reinvestment Plan ("the Plan") effective March 25, 2015. The Plan permits eligible shareholders to acquire additional common shares through the reinvestment of cash dividends by the Company. In the year ended December 31, 2015, 363,920 shares were issued under the Plan.

On July 29, 2015, the Company declared an interim dividend payment of \$0.0330 CDN\$ per share, or \$16 million, in respect of the financial year ended December 31, 2015, (July 30, 2014: \$0.0504 CDN\$ per share, or \$28 million) paid to shareholders of record on August 28, 2015, that did not elect or were not eligible to elect for the Plan.

15 EARNINGS (LOSS) PER SHARE

	2015	2014
Basic and diluted earnings (loss) attributable to shareholders of the Company	(496)	835
Basic weighted average number of shares outstanding (000's of shares)	646,823	595,994
Effect of dilutive securities:		
Treasury shares	–	3,984
Diluted weighted average number of shares outstanding (000's of shares)	646,823	599,978
Earnings (loss) per common share - basic	(0.77)	1.40
Earnings (loss) per common share - diluted	(0.77)	1.39

16 SHARE-BASED COMPENSATION AND RELATED PARTY TRANSACTIONS

A) Long-term incentive plan

The Company has a long-term incentive plan (the "Plan"), which provides for the issuance of performance stock units ("PSUs"), restricted stock units ("RSUs") in such amounts as approved by the Company's Compensation Committee. Included in general and administrative expense is share-based compensation expense of \$23 million (December 31, 2014: \$26 million) related to this Plan in addition to which \$5 million (December 31, 2014: \$4 million) has been capitalized to capital work-in-progress.

Under the Plan, each PSU entitles participants, which includes directors, officers, and employees, to receive up to one-and-a-half common shares of the Company at the end of a three year period if certain performance and vesting criteria, which are based on the Company's performance relative to a representative group of other mining companies, have been met. The fair

value of each PSU is recorded as compensation expense over the vesting period. The fair value of each PSU is estimated using a Monte Carlo Simulation approach. A Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes, called simulations, based on normally distributed random variables and highly subjective assumptions. This model generates potential outcomes for stock prices and allows for the simulation of multiple stocks in tandem resulting in an estimated probability of vesting.

Under the Plan, each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. RSU grants typically vest fully at the end of the three year period. The fair value of each RSU is recorded as compensation expense over the vesting period. The fair value of each RSU is estimated based on the market value of the Company's shares at the grant date and an estimated forfeiture rate of 11.5% (December 31, 2014: 11.5%).

	2015	2014
	Number of units (000's)	Number of units (000's)
Performance stock units		
Outstanding - beginning of year	4,419	3,352
Granted	1,468	1,734
Vested	(898)	(344)
Forfeited	(632)	(323)
Outstanding - end of year	4,357	4,419
Restricted stock units		
Outstanding - beginning of year	2,696	2,540
Granted	1,221	961
Vested	(987)	(535)
Forfeited	(365)	(270)
Outstanding - end of year	2,565	2,696

The following assumptions were used in the Monte Carlo Simulation model to calculate compensation expense in respect of the PSUs granted in the following years:

	2015	2014
Risk-free interest rate	1.08%	0.82%
Vesting period	3 years	3 years
Expected volatility	46.4%	54.4%
Expected forfeiture per annum	4%	4%
Weighted average probability of vesting	48.8%	44.3%

B) Key management compensation

Key management personnel include the members of the senior management team and directors.

	2015	2014
Salaries, fees and other benefits	4	5
Bonus payments	2	3
Share-based compensation	2	3
Total compensation paid to key management	8	11

C) Other related party transactions

Amounts paid to related parties were incurred in the normal course of business and on an arm's length basis. During the year, \$6 million (December 31, 2014: \$6 million) was paid to parties related to key management for chartering aircraft, accommodation and machinery services. As at December 31, 2015, \$1 million was included in trade and other payables concerning related party amounts payable (December 31, 2014: \$1 million).

17 SALES REVENUES BY NATURE

	2015	2014
Copper ¹	2,040	2,540
Nickel	309	597
Gold	235	229
Zinc	43	74
Other	71	102
	2,698	3,542

¹ Copper excludes \$36 million of proceeds from pre-commercial production at Trident for the year ended December 31, 2015 (December 31, 2014: \$nil).

18 COST OF SALES

	2015	2014
Costs of production	(1,729)	(1,979)
Depreciation	(596)	(594)
Movement in inventory	(114)	6
Movement in depreciation in inventory	34	23
	(2,405)	(2,544)

19 EXPENSES BY NATURE

	2015	2014
Raw materials and consumables	(572)	(683)
Depreciation	(562)	(572)
Employment costs, benefits and contractors	(528)	(683)
Royalties	(223)	(155)
Fuel	(152)	(176)
Repairs and maintenance	(133)	(221)
Utilities	(102)	(107)
Freight	(72)	(81)
Travel	(15)	(21)
Other	(51)	(27)
Change in inventories	(114)	6
	(2,524)	(2,720)

Expenses presented above include cost of sales, general and administrative and exploration expenses.

20 IMPAIRMENTS

As at December 31, 2015, a detailed review of impairment indicators was performed by management across all operations. Changes to impairment indicators during 2015 were reviewed and management determined that these were not indicative of impairment. Management continues to monitor commodity prices, discount rates, operating costs, capital expenditure, in addition to any other key factors that may result in an indicator of impairment.

It should be noted that, particularly given the current volatility in commodity markets, the Company's longer life assets and operations are more likely to be impacted by changes in long term commodity prices.

A summary of impairment for the years ended December 31:

	2015	2014
Impairment of Guelb Moghrein magnetite plant	62	–
Impairment of ENRC Promissory note	117	–
Impairment of investments	11	16
	190	16

Magnetite plant

The Guelb Moghrein magnetite plant was impaired in full in the first quarter of 2015 following management's decision to pause commissioning of operations in the context of weak iron ore prices. Included within the above amount is a \$57 million impairment charge on property, plant and equipment together with \$5 million in impairment related costs.

Promissory note

On March 20, 2014, a subsidiary of Eurasian Natural Resources Corporation PLC ("ENRC" and now Eurasian Resources Group "ERG") issued a \$430 million Promissory note secured against the shares in a subsidiary holding ENRC's Mozambique coal assets and is guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ERG.

On July 7, 2015, the Company agreed an amendment with ERG in respect of the \$430 million Promissory note, which had a term to final maturity of December 31, 2015. Under the revised terms the Promissory note was reduced from \$430 million to \$300 million. A cash payment of \$215 million was received in July 2015 and a further payment of \$21 million was received in November 2015 when the repayment terms were renegotiated. The balance of \$64 million is outstanding at December 31, 2015 (December 31, 2014: \$426 million). All existing security remains in place until final settlement.

An impairment of \$117 million (after amortization of prepaid interest) was recorded in net earnings in the year ended December 31, 2015.

21 OTHER INCOME (EXPENSE)

	2015	2014
Ravensthorpe insurance recoveries	58	–
Ravensthorpe leach tank failure	–	(9)
Foreign exchange losses - Kansanshi VAT receivable	(102)	(23)
Other foreign exchange gains (losses)	(7)	60
Change in restoration provision for closed properties (note 12)	(10)	(6)
Other income (expense)	(7)	13
	(68)	35

22 FINANCE COSTS

	2015	2014
Interest expense on financial liabilities measured at amortized cost	(392)	(370)
Accretion on restoration provision (note 12)	(11)	(14)
Total finance costs	(403)	(384)
Less: interest capitalized (note 6)	380	362
	(23)	(22)

23 SEGMENTED INFORMATION

The Company's reportable operating segments are individual mine development projects or mine operations. Each of the mines and development projects report information separately to the CEO, the chief operating decision maker.

The Corporate & other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration. Included in the Corporate & other segment is the Company's metal marketing division which purchases and sells third party material and the exploration projects.

The Company's operations 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, mine pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Earnings by segment

For the year ended December 31, 2015, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit ⁵
Kansanshi ⁴	1,322	(996)	(177)	(128)	21	(509)
Las Cruces	402	(150)	(153)	15	114	(35)
Guelb Moghrein	289	(162)	(56)	(61)	10	(9)
Ravensthorpe	246	(249)	(48)	44	(7)	15
Kevitsa	189	(142)	(39)	(14)	(6)	13
Çayeli	117	(71)	(33)	(9)	4	(16)
Pyhäsalmi	116	(52)	(54)	4	14	8
Corporate & other ³	17	(21)	(2)	(228)	(234)	15
Total	2,698	(1,843)	(562)	(377)	(84)	(518)

¹ Excludes intersegment revenues of \$70 million

² Operating profit (loss) less net finance costs and taxes equals net earnings (loss) for the period on the consolidated statement of earnings

³ No segmented information for Trident or Cobre Panama is disclosed for the statement of earnings as these projects were under development at December 31, 2015. The development costs for these properties are capitalized.

⁴ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁵ Following the substantive enactment of the change to Zambian tax law to reintroduce corporation tax, a revaluation to the Company's deferred tax balances in Zambia was required resulting in a tax charge (note 13).

For the year ended December 31, 2014, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit ⁵
Kansanshi ⁴	1,678	(1,020)	(146)	(46)	466	328
Las Cruces	491	(157)	(154)	129	309	(49)
Guelb Moghrein	230	(162)	(34)	(4)	30	(24)
Ravensthorpe	507	(322)	(64)	(4)	117	(7)
Kevitsa	271	(166)	(58)	(13)	34	(24)
Çayeli	212	(96)	(46)	(3)	67	(24)
Pyhäsalmi	153	(58)	(60)	37	72	(19)
Corporate & other ³	–	8	(9)	(253)	(254)	(40)
Total	3,542	(1,973)	(571)	(157)	841	141

¹ Excludes intersegment revenues of \$117 million

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

³ No segmented information for Trident or Cobre Panama is disclosed for the statement of earnings as these projects were under development at December 31, 2014. The exploration and development costs for these properties are capitalized.

⁴ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity. This segment includes the Kansanshi smelter.

⁵ Following the substantive enactment of the change to Zambian tax law, the deferred tax liabilities previously recognized by Kansanshi's mining activities were revalued at 0%, causing a tax credit (note 13).

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	December 31, 2015			December 31, 2014		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	3,305	4,220	1,150	3,289	4,299	666
Las Cruces	965	1,300	368	1,082	1,322	388
Guelb Moghrein	216	351	58	287	455	57
Ravensthorpe	786	890	167	850	977	202
Kevitsa	756	845	44	904	928	43
Trident	2,874	2,996	223	2,294	2,381	174
Çayeli	183	654	140	210	660	137
Pyhäsalmi	211	407	77	261	411	99
Cobre Panama ³	5,326	5,604	860	4,461	4,728	405
Corporate & other ⁴	1,303	1,351	4,898	1,090	1,663	5,565
Total	15,925	18,618	7,985	14,728	17,824	7,736

¹ Non-current assets include property plant and equipment \$15,923 million of property plant and equipment (December 31, 2014: \$14,719 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

² Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity. This segment includes the Kansanshi smelter.

³ Cobre Panama is 20% owned by KPMC, a related party.

⁴ Included within the corporate segment are assets relating to the Haquira project, \$661 million, and to the Taca Taca project, \$426 million.

Capital expenditure by segment

Additions to non-current assets other than financial instruments, deferred tax assets and goodwill represent additions to property, plant and equipment, for which capital expenditure is presented as follows:

	2015	2014
Kansanshi	324	697
Las Cruces	33	57
Guelb Moghrein	39	91
Ravensthorpe	20	16
Kevitsa	57	108
Trident	450	841
Çayeli	9	10
Pyhäsalmi	4	4
Cobre Panama	610	617
Corporate & other ¹	19	16
Total	1,565	2,457

¹ Not included is \$190 million representing the cash consideration paid for Lumina in 2014.

Geographical information

	2015	2014
Revenue by destination ¹		
Zambia	787	1,153
China	568	694
Spain	396	420
Finland	135	159
India	117	30
Belgium	106	–
South Africa	81	114
Sweden	78	117
South Korea	54	22
United Arab Emirates	47	285
Canada	42	120
Brazil	41	41
Australia	36	56
Germany	34	45
Egypt	27	66
Bulgaria	27	54
Other	122	166
	2,698	3,542

¹ Presented based on the ultimate destination of the product if known. If the eventual destination of the product sold through traders is not known then revenue is allocated to the location of the product at the time when the risks and rewards of ownership are passed.

	December 31, 2015	December 31, 2014
Non-current assets by location		
Zambia	6,179	5,584
Panama	5,326	4,461
Spain	965	1,082
Finland	967	1,165
Australia	791	850
Peru	663	648
Argentina	425	423
Mauritania	216	287
Turkey	183	210
Other	210	18
	15,925	14,728
Investments, deferred income tax assets, goodwill, restricted cash and other deposits and VAT receivable	536	635
	16,461	15,363

24 FINANCIAL INSTRUMENTS

The Company classifies its financial assets as fair value through profit or loss, available-for-sale, or loans and receivables. Financial liabilities are classified as either fair value through profit or loss, or other financial liabilities.

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2015:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	213	–	–	–	213	213
Derivative instruments in designated hedge relationships	–	–	72	–	72	72
Other derivative instruments ²	–	–	9	–	9	9
Investments						
At cost ³	–	13	–	–	13	n/a
At fair value	–	10	–	–	10	10
Promissory note receivable ⁴	64	–	–	–	64	64
Financial liabilities						
Trade and other payables	–	–	–	568	568	568
Other derivative instruments ²	–	–	4	–	4	4
Finance leases	–	–	–	26	26	26
Liability to related party	–	–	–	390	390	390
Debt	–	–	–	5,061	5,061	3,904

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Other derivative instruments related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ The Company holds investments in privately held entities which are measured at cost as the fair value cannot be reliably measured.

⁴ The Promissory note from a subsidiary of ENRC is classified as a loan or receivable and carried at amortized cost. (see Note 20).

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2014:

	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	268	–	–	–	268	268
Derivative instruments ²	–	–	22	–	22	22
Investments						
At cost ³	–	23	–	–	23	n/a
At fair value	–	10	–	–	10	10
Promissory note receivable ⁴	426	–	–	–	426	403
Financial liabilities						
Trade and other payables	–	–	–	553	553	553
Derivative instruments ²	–	–	2	–	2	2
Finance leases	–	–	–	31	31	31
Liability to related party	–	–	–	253	253	253
Debt	–	–	–	5,729	5,729	5,515

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Derivatives related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ The Company holds investments in privately held entities which are measured at cost as the fair value cannot be reliably measured.

⁴ The Promissory note from a subsidiary of ENRC is classified as loans and receivables and carried at amortized cost. The fair value is calculated by reference to the principal value as the interest due on the note has been pre-paid.

Fair Values

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2015, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments - LME contracts ¹	9	–	–	9
Derivative instruments - OTC contracts ²	–	72	–	72
Investments ³	10	–	–	10
Financial liabilities				
Derivative instruments - LME contracts ¹	2	–	–	2
Derivative instruments - OTC contracts ²	–	2	–	2

¹ Futures for copper, nickel, gold, zinc, platinum and palladium were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

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

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments - LME contracts ¹	21	–	–	21
Derivative instruments - OTC contracts ²	–	1	–	1
Investments ³	10	–	–	10
Financial liabilities				
Derivative instruments - LME contracts ¹	1	–	–	1
Derivative instruments - OTC contracts ²	–	1	–	1

¹ Futures for copper, nickel, gold, zinc, platinum and palladium were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

Financial risk management

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 December 31, 2015, substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. More than 74% of the Company's trade receivables are generated from five customers together representing greater than 45% of the total sales for the year. Of these five customers, the revenues generated by one customer exceeded 10% of the total revenue earned in the period. A balance of \$38 million was past due from this customer at the balance sheet date and is classified as a current receivable. The Company continues to trade with this customer. Revenues earned from this customer are included within the Kansanshi segment. 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.

As noted in note 20, the promissory note receivable due from ENRC was renegotiated and the revised promissory note is secured against the shares in a subsidiary holding ENRC's Mozambique coal assets and guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ENRC.

Significant credit risk exposures to any single counterparty or group of counterparties having similar characteristics are as follows:

	December 31, 2015	December 31, 2014
Commodity traders and smelters (Trade receivables and other receivables)	213	268
Government authorities (Prepaid taxes and VAT receivable)	273	330
Promissory note due from ENRC (note 20)	64	426
	550	1,024

The VAT receivable due from government authorities includes \$180 million at December 31, 2015, which is past due (December 31, 2014: \$246 million). No provision has been made against this amount as it is deemed recoverable in full. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

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 year ended December 31, 2015, and December 31, 2014. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable. Refer to note 2 for further discussion of the Company's liquidity risk.

The Company had the following balances and facilities available to them at the balance sheet dates:

	December 31, 2015	December 31, 2014
Cash and cash equivalents - unrestricted cash	365	357
Working capital balance ¹	1,018	1,455
Undrawn debt facilities (note 9)	2,002	1,263

¹ Working capital is defined as the net total of accounts receivable, inventory, prepayments, accounts payable, accruals, and current taxes payable or receivable. Included within the balance at December 31, 2015, is \$64 million due from ENRC (December 31, 2014: \$426 million).

Contractual and other obligations as at December 31, 2015, are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1-3 years	3-5 years	Thereafter
Debt	4,953	6,592	605	1,675	2,216	2,096
Trading facilities	108	108	108	–	–	–
Trade and other payables	568	568	568	–	–	–
Liability to related party	390	632	–	137	62	433
Current taxes payable	108	108	108	–	–	–
Deferred payments	33	33	3	3	3	24
Finance leases	26	37	5	9	7	16
Commitments	–	714	318	383	5	8
Restoration provisions	552	929	7	13	26	883
Total	6,738	9,721	1,722	2,220	2,319	3,460

Contractual and other obligations as at December 31, 2014 are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1-3 years	3-5 years	Thereafter
Debt	5,694	7,735	357	847	3,078	3,453
Trading facilities	35	35	35	–	–	–
Trade and other payables	553	553	553	–	–	–
Liability to related party	253	395	–	79	43	273
Current taxes payable	69	69	69	–	–	–
Deferred payments	35	35	4	4	4	23
Finance leases	31	45	5	10	9	21
Commitments	–	1,092	450	622	6	14
Restoration provisions	584	1,002	9	5	9	979
Total	7,254	10,961	1,482	1,567	3,149	4,763

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.

During 2015, the Company commenced a new hedging program and elected to apply hedge accounting for a portion of copper sales with the contracts expected to be highly effective in offsetting changes in the cash flows of future sales. For the year ended December 31, 2015, a fair value gain of \$72 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value gain of \$54 million has been recognized through sales revenues. As at December 31, 2015, 119,500 tonnes of copper forward sales contracts at a price of \$2.41 remain outstanding with periods of maturity to September 2016. A deferred tax charge has been recognized in other comprehensive income with a corresponding tax credit recognized in the statement of earnings.

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. As at December 31, 2015, and December 31, 2014, 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.

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of future sales:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper	119,500	\$2.41/lb	\$2.13/lb	September 2016

Other derivatives

As at December 31, 2015, and December 31, 2014, the Company had entered into the following 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.

Excluding the copper contracts noted above, as at December 31, 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	72,078	\$ 2.13/lb	\$ 2.13/lb	June 2016
Nickel	3,061	\$ 3.94/lb	\$ 3.93/lb	January 2016
Gold	25,307	\$ 1,069/oz	\$ 1,062/oz	June 2016
Zinc	3,300	\$ 0.70/lb	\$ 0.73/lb	March 2016
Platinum	6,240	\$ 849/oz	\$ 872/oz	January 2016
Palladium	4,869	\$ 549/oz	\$ 547/oz	January 2016
Commodity contracts:				
Copper	74,103	\$ 2.13/lb	\$ 2.13/lb	June 2016
Nickel	3,061	\$ 3.94/lb	\$ 3.93/lb	January 2016
Gold	25,352	\$ 1,069/oz	\$ 1,062/oz	June 2016
Zinc	3,300	\$ 0.70/lb	\$ 0.73/lb	March 2016
Platinum	6,240	\$ 849/oz	\$ 872/oz	January 2016
Palladium	4,869	\$ 549/oz	\$ 547/oz	January 2016

As at December 31, 2014, 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	53,866	\$ 2.97/lb	\$ 2.88/lb	April 2015
Nickel	2,293	\$ 7.28/lb	\$ 6.77/lb	January 2015
Gold	13,664	\$ 1,195/oz	\$ 1,199/oz	April 2015
Zinc	3,100	\$ 1.01/lb	\$ 0.98/lb	February 2015
Platinum	5,096	\$ 1,038/oz	\$ 1,210/oz	January 2015
Palladium	4,088	\$ 803/oz	\$ 798/oz	January 2015
Commodity contracts:				
Copper	53,475	\$ 2.97/lb	\$ 2.88/lb	April 2015
Nickel	2,580	\$ 7.28/lb	\$ 6.77/lb	January 2015
Gold	13,327	\$ 1,195/oz	\$ 1,199/oz	April 2015
Zinc	3,100	\$ 1.01/lb	\$ 0.98/lb	February 2015
Platinum	5,115	\$ 1,038/oz	\$ 1,210/oz	January 2015
Palladium	4,109	\$ 803/oz	\$ 798/oz	January 2015

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

	December 31, 2015	December 31, 2014
Commodity contracts:		
Asset position (note 8)	81	22
Liability position (note 10)	(4)	(2)

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, nickel, gold and zinc commodity prices, based on prices at December 31, 2015. There is no impact of these changes on other comprehensive income except indirectly through the impact on the fair value of the available-for-sale investments. The impact of a 10% movement in commodity prices is as follows:

	Average contract price on December 31		Impact of price change on net earnings	
	2015	2014	2015	2014
Copper	\$ 2.13/lb	\$ 2.97/lb	10	3
Nickel	\$ 3.94/lb	\$ 7.28/lb	–	5
Gold	\$ 1,069/oz	\$ 1,195/oz	–	–
Zinc	\$ 0.70/lb	\$ 1.01/lb	–	–
Platinum	\$ 849/oz	\$ 1,038/oz	–	–
Palladium	\$ 549/oz	\$ 803/oz	–	–

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 is primarily on cash, and net earnings in relation to the 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 December 31, 2015, and December 31, 2014, the Company held no floating-to-fixed interest rate swaps.

At December 31, 2015, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	Impact of interest rate change on net earnings		
	December 31, 2015	100 basis point increase	100 basis point decrease
Interest-bearing deposits and cash at bank	365	2	(1)
Floating rate borrowings drawn	1,740	(17)	17

At December 31, 2014, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	Impact of interest rate change on net earnings		
	December 31, 2014	100 basis point increase	100 basis point decrease
Interest-bearing deposits and cash at bank	357	2	(1)
Floating rate borrowings drawn	2,442	(15)	8

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").

The Company's risk management policy allows for the management of exposure to local currencies through the use of financial instruments at a targeted amount of up to 100% for exposures within one year down to 50% for exposures in five years.

As at December 31, 2015, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	15	4	7	1
AUD	14	2	4	37
ZMW	19	1	–	50
EUR	101	21	–	71
TRY	–	–	–	12
ZAR	3	–	–	4
MRO	–	26	–	12
Other	2	–	–	–
Total	154	54	11	187

Based on the above net exposures as at December 31, 2015, a 10% change in all of the above currencies against the USD would result in a \$2 million increase or decrease in the Company's net earnings and would result in a \$1 million increase or decrease in the Company's other comprehensive income.

As at December 31, 2014, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	23	5	5	2
AUD	24	3	5	32
ZMW	29	7	–	29
EUR	127	5	–	68
TRY	–	1	–	16
ZAR	12	–	–	10
MRO	2	16	–	12
Other	4	–	–	–
Total	221	37	10	169

Based on the above net exposures as at December 31, 2014, a 10% change in all of the above currencies against the USD would result in a \$8 million increase or decrease in the Company's net earnings and would result in a \$1 million increase or decrease in the Company's other comprehensive income.

Capital management

The Company's objectives when managing capital are to continue to provide returns for shareholders, and comply with lending requirements while safeguarding the Company's ability to continue as a going concern. The Company considers the items included in equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company uses a combination of short-term and long-term debt to finance its operations and development projects. Typically, floating rates of interest are attached to short-term debt, and fixed rates on senior notes.

25 COMMITMENTS & CONTINGENCIES

Capital commitments

In conjunction with the development of Trident and Cobre Panama, the Company has committed to \$714 million (December 31, 2014: \$1,092 million) in capital expenditures.

Other commitments & contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. The Company is routinely subject to audit by tax authorities in the countries in which it operates and has received a number of tax assessments in various locations, including Zambia, which are currently at various stages of progress with the relevant authorities. The outcome of these audits and assessments are uncertain however the Company is confident of its position on the various matters under review.

Cobre Panama is subject to a claim from a third party but has made a counterclaim greater than the amount claimed and no loss is expected.

25 POST BALANCE SHEET EVENTS

Dividend declared

The Company has declared a final dividend of CDN\$0.01 per share, in respect of the financial year ended December 31, 2015. The final dividend together with the interim dividend of CDN\$0.0330 per share is a total of CDN\$0.0430 per share for the 2015 financial year.

Promissory Note

Subsequent to the year end, two of the remaining six monthly instalments were received from ERG, totaling \$21 million plus \$1 million in related interest. The remaining principal balance of \$43 million plus interest at 10% per annum is to be paid in four equal monthly instalments from March 1, 2016.

DIRECTORS

Philip K.R. Pascall, *Chairman of the Board and Chief Executive Officer*

Mr. Pascall graduated from Sussex University in England with an honours degree in Control Engineering, and later completed an MBA at the University of Cape Town. He worked in general management positions in South Africa from 1973, and in the mining industry there from 1977 with RTZ, and E.L. Bateman, and from 1981, in Australia. He was the Project Manager of the Argyle Diamond project and then Executive Chairman and part owner of Nedpac Engineering between 1982 and 1990. During this time, Mr. Pascall was involved in a wide variety of mineral projects in Australia, New Zealand, S.E. Asia, Chile, the United States and Zimbabwe. After selling his share of Nedpac in 1990, Mr. Pascall was a consultant in the mining industry, including a period with Rio Tinto's Hamersley Iron, and with various projects in Zimbabwe and Zambia. He is a co-founder and has been Chairman and Chief Executive Officer of the Company since 1996.

Clive Newall, *President and Director*

Mr. Newall graduated from the Royal School of Mines, University of London, England in 1971 with an honours degree in Mining Geology, and was awarded an MBA from the Scottish Business School at Strathclyde University. He has worked in mining and exploration throughout his career, having held senior management positions with Amax Exploration Inc. and the Robertson Group plc. Mr. Newall is a co-founder and has been President and Director of the Company since its start-up in 1996. He is also a non-executive Director of Gemfields Plc and Baker Steel Resource Trust Limited.

Martin R. Rowley, *Executive Director of Business Development and Director*⁵

Mr. Rowley graduated from the University of Western Australia with a Bachelor of Commerce degree in 1975. After starting his career as an accountant working in both Australia and England, he worked as executive assistant to the Board of Directors of a large Australian public company from 1980 to 1984. He then established his own resource consulting and investment company and was involved as a shareholder, Director and Chairman of a number of Australian public resource companies before co-founding First Quantum Minerals Ltd. in 1996. Mr. Rowley served as First Quantum's CFO and as a Director until January 2007, when he assumed the role of Executive Director of Business Development. He is also non-executive Chairman and a Director of Forsys Metals Corp. and Galaxy Resources Limited.

Peter St. George, *Lead Independent Director*^{1, 2, 3}

Mr. St. George worked in the investment banking industry for over 30 years holding senior positions in the United Kingdom and Australia. He was Managing Director and Chief Executive/Co-Chief Executive Officer of Salomon Smith Barney Australia and its predecessor, Natwest Markets Australia, from January 1995 to mid-2001. Up to 1994, he was the Managing Director Corporate Finance Natwest Markets, having previously been a Director of Hill Samuel & Co. Limited, both London headquartered merchant and investment banks. He is currently a non-executive Director of Dexu Property Group, an ASX-listed Australian property group specializing in office, industrial and retail properties. He has also served on a number of other public and private company Boards in Australia. Mr. St. George qualified as a Chartered Accountant in South Africa and holds an MBA from the University of Cape Town.

Philip K.R. Pascall



Clive Newall



Martin R. Rowley



Peter St. George



Andrew Adams, *Independent Director*^{1, 2, 5}

Mr. Adams obtained his degree in Social Science from Southampton University and qualified as a Chartered Accountant in the United Kingdom in 1981. He worked for the Anglo American group of companies for 12 years up to 1999, his final position being Vice President and Chief Financial Officer of AngloGold North America based in Denver, Colorado. Mr. Adams worked for Aber Diamond Corporation as Vice President and Chief Financial Officer from 1999 to 2003. Currently he serves as a non-executive Director of Torex Gold Resources and TMAC Resources Inc.

Paul Brunner, *Independent Director*^{2, 3, 4}

Mr. Brunner served as President and CEO of Boart Longyear Company (USA), a provider of drilling services, tools and equipment for the natural resource industry, the construction and quarrying industries and industrial markets worldwide, from 2004 to 2008. During his 21-year career with Boart Longyear, Mr. Brunner held several senior positions including Managing Director - Boart Longyear Limited (South Africa); Regional Director - Boart Longyear Limitada (Chile/Peru); and, President - Boart Canada Ltd. Prior to Boart Longyear, he spent most of his career working at mining operations in Northern Canada. Mr. Brunner holds an MBA from Harvard Graduate School of Business Administration and is a mining engineering graduate from the Colorado School of Mines. He also attended the British Columbia Institute of Technology with a focus on mining.

Robert Harding, *Independent Director*^{1, 3, 5}

Mr. Harding is a well-known and respected executive in the Canadian business community. He graduated with a Bachelor of Mathematics from the University of Waterloo in 1980 and received his Chartered Accountant designation the following year. Mr. Harding began his career at a major accounting firm before joining Hees International (now Brookfield) where he served in progressively senior roles including Controller, Chief Financial Officer, Chief Operating Officer, and ultimately, Chief Executive Officer in 1992. He currently serves as a Director of Brookfield Asset Management (Chairman from 1997-2010). Mr. Harding previously served on the boards of Manulife Financial Corporation, Norbord Inc and NexJ Systems Inc.

Martin Schady, *Independent Director*^{4, 5}

Mr. Schady is a senior mining executive with considerable Finance and Business Development experience. He is currently a Partner in Magris Resources, a Canada-based private equity company. In the past 25 years of his career, which spanned the most challenging commodities market, Mr. Schady worked at some of the world's leading metals and mining companies including Noranda Inc., Falconbridge Limited, Xstrata, BHP Billiton and Barrick Gold Corporation. Mr. Schady is a Chartered Accountant with Bachelor of Commerce and Business Science degrees from the University of Cape Town.

Andrew Adams



Paul Brunner



Robert Harding



Martin Schady



CORPORATE INFORMATION

SENIOR MANAGEMENT

Philip K.R. Pascall
Chairman of the Board,
Chief Executive Officer

Clive Newall
President

Martin R. Rowley
Executive Director of
Business Development

Christopher Lemon
General Counsel and
Corporate Secretary

Hannes Meyer
Chief Financial Officer

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STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Symbol: FM
Member of S&P/TSX
Composite Index

London Stock Exchange
Symbol: FQM
Listed in Standard & Poor's
12g3-2b-82-4461
CUSIP #335934-10-5

Lusaka Stock Exchange
Symbol: FQMZ

ANNUAL MEETING

The annual meeting of shareholders of
First Quantum Minerals is scheduled to be held on:

Thursday, May 5, 2016 at 10:00 a.m. (EDT)

in The Gallery of the TMX Broadcast Centre

The Exchange Tower

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