FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

First Quarter – March 31, 2013

(unaudited)

(In U.S. dollars, tabular amounts in millions, except where indicated)

First Quantum Minerals Ltd.

Consolidated Statements of Earnings

(unaudited)

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

	Note	Three months ended March 31	
		2013	2012
Sales revenues	11	901.2	728.7
Cost of sales	12	(591.0)	(458.4)
Gross profit		310.2	270.3
Exploration		(9.7)	(12.9)
General and administrative		(25.7)	(17.4)
Acquisition transaction costs		(29.5)	-
Settlement of RDC claims and sale of assets		-	1,217.9
Other income (expense)		(2.3)	0.3
Operating profit		243.0	1,458.2
Finance income		7.2	1.4
Finance costs	13	(11.6)	(2.2)
Earnings before income taxes		238.6	1,457.4
Income taxes		(99.3)	(96.4)
Net earnings for the period		139.3	1,361.0
Net earnings for the period attributable to:			
Non-controlling interests		26.9	24.1
Shareholders of the Company		112.4	1,336.9
Earnings per common share			
Basic	10b	0.23	2.82
Diluted	10b	0.23	2.81
Weighted average shares outstanding (000's)			
Basic	10b	478,056	474,069
Diluted	10b	480,704	476,310
Total shares issued and outstanding (000's)	10a	575,178	476,310

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

First Quantum Minerals Ltd.

Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended March 31	
	2013	**2012**
Net earnings for the period	139.3	1,361.0
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Unrealized loss on available-for-sale investments	(3.7)	(2.0)
Reclassification to income of loss on available-for-sale investment (net of taxes of $1.9)	5.7	-
Tax on unrealized gain on available-for-sale investments	0.9	0.4
Comprehensive income for the period	142.2	1,359.4
Total comprehensive income for the period attributable to:		
Non-controlling interests	26.9	24.1
Shareholders of the Company	115.3	1,335.3
	142.2	1,359.4

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

First Quantum Minerals Ltd.
Consolidated Statements of Cash Flows
(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended March 31	
	2013	2012
Cash flows from operating activities		
Net earnings for the period	139.3	1,361.0
Items not affecting cash		
Depreciation	67.4	40.7
Unrealized foreign exchange loss	0.8	1.7
Deferred income tax expense (recovery)	23.1	(13.7)
Current income tax expense	76.2	109.9
Share-based compensation expense	5.2	3.1
Net finance income	4.4	0.8
Settlement of RDC claims and sale of assets	-	(1,217.9)
Reclassification to income of net loss on available-for-sale investment	5.7	-
Other	2.6	1.2
	324.7	286.8
Taxes paid	(25.4)	(94.4)
Change in non-cash operating working capital		
Increase in trade, other receivables and derivatives	(23.7)	(38.0)
(Increase) decrease in inventories	42.6	(54.0)
Increase in trade and other payables	98.2	38.1
	416.4	138.5
Cash flows from (used by) investing activities		
Acquisition of Inmet Mining Corporation, net of cash acquired	(620.0)	-
Purchase and deposits on property, plant and equipment	(338.0)	(276.9)
Acquisition of investments	(4.0)	(6.5)
Interest received	15.4	0.6
Proceeds from settlement of RDC claims and sale of assets	-	736.5
	(946.6)	453.7
Cash flows from (used by) financing activities		
Net movement in trading facility	(17.0)	16.7
Proceeds from debt	2,116.4	-
Repayments of debt	(14.8)	(33.4)
Finance lease payments	(0.5)	(0.9)
Interest paid	(5.3)	(0.1)
	2,078.8	(17.7)
Increase in cash and cash equivalents	1,548.6	574.5
Cash and cash equivalents – beginning of period	309.0	452.1
Cash and cash equivalents – end of period	1,857.6	1,026.6

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

	Note	March 31, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents		1,778.1	309.0
Trade and other receivables		499.6	390.2
Inventories	4	992.8	903.7
Short term investments	5	2,053.0	-
Current portion of other assets	7	175.9	230.1
		5,499.4	1,833.0
Restricted cash		79.5	-
Investments	5	55.1	55.6
Property, plant and equipment	6	9,780.1	4,953.6
Promissory note receivable		483.8	481.8
Goodwill	3	444.2	-
Other assets	7	226.5	212.4
Total assets		16,568.6	7,536.4
Liabilities			
Current liabilities			
Trade and other payables		796.7	355.5
Current taxes payable		32.9	32.5
Current debt	8	4,365.5	49.1
Current portion of provisions and other liabilities		3.6	6.5
		5,198.7	443.6
Debt	8	339.3	347.7
Provisions and other liabilities		604.1	299.2
Deferred income tax liabilities		1,138.3	564.5
Total liabilities		7,280.4	1,655.0
Equity			
Share capital		4,043.0	1,929.6
Retained earnings		3,518.1	3,405.7
Accumulated other comprehensive loss		(1.4)	(4.3)
Total equity attributable to shareholders of the Company		7,559.7	5,331.0
Non-controlling interests		1,728.5	550.4
Total equity		9,288.2	5,881.4
Total liabilities and equity		16,568.6	7,536.4
Commitments	16		

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended March 31	
	2013	**2012**
Share capital		
Common shares		
Balance – beginning of period	2,003.8	2,003.8
Shares issued on acquisition of Inmet, net of issue costs	2,108.2	-
Balance – end of period	4,112.0	2,003.8
Treasury shares		
Balance – beginning of period	(98.9)	(68.0)
Restricted and performance stock units vested	-	0.2
Balance – end of period	(98.9)	(67.8)
Contributed surplus		
Balance – beginning of period	24.7	14.8
Share-based compensation expense for the period	5.2	3.1
Restricted and performance stock units vested	-	(0.2)
Balance – end of period	29.9	17.7
Total share capital	4,043.0	1,953.7
Retained earnings		
Balance – beginning of period	3,405.7	1,723.8
Earnings for the period attributable to shareholders of the Company	112.4	1,336.9
Dividends	-	(61.4)
Balance – end of period	3,518.1	2,999.3
Accumulated other comprehensive income (loss)		
Balance – beginning of period	(4.3)	1.2
Other comprehensive income (loss) for the period	2.9	(1.6)
Balance – end of period	(1.4)	(0.4)
Non-controlling interests		
Balance – beginning of period	550.4	492.9
Earnings attributable to non-controlling interests	26.9	24.2
Acquisition of Inmet	1,151.2	-
Balance – end of period	1,728.5	517.1

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

1 Nature of operations

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold, cobalt, 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 Sentinel copper project in Zambia, the Cobre Panama copper project in Panama and exploring the Haquira copper deposit in Peru.

The Company has its primary listing on the Toronto Stock Exchange and a secondary listing on the London Stock Exchange. The Company is registered and domiciled in Canada, and its registered office is the 8th Floor – 543 Granville Street, Vancouver, BC, Canada, V6C 1X8.

2 Significant Accounting Policies

a) Basis of presentation

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), including IAS 34 – Interim Financial Reporting. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2012, except as discussed below under 'Changes in accounting standards'.

These condensed interim consolidated financial statements were approved for issue on May 2, 2013 by the Audit Committee on behalf of the Board of Directors.

b) Changes in accounting standards

The following changes to the IFRS and IFRICs have been adopted for these condensed interim consolidated financial statements:

- IAS 1 – Financial statement presentation – Presentation of Items of Other Comprehensive Income.

The amendments of IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to net earnings at a future point in time would be presented separately from items that will never be reclassified. The amendment becomes effective for annual periods beginning on or after July 1, 2012. The amendment affects presentation only and has been incorporated into the Company's financial reporting.

- IFRS 10 – Consolidated Financial Statements

IFRS 10 provides a definition of control under IFRS such that the same criteria are applied to all entities. Control exists when an entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the investor's return. The adoption of IFRS 10 did not have an effect on the Company's consolidated financial statements.

- IFRS 11 – Joint Arrangements

IFRS 11 reduces the types of joint arrangement to two: joint ventures and joint operations. Joint operations are arrangements where the jointly controlling parties have rights to the assets and obligations for the liabilities of the arrangement. Joint operations are accounted for by recognition of an entity's proportionate share of assets, liabilities, revenues and expenses. Joint ventures are arrangements where the jointly controlling parties have rights only to the net assets of the arrangement. With no joint arrangements, the adoption of IFRS 11 did not have an effect on the Company's consolidated financial statements.

- IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12 sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28 – Investments in Associates. The requirements of IFRS 12 relate only to disclosures that are applicable for the first annual period after adoption; these disclosure requirements will be incorporated as necessary in the Company's annual financial statements for the year-ended December 31, 2013.

- IFRS 13 – Fair Value Measurement

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and single source of fair value measurement and disclosure requirements for use across all IFRS's. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. The full disclosure requirements of IFRS 13 are prospective and will be incorporated in the Company's annual financial statements for the year-ended December 31, 2013. Additionally, IAS 34 – Interim Financial Reporting has been amended to include certain IFRS 13 disclosures in interim financial statements. The additional fair value disclosure requirements under IAS 34 are included in Note 15.

- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 gives clarification on the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognized as an asset, how the asset is initially recognized, and subsequent measurement. The Company has applied this guidance to the accounting for deferred stripping activities at surface mines retrospectively and in a consistent manner and considering the differing nature of the ore bodies at each location. The adoption has been applied prospectively from January 1, 2012 and has a positive impact on net earnings for the three months ended March 31, 2013 of $3.3 million due to the change in measurement and depreciation of capitalized waste stripping costs. The impact of the change in policy on 2012 was not significant.

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

3 Acquisition of Inmet

On March 22, 2013, the Company completed the acquisition of 85.5% of the common shares of Inmet thus obtaining control (the "Acquisition"). Under the terms of the Acquisition former Inmet shareholders received either C$72.00 in cash; 3.2967 common shares of First Quantum; or C$36.00 and 1.6484 common shares, subject to pro-ration based on take-up. The Company issued 98,867,917 common shares pursuant to the Acquisition. The Company acquired Inmet in order to create a globally diversified base metals company. Inmet owns the Çayeli copper-zinc mine in Turkey, the Las Cruces copper mine in Spain, the Pyhäsalmi copper-zinc mine in Finland, and an 80% interest in the Cobre Panama copper-gold-zinc project in Panama, which is currently under development. Cobre Panama was controlled by Inmet and therefore the operating results are consolidated with the results of the other operations.

Inmet's principle subsidiaries are Çayeli Bakır Isletmeleri A.S. (Turkey), Cobre Las Cruces S.A. (Spain), Pyhäsalmi Mine Oy (Finland), and Minera Panama, S.A. ("MPSA") (Panama).

A preliminary allocation of fair value, which is subject to final adjustments, is as follows:

	$
Preliminary purchase price:	
98,867,917 common shares of the Company at C$21.84/share	2,108.4
Cash consideration	2,118.0
Panama capital gains tax paid on behalf of Inmet shareholders	57.0
Total Consideration	**4,283.4**

The Panama capital gains tax included in the consideration above relates to tax paid to the Panama government on behalf of Inmet shareholders, as a result of an obligation which arises when shares are sold which have value in Panamanian assets. This is an expense of the shareholder, and the Company has acted only in an agent capacity.

Cash consideration for the Acquisition was financed through a US$2.5 billion acquisition facility provided by Standard Chartered Bank. The cash outflow on the Acquisition was $620.0 million; the net of cash consideration paid of $2,175.0 million (including the Panama withholding tax payment) less acquired cash balance of $1,555.0 million.

	$
Net assets acquired:	
Cash	1,474.8
Restricted cash	80.2
Trade and other receivables	115.1
Inventories	129.7
Investments	2,053.0
Property, plant and equipment	4,578.1
Goodwill	444.2
Other assets	0.8
Trade and other payables	(352.7)
Current taxes payable	(20.8)
Debt	(2,222.9)
Provisions and other liabilities	(288.8)
Deferred tax liabilities	(556.1)
Total identifiable net assets	**5,434.6**
Non-controlling interest	(1,151.2)
Total	**4,283.4**

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

This fair value allocation is subject to final adjustments until the valuation work is finalized. Non-controlling interests in Inmet and its subsidiary MPSA have been measured at their proportionate share of the respective entity's identifiable net assets. Fair values have been estimated using a variety of methods, as listed below for significant balances.

Asset Acquired or Liability Assumed	Method of determining preliminary fair value estimate	Preliminary Fair Value $
Mineral properties – identified reserves, and value beyond proven and probable reserves (included in property, plant and equipment on the balance sheet)	Estimated discounted cash flows, incorporating existing life of mine plans, and median analyst consensus metal price forecasts discounted at the weighted average cost of capital for each mine or development project.	2,717.6
Senior notes	Trading value of the notes on the date of acquisition.	(2,205.0)
Plant and equipment	Estimated primarily using the cost approach based on fixed asset records.	1,801.6
Government and corporate securities (included in investments)	Estimated using market trading prices on the date of acquisition.	503.6
Inventories – finished goods (included in inventories)	Estimated recoverable value of contained metal, less estimated selling, shipping, treatment and refining costs.	64.1

Transaction costs of $29.5 million were expensed in relation to the Acquisition during the quarter ended March 31, 2013.

Goodwill arose after the application of IAS 12 - Income taxes, due to the requirement to recognize a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets acquired and their respective tax bases. Goodwill is not expected to be deductible for tax purposes.

The Company has consolidated Inmet's operating results from the date of acquisition to March 31, 2013 resulting in additional revenue in the quarter of $29.8 million and operating loss of $3.7 million (including fair value adjustments). Had the business combination occurred on January 1, 2013, sales revenues for the quarter would have been $1,122.7 million, operating profit of $224.7 and net earnings $75.6 million, subject to final allocation of fair value on the Acquisition. This includes the effect of $65.6 million of fair value adjustments and $24.7 million in debt financing costs.

Subsequent to March 31, 2013, the Company acquired the remaining outstanding shares of Inmet. On April 1, 2013, the Company acquired 7.2% of Inmet shares for $175.4 million cash and 8,615,493 common shares of the Company, a total purchase price of $360.4 million. The remaining 7.3% of shares were purchased by compulsory acquisition on April 30, 2013 for $210.7 million cash and 7,042,867 common shares of the Company, a total purchase price of $362.4 million. The related capital gains tax payable in Panama related to the purchase of the remaining shares is approximately $10.5 million.

On April 22, 2013 Inmet amalgamated with FQM (Akubra) Inc., a wholly owned subsidiary of the Company. The amalgamated company has succeeded all of the obligations of Inmet, including obligations under the Inmet Senior Notes (refer to note 8).

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

4 Inventories

	March 31, 2013	December 31, 2012
Ore in stockpiles	205.7	158.1
Work-in-progress	32.4	27.2
Finished product	317.6	324.8
Total product inventory	555.7	510.1
Consumable stores	437.1	393.6
	992.8	903.7

5 Investments

	March 31, 2013	December 31, 2012
Equity securities – at cost	19.4	16.0
Equity securities – at fair value	31.8	35.6
Government securities	1,040.0	-
Corporate securities	1,013.0	-
Asset-backed commercial paper	3.9	4.0
	2,108.1	55.6
Less: short term investments	(2,053.0)	-
	55.1	55.6
Short term investments consists of:		
Government securities	1,040.0	-
Corporate securities	1,013.0	-
	2,053.0	-

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

6 Property, plant and equipment

			Mineral properties and mine development costs		
	Plant and equipment	Capital work-in-progress	Operating mines	Development projects	Total
Cost					
As at January 1, 2012	2,014.0	922.2	373.4	1,132.2	4,441.8
Additions	-	1,314.8	-	-	1,314.8
Disposals	(16.0)	-	-	-	(16.0)
Transfers between categories	792.6	(934.7)	390.6	(248.5)	-
Restoration provision	-	-	8.2	3.2	11.4
Capitalized interest	-	1.6	-	-	1.6
As at December 31, 2012	2,790.6	1,303.9	772.2	886.9	5,753.6
Additions	-	311.3	-	-	311.3
Disposals	(2.6)	-	-	-	(2.6)
Transfers between categories	18.5	(86.1)	67.6	-	-
Restoration provision	-	-	1.4	3.9	5.3
Capitalized interest	-	2.2	-	-	2.2
Acquisition of Inmet	1,811.5	-	898.3	1,868.3	4,578.1
As at March 31, 2013	4,618.0	1,531.3	1,739.5	2,759.1	10,647.9
Accumulated depreciation					
As at January 1, 2012	(576.6)	-	(40.8)	-	(617.4)
Depreciation charge	(137.8)	-	(34.5)	-	(172.3)
Disposals	12.3	-	-	-	12.3
Other	(22.6)	-	-	-	(22.6)
As at December 31, 2012	(724.7)	-	(75.3)	-	(800.0)
Depreciation charge	(49.7)	-	(17.7)	-	(67.4)
Disposals	1.6	-	-	-	1.6
Other	(2.0)	-	-	-	(2.0)
As at March 31, 2013	(774.8)	-	(93.0)	-	(867.8)
Net book value					
As at December 31, 2012	2,065.9	1,303.9	696.9	886.9	4,953.6
As at March 31, 2013	3,843.2	1,531.3	1,646.5	2,759.1	9,780.1

During the three months ended March 31, 2013, $2.2 million of interest (March 31, 2012 - nil) was capitalized relating to qualifying assets. The amount capitalized to date in 2013 was determined by applying the weighted average cost of borrowings of 7.71% to the accumulated qualifying expenditures on mining interests.

Included within capital work-in-progress and mineral properties – operating mines at March 31, 2013 is $52.2 million and $138.9 million respectively related to capitalized deferred stripping costs (December 31, 2012 - $95.3 million and $80.7 million respectively).

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

7 Other assets

	March 31, 2013	December 31, 2012
Deposits on property, plant and equipment	142.7	115.8
Deferred income tax asset	76.8	81.1
Derivative instruments	29.1	5.0
Prepaid and other expenses	146.8	225.1
Other	7.0	15.5
Total other assets	402.4	442.5
Less: Current portion of other assets	(175.9)	(230.1)
	226.5	212.4
Current portion consists of:		
Derivative instruments	29.1	5.0
Prepaid income taxes	93.2	164.4
Prepaid expenses	53.6	60.7
	175.9	230.1

8 Debt

	March 31, 2013	December 31, 2012
Drawn debt		
Senior notes		
Inmet 8.75% issued May 18, 2012 (a)	1,663.4	-
7.25% issued October 10, 2012 (b)	339.5	339.1
Inmet 7.5% issued December 18, 2012 (c)	540.8	-
FQM (Akubra) debt facility (d)	2,117.4	-
Kansanshi subordinated debt facility (e)	-	14.8
Short-term borrowings (f)	25.6	42.6
Other	18.1	0.3
Total debt	4,704.8	396.8
Less: Current maturities and short term debt	(4,365.5)	(49.1)
	339.3	347.7
Undrawn debt		
FQM (Akubra) debt facility (d)	361.6	-
Kevitsa facility (g)	232.5	250.0
Short-term borrowings (f)	84.4	67.4
Kansanshi senior term and revolving facility (h)	1,000.0	1,000.0

a) Inmet 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%. The acquisition of Inmet by the Company triggered the change of control clause in the notes' indenture which requires an offer to repurchase the notes. Subsequent to the end of the quarter, a mandatory offer has been issued to purchase these notes in cash at a price equal to 101% of the aggregate principal plus accrued and unpaid interest up to, but not including, the date of purchase. As a result of the requirement to make this repurchase offer these notes have been classified as a current liability. The notes that remain outstanding after the expiry of the mandatory repurchase offer will be reclassified as a non-current liability.

Subsequent to the expiry of the above noted repurchase offer, Inmet may redeem some or all of the notes at any time on or after June 1, 2016 at redemption prices ranging from 104.375% in the first year to 100% after June 1, 2018, plus accrued interest. Prior to June 1, 2016, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until June 1, 2016, Inmet 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 108.75% plus accrued interest.

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

b) Senior Notes – 7.25%

On October 10, 2012, the Company completed a public offering of $350 million in senior notes due in 2019, bearing interest at an annual rate of 7.25%. The cash received from the offering of $338.8 million is net of issue and transaction costs of $11.2 million.

The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company. The Company may redeem some or all of the notes at any time on or after October 15, 2015 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 is not significant. Prior to October 15, 2015, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until October 15, 2015, 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.

c) Inmet Senior Notes – 7.5%

On December 18, 2012, Inmet Mining Corporation issued $500 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.5%. The acquisition of Inmet by the Company triggered the change of control clauses in the notes' indentures which require an offer to repurchase the notes to be made. Subsequent to the end of the quarter, Inmet made the mandatory offer to purchase these notes in cash at a price equal to 101% of the aggregate principal plus accrued and unpaid interest up to, but not including, the date of purchase. As a result of the requirement to make this repurchase offer these notes have been classified as a current liability. The notes that remain outstanding after the expiry of the mandatory repurchase offer will be reclassified as a non-current liability.

Subsequent to the expiry of the above noted repurchase offer, Inmet may redeem some or all of the notes at any time on or after December 1, 2016 at redemption prices ranging from 103.75% in the first year to 100% after December 1, 2018, plus accrued interest. Prior to December 1, 2016, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until December 1, 2016, Inmet 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 107.5% plus accrued interest.

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

d) FQM (Akubra) debt facility

FQM (Akubra) Inc., a wholly owned subsidiary of the Company that amalgamated with Inmet subsequent to the end of the quarter, entered into a $2,500.0 million debt arrangement in order to finance the Acquisition of Inmet. The minimum facility repayment is the greater of 50% of the outstanding debt or $1,000.0 million on December 31, 2013, with the remainder being due on March 26, 2014. Interest is payable monthly in arrears and calculated at a rate equal to LIBOR plus 2.75%. Cash drawn down under facility in the quarter of $2,116.3 million is net of issue and transaction costs of $22.1 million.

e) Kansanshi subordinated debt facility

Kansanshi entered into a €34.0 million subordinated debt facility in December 2003 to finance the Kansanshi project. This facility was repayable in nine equal annual payments commencing October 31, 2007.

In January 2013, the Company repaid the amount outstanding and cancelled the facility.

f) Short-term borrowings

In 2010, the Company's metal marketing division entered into two uncommitted borrowing facilities totalling $110.0 million. The facilities are used to finance purchases and the term hedging of copper and gold undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus 1.75%. The loans are collateralized by physical inventories.

g) Kevitsa facility

In March 2011, a subsidiary of the Company entered into a $250.0 million project loan collateralized by the assets and offtake agreements of the Kevitsa project. The facility is available in two tranches. Tranche A of $175.0 million is required to be repaid in ten equal semi-annual instalments starting March 31, 2013, and therefore $157.5 million is outstanding at the end of the period. Tranche B of $75.0 million is required to be repaid on September 30, 2017. The funds are to be used to finance the development of the Kevitsa mine. Interest on the Kevitsa facility is to be calculated at LIBOR plus 3.5%.

h) Kansanshi senior term and revolving facility

In March 2012, Kansanshi entered into a $300.0 million senior term loan (the "term loan") and a $700.0 million revolving credit facility (the "facility") to finance the Kansanshi expansion projects and the copper smelter project collateralized by the assets and offtake agreements of Kansanshi. The term loan is repayable in six equal semi-annual instalments commencing on July 25, 2014 and interest is calculated at a rate equal to three year LIBOR plus 3%. The revolving facility is required to be repaid by January 24, 2017 and interest is calculated at a rate of either the three or six month LIBOR plus 3%.

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

9 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. During the three months ended March 31, 2013 the provision increased by $229.8 million to $500.3 million (included in provisions and other liabilities on the balance sheet) due to the acquisition of the provision relating to Inmet operating mines and closed properties of $225.0 million, as well as accretion of the liability, additional disturbance incurred during the period, and movement in the foreign exchange rate where the estimate of the liability is not in U.S. dollars.

The restoration provisions have been recorded using a risk-free discount rate between 0.7% and 6.8% and an inflation factor between 2.0% and 4.7%. Payments are expected to occur over the life of each of the operating mines over a period of approximately 43 years.

10 Share capital

a) Common shares

Authorized
Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2012	476,310
Share issuance on acquisition of Inmet (note 3)	98,868
Balance as at March 31, 2013	575,178

b) Earnings per share

	Three months ended March 31	
	2013	**2012**
Basic and diluted earnings attributable to shareholders of the Company	112.4	1,336.9
Basic weighted average number of shares outstanding (000's of shares)	478,056	474,069
Effect of dilutive securities:		
Treasury shares	2,648	2,241
Diluted weighted average shares outstanding	480,704	476,310
Earnings per common share – basic	0.23	2.82
Earnings per common share – diluted	0.23	2.81

c) Dividends

On March 5, 2013, the Company declared a final dividend payment of $0.1147 CAD per share, or $54.6 million, in respect of the financial year ended December 31, 2012 (March 6, 2012 - $0.1277 CAD per share or $61.4 million) to be paid to shareholders of record on April 16, 2013.

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

11 Sales revenues by nature

	Three months ended March 31	
	2013	**2012**
Copper	663.2	573.3
Nickel	140.7	80.1
Gold	84.1	68.5
PGE and other elements	13.2	6.8
	901.2	728.7

12 Cost of sales

	Three months ended March 31	
	2013	**2012**
Costs of production	(463.6)	(419.9)
Movement in inventory	(60.0)	2.2
Depletion and amortization	(67.4)	(40.7)
	(591.0)	(458.4)

13 Finance costs

	Three months ended March 31	
	2013	**2012**
Interest expense on financial liabilities measured at amortized cost	(11.8)	(0.7)
Interest expense other	(0.2)	(0.1)
Accretion on restoration provision	(1.8)	(1.4)
Total finance costs	(13.8)	(2.2)
Less: interest capitalized	2.2	-
	(11.6)	(2.2)

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

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

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.

For the three month period ended March 31, 2013, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation[3]	Other	Operating profit[2]	Income taxes	Effective tax rate
Kansanshi	562.9	(285.0)	(31.0)	(2.5)	244.4	(96.0)	39.7%
Guelb Moghrein	106.8	(61.2)	(9.3)	(1.9)	34.4	(7.3)	21.3%
Ravensthorpe	132.6	(108.4)	(12.9)	0.4	11.7	(2.7)	25.6%
Kevitsa	39.8	(19.3)	(4.9)	(0.6)	15.0	(1.4)	9.8%
Çayeli	5.0	(5.4)	(1.3)	-	(1.7)	(0.7)	-
Las Cruces	22.1	(10.5)	(5.5)	(0.1)	6.0	(4.2)	55.2%
Pyhäsalmi	2.7	(2.2)	(1.5)	(0.1)	(1.1)	(0.4)	-
Corporate & other	29.3	(31.6)	(1.0)	(62.4)	(65.7)	13.4	19.8%
Total	901.2	(523.6)	(67.4)	(67.2)	243.0	(99.3)	41.6%

[1] Excludes intersegment revenues of $23.7 million

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

[3] Depreciation includes group depreciation on fair value increase on acquisition

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

For the three month period ended March 31, 2013, segmented information of balance sheet items is presented as follows:

	Property, plant and equipment	Total assets	Total liabilities	Capital expenditures
Kansanshi	1,787.1	2,669.4	813.1	129.3
Guelb Moghrein	213.2	364.7	47.5	12.3
Ravensthorpe	933.3	1,115.5	221.7	6.9
Kevitsa	806.3	834.5	28.2	6.1
Sentinel	809.7	743.3	57.3	151.9
Çayeli	280.8	614.7	66.2	0.4
Las Cruces	1,250.3	1,679.1	232.9	0.5
Pyhäsalmi	357.1	459.6	63.8	0.2
Cobre Panama	2,688.2	2,909.6	235.7	25.1
Corporate & other	654.1	5,178.2	5,514.0	5.3
Total	9,780.1	16,568.6	7,280.4	338.0

The Sentinel project was under development at March 31, 2013. The exploration and development costs related to this property are capitalized.

For the three month period ended March 31, 2012, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit[2]	Income taxes	Effective tax rate
Kansanshi	490.5	(229.6)	(24.5)	(2.8)	233.6	(100.8)	43.3%
Guelb Moghrein	90.3	(60.4)	(5.5)	(1.4)	23.0	22.6	(98.3%)
Ravensthorpe	82.2	(60.8)	(10.5)	0.8	11.7	(2.5)	21.4%
Kevitsa	-	-	-	-	-	-	-
Sentinel	-	-	-	-	-	-	-
Corporate & other	65.7	(66.9)	(0.2)	1,191.2	1,189.9	(15.7)	1.3%
Total	728.7	(417.7)	(40.7)	1,187.8	1,458.2	(96.4)	6.6%

[1] Excludes intersegment revenues of $33.2 million

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

For the three month period ended March 31, 2012, segmented information of balance sheet items is presented as follows:

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

	Property, plant and equipment	Total assets	Total liabilities	Capital expenditures
Kansanshi	1,038.3	1,637.3	708.1	98.5
Guelb Moghrein	210.6	382.4	43.4	9.6
Ravensthorpe	959.6	1,094.0	220.3	43.4
Kevitsa	762.5	799.6	52.3	59.7
Sentinel	406.1	486.0	19.1	31.4
Corporate & other	604.9	2,259.4	145.8	0.3
Total	3,982.0	6,658.7	1,189.0	242.9

The Kevitsa and Sentinel projects were under development at March 31, 2012. The exploration and development costs related to this property are capitalized.

15 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 March 31, 2013:

	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	1,778.1	-	-	-	1,778.1	1,778.1
Restricted cash	79.5	-	-	-	79.5	79.5
Trade receivables and other prepayments (a)	449.4	-	-	-	449.4	449.4
Derivative instruments	-	-	29.1	-	29.1	29.1
Investments						
At cost (b)	-	23.3	-	-	23.3	23.3
At fair value	-	2,084.8	-	-	2,084.8	2,084.8
Promissory note receivable (c)	483.8	-	-	-	483.8	483.8
Financial liabilities						
Trade and other payables	-	-	-	796.7	796.7	796.7
Derivative instruments	-	-	1.1	-	1.1	1.1
Debt	-	-	-	4,704.8	4,704.8	4,704.8

a) Trade receivables and other prepayments

Copper products are sold under pricing arrangements where final prices are set at a specified future date based on market copper prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in copper market prices give rise to an embedded derivative in the accounts receivable. This derivative is 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.

b) Investments – at cost

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

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

c) Promissory note receivable

The promissory note from Eurasian Natural Resources Corporation PLC ("ENRC") is classified as a loan or receivable and carried at amortized cost. Management estimates that the fair value of the note receivable approximates the carrying value of $483.8 million which includes accrued interest of $1.2 million at March 31, 2013.

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2012:

	Loans and receivables	Available-for-sale	Fair value through profit or loss	Held to maturity	Other financial liabilities	Total carrying amount	Total fair value
Financial assets							
Cash and cash equivalents	309.0	-	-	-	-	309.0	309.0
Trade receivables and other prepayments (a)	319.9	-	-	-	-	319.9	319.9
Derivative instruments	-	-	5.0	-	-	5.0	5.0
Investments							
At cost (b)	-	16.0	-	-	-	16.0	-
At fair value	-	39.6	-	-	-	39.6	39.6
Promissory note receivable (c)	481.8	-	-	-	-	481.8	481.8
Financial liabilities							
Trade and other payables	-	-	-	-	355.5	355.5	355.5
Derivative instruments	-	-	3.9	-	-	3.9	3.9
Debt	-	-	-	-	396.8	396.8	396.8

Fair Values

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at March 31, 2013, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts (a)	5.3	-	-	5.3
Derivative instruments – OTC contracts (a)	-	23.8	-	23.8
Investments (b)	1,576.0	-	3.9	1,579.9
Financial liabilities				
Derivative instruments – LME contracts (a)	1.1	-	-	1.1

a) Derivative instruments

The Company's derivative instruments are valued using pricing models and the Company generally uses similar models to value similar instruments. Where possible, the Company verifies the values produced by comparing its pricing models to active market prices. Forward contracts for copper, nickel, gold and PGE are purchased on the London Metal Exchange and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy. Other forward contracts held by the Company for copper and gold 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.

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

b) Investments

The Company's investments in marketable equity, government and corporate 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 Company's investments classified as Level 3 include asset backed commercial paper. The Company reviews the fair value periodically to determine whether the value is materially impaired.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2012, in the fair value hierarchy (as described in the notes to the annual consolidated financial statements):

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts (a)	4.6	-	-	4.6
Derivative instruments – OTC contracts (a)	-	0.4	-	0.4
Investments (b)	35.6	-	4.0	39.6
Financial liabilities				
Derivative instruments – LME contracts (a)	1.1	-	-	1.1
Derivative instruments – OTC contracts (a)	-	1.3	-	1.3
Embedded derivative in subordinated debt facility (c)	-	1.5	-	1.5

c) Embedded derivative in subordinated debt facility

During the period ended March 31, 2013, the Kansanshi subordinated debt was repaid and the facility cancelled. Therefore the embedded derivative disclosed in the annual consolidated financial statements has been extinguished.

Derivatives not designated as hedged instruments

As at March 31, 2013, the following derivative positions were outstanding:

		Average price		
	Open Positions (tonnes/ounces)	**Contract**	**Market**	**Maturities Through**
Embedded derivatives in provisional sales contracts:				
Copper	53,145	$3.55/lb	$3.44/lb	July 2013
Nickel	1,683	7.82/lb	7.50/lb	June 2013
Gold	20,422	1,595/oz	1,598/oz	June 2013
Commodity contracts:				
Copper	53,789	$3.55/lb	$3.44/lb	July 2013
Nickel	2,959	7.82/lb	7.50/lb	June 2013
Gold	20,993	1,595/oz	1,598/oz	June 2013

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

As at December 31, 2012, the following derivative positions were outstanding:

		Average price		
	Open Positions (tonnes/ounces)	**Contract**	**Market**	**Maturities Through**
Embedded derivatives in provisional sales contracts:				
Copper	50,191	$3.61/lb	$3.59/lb	March 2013
Nickel	3,996	7.81/lb	7.70/lb	February 2013
Gold	19,462	1,705/oz	1,676/oz	March 2013
Commodity contracts:				
Copper	53,453	$3.61/lb	$3.59/lb	March 2013
Nickel	3,315	7.81/lb	7.70/lb	February 2013
Gold	21,253	1,705/oz	1,676/oz	March 2013

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

	March 31, 2013	**December 31, 2012**
Commodity contracts:		
Asset position	$29.1	$5.0
Liability position	(1.1)	(2.4)

16 Commitments

Capital commitments

In conjunction with the development of Sentinel and Cobre Panama, and other projects including the copper smelter project at Kansanshi, the Company has committed to approximately $2,387.3 million (December 31, 2012 - $897.2 million) in capital expenditures.

Revenue stream commitment

The Company's subsidiary MPSA has an agreement with Franco-Nevada Corporation ('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 billion deposit on a pro-rata of 1:3 with certain of the Company's funding contributions to MPSA.

The amount of precious metals deliverable is indexed to the copper in concentrate produced from the Cobre Panama project and approximates 86% of the estimated payable precious metals attributable to the Company's 80% ownership during the first 31 years of mine life. Beyond the first 31 years of the currently contemplated mine life, the precious metals deliverable will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay to MPSA an amount for each ounce of precious metals delivered equal to $400 per ounce for gold and $6 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 $400 per ounce for gold and $6 per ounce for silver (subject to an adjustment for inflation) or one half of the then prevailing market price. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

Management's Discussion and Analysis

First quarter ended March 31, 2013

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three months ended March 31, 2013. 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. Changes in accounting policies have been applied consistently to comparative periods unless otherwise 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 May 2, 2013.

SUMMARIZED OPERATING AND FINANCIAL RESULTS[1]

(USD millions unless otherwise noted)	Q1 2013	Q4 2012	Q1 2012
Copper production (tonnes)	79,308	84,918	65,869
Copper sales (tonnes)	89,109	77,570	67,789
Cash cost of copper production (C1)[2] (per lb)	$1.52	$1.42	$1.59
Realized copper price (per lb)	$3.48	$3.46	$3.67
Nickel production (contained tonnes)	11,072	10,096	8,573
Nickel sales (contained tonnes)	11,048	8,081	5,332
Cash cost of nickel production (C1)[2] (per lb)	$5.34	$6.12	$5.69
Realized nickel price (per payable lb)	$7.80	$7.74	$8.85
Gold production (ounces)	55,944	64,383	42,495
Gold sales (ounces)	58,791	61,350	45,619
Sales revenues	901.2	774.6	728.7
Gross profit	310.2	295.0	270.3
EBITDA[2]	310.4	309.7	1,498.9
Net earnings attributable to shareholders of the Company	112.4	186.7	1,336.9
Earnings per share	$0.23	$0.39	$2.82
Diluted earnings per share	$0.23	$0.39	$2.81
Comparative earnings[3]	153.8	186.7	119.0
Comparative earnings per share[3]	$0.32	$0.39	$0.25

[1] Results of operations and financial results in this section include the results of the Çayeli mine (100%), the Las Cruces mine (100%), and the Pyhäsalmi mine (100%) from March 22, 2013, the date of acquisition. The operational review section below also includes historical results for the full quarter for the acquired operations without adjustment for acquisition accounting. The non-controlling interest of 14.5% of net earnings relating to shareholders of Inmet at March 31, 2013 are excluded from the net earnings attributable to the shareholders of the Company.

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

[3] Earnings attributable to shareholders of the Company have been adjusted to remove the effect of unusual items to arrive at comparative earnings. Comparative earnings and comparative earnings per share 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 earnings.

Production

Copper production 20% higher than Q1 2012

- Copper production of 79,308 tonnes increased by 13,439 tonnes over Q1 2012 primarily due to increased throughput at Kansanshi. Included in this increase are 3,181 tonnes being the contribution from Kevitsa and 3,305 tonnes contributed by the addition of Las Cruces, Çayeli and Pyhäsalmi after the successful acquisition of Inmet Mining Corporation ("Inmet").

Nickel production of 11,072 tonnes after record quarterly production from Ravensthorpe

- Ravensthorpe production benefited from higher grades and Kevitsa saw improved recovery and throughput.

Gold production 32% higher than Q1 2012

- Gold circuit enhancements at Kansanshi and Guelb continue to yield results with higher recoveries.

Copper production cash costs decreased by 4% from Q1 2012

- Average copper production cash cost of $1.52 per lb is lower than Q1 2012 reflecting lower processing costs and higher by-product credits, slightly offset by an increase in mining costs.

Sales revenues 24% higher than Q1 2012

- Sales revenues rose to $901.2 million, an increase of $172.5 million over Q1 2012. This is primarily due to increased copper and nickel sales volumes, partially offset by lower average realized prices. This increase includes $39.8 million from Kevitsa and $29.8 million from Las Cruces, Çayeli and Pyhäsalmi in the 10 days since the date of acquisition.

Gross profit 15% higher than Q1 2012

- Gross profit of $310.2 million was $39.9 million higher than the prior year quarter with higher sales volumes and by-product credits more than offsetting the impact of lower average copper and nickel prices and higher depreciation. There was also $3.4 million contribution for the 10 days post-acquisition results of the newly acquired operations.
- Net earnings attributable to shareholders of the Company include $41.4 million of non-recurring acquisition and other costs.
- The effective tax rate of 41.6% for the quarter is in line with guidance.

Acquisition of Inmet Mining Corporation

- On March 22, 2013, the Company acquired 85.5% of the diluted shares of Inmet for total cash and share consideration totalling $4.3 billion. Subsequent to the end of the period, a further 7.2% of the outstanding shares were acquired by the Company on April 2, 2013, and the remaining 7.3% on April 30, 2013.
- As a result of the transaction, shares in First Quantum immediately following the initial acquisition are owned approximately 83% by previous First Quantum shareholders, and approximately 17% by previous Inmet shareholders. Share options, performance share units, long-term incentive plan units and deferred share units in Inmet have been extinguished and not replaced.
- The acquisition was funded through a $2.5 billion new debt facility. On March 20, 2013, a wholly owned subsidiary of the Company entered into a syndicated debt facility arrangement for $2.5 billion incurring interest at LIBOR plus 2.75%.
- Through the acquisition, First Quantum has acquired 100% ownership of three operating mines and 80% ownership in a development project. The Las Cruces mine in Spain is an open pit mine producing copper cathode, the Çayeli mine in Turkey and the Pyhäsalmi mine in Finland are underground mines producing copper and zinc concentrates. The Cobre Panama development project is located in Panama and on successful commissioning will produce copper and molybdenum concentrates. Following the acquisition, operating guidance has been updated to include production results from Çayeli, Las Cruces, Pyhäsalmi, as well as expected capital expenditures at these sites for March 22 to December 31, 2013.
- The financial position of Inmet as at March 31, 2013 has been consolidated with the results of the Company. The financial performance of Inmet for the 10-day period ending March 31, 2013 has been included with the results of the Company for the three months ended March 31, 2013.

Development projects remain on track

- Expansions to the oxide and sulphide circuits at Kansanshi continue according to plan. The oxide expansion to 14.5 million tonnes per annum ("Mtpa") continued in the quarter, as well as design work on the sulphide treatment facility to 25 Mtpa.
- The Kansanshi smelter project remains on schedule for construction completion in mid-2014 followed by commissioning and ramp up.
- Construction of the Sentinel project is on schedule, as is the engineering design and geotechnical investigation at the Enterprise project.
- Following the successful acquisition of Inmet, specific current construction activities continue at Cobre Panama while the Company undertakes a detailed review of the project.

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

Operational outlook for 2013

	Copper (000's tonnes)	Nickel (000's contained tonnes)	Gold (000's ounces)	Zinc (000's tonnes)
Group	**384 - 416**	**40 - 45**	**193 - 213**	**41 - 48**
Kansanshi	250 - 270	-	126 - 140	-
Guelb Moghrein	37 - 41	-	56 - 61	-
Ravensthorpe	-	31 - 35	-	-
Kevitsa	15 - 16	9 - 10	11 - 12	-
Çayeli[1]	21 - 24	-	-	27 - 31
Las Cruces[1]	53 - 56	-	-	-
Pyhäsalmi[1]	8 - 9	-	-	14 - 17

[1] The production guidance shown above for Çayeli, Las Cruces and Pyhäsalmi represents guidance from acquisition date of March 22, 2013 until the end of the year. Pro-forma full year guidance for copper production remains at 28,000 to 31,000 for Çayeli, 69,000 to 72,000 tonnes at Las Cruces and 12,000 to 13,000 tonnes at Pyhäsalmi. Pro-forma full year guidance for zinc production remains at 36,000 to 40,000 tonnes for Çayeli and 20,000 to 23,000 tonnes at Pyhäsalmi.

- Guidance for combined average copper production cash cost for Kansanshi, Guelb and Kevitsa remains unchanged at $1.50 to $1.60 per lb of copper. Incorporating acquired operations of Çayeli, Las Cruces and Pyhäsalmi for the 9 months following acquisition reduces guidance on Group average copper production cash cost for 2013 to approximately $1.40 to $1.50 per lb of copper.
- Expected average nickel production cash cost per lb remains at $5.50 to $6.00.
- Expected total capital expenditure for pre-acquisition First Quantum sites and development projects remains at approximately $2.0 billion. Forecast capital expenditure for Cobre Panama is under review and revised guidance will be given in due course. Capital expenditure at acquired operations is expected to be between $70.0 million to $85.0 million for the full year compared to previous guidance of $85.0 million.
- Fair value adjustments to the value of property, plant and equipment is expected to increase depreciation going forward, as well as a shorter term impact of fair value adjustments on inventory which is expected to impact Q2 2013.

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

OPERATIONS

Kansanshi Copper and Gold Operation	Q1 2013	Q4 2012	Q1 2012
Sulphide ore tonnes milled (000's)	2,521	2,679	1,433
Sulphide ore grade processed (%)	0.7	1.0	1.0
Sulphide copper recovery (%)	91	92	95
Mixed ore tonnes milled (000's)	1,928	1,951	2,562
Mixed ore grade processed (%)	1.1	1.1	1.1
Mixed copper recovery (%)	75	74	64
Oxide ore tonnes milled (000's)	1,594	1,738	1,424
Oxide ore grade processed (%)	2.2	2.0	2.0
Oxide copper recovery (%)	86	90	85
Copper production (tonnes)	63,123	70,431	56,611
Copper sales (tonnes)	71,522	61,758	58,545
Gold production (ounces)	36,866	45,410	27,158
Gold sales (ounces)	37,518	38,179	30,308
Cash costs (C1) (per lb)[1]	$1.55	$1.45	$1.54
Total costs (C3) (per lb)[1]	$2.02	$1.90	$1.82
Sales revenues	562.9	494.3	490.5
Gross profit	246.9	238.0	236.4
EBITDA[1]	275.4	251.1	258.1

[1] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

Copper production increased by 12% from Q1 2012 mainly due to increased throughput rates as the benefits of the plant expansions are being realized. Targeted throughput rates were met during the wet season.

The increase in sulphide production compared to Q1 2012 is a result of the increased throughput, partially offset by lower grade and lower recoveries. The lower sulphide grade in the quarter reflects higher volumes processed from the main pit, which is a lower grade area. The lower recoveries compared to Q1 2012 reflects the lower feed grade.

Mixed ore production benefited from increased recoveries which increased by 11% over Q1 2012 reflecting the quality of the ore processed from the mine in the quarter. The mixed circuit maintained high average milling rates of 21,400 tonnes per day, but decreased compared to Q1 2012 when a temporary circuit reconfiguration increased the capacity of the mixed circuit.

Oxide throughput has increased by 12% from Q1 2012 as a result of the completion of the oxide expansion to 7.2 Mtpa capacity in Q2 2012. This increase in throughput combined with increases in grade and recoveries meant a 20% increase in oxide production.

Gold production was 36% higher than Q1 2012 as a result of gold circuit enhancements.

Q1 2013 C1 costs increased by $0.01 per lb from Q1 2012. C1 costs benefited from lower processing costs and lower treatment and refining charges. This benefit was slightly outweighed by increased mining costs of $0.02 per lb and a lower gold credit.

Sales revenues and gross profit increased by 15% and 4% respectively in Q1 2013 compared to Q1 2012. The increase in sales revenues reflects an increase in both copper and gold sales volumes, partially offset by lower realized prices. Gross profit was negatively impacted by lower realized copper and gold prices, higher royalty rates and higher depreciation. The Zambian copper royalty rate was increased from 3% to 6%, effective April 2012, resulting in an increase of $17.2 million in the royalty expense in Q1 2013 compared to Q1 2012.

Outlook

Production in 2013 is expected to be between 250,000 and 270,000 tonnes of copper, and 126,000 and 140,000 ounces of gold.

The reduction in mining rates during the wet season will impact on progress in opening up mining areas and hence oxide ore availability. This, in turn, is expected to result in on-going variation in feed quality with respect to copper grade and gangue acid consumption (GAC). Pre-screening of high GAC ore continues to assist in reducing the GAC of ore ahead of processing.

Optimization of the recently commissioned fifth acid plant continues, with full production rates only expected after a water treatment system upgrade, expected to be completed during Q3 2013.

In the medium term, some of Kansanshi's mining areas for oxide ore are characterized as high grade, high acid-consuming ore. The supply of sulphuric acid from smelters remains constrained and acid manufactured at the Company's acid plants requires the import of sulphur at high costs. Some high grade, high acid-consuming ore will be stockpiled until acid is available from the Kansanshi smelter. The capacity of the oxide expansions will, in the interim, be utilized with a view to improving overall recovery at relatively lower throughput rates.

Copper in concentrate inventory levels marginally improved at the end of Q1 2013 compared to the end of Q4 2012. However no significant changes in smelter capacity within Zambia is expected that will enable a further reduction in inventory levels this year.

Sulphide ore processing is expected to remain strong. Refinements to the process control systems across mill and float continue to maintain and further enhance metallurgical performance in the sulphide circuit through increased circuit stability and rapid automated response to mineralogical and process variations. Gains particularly in throughput have been realized and this is expected to continue as long as ore availability remains good.

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

Guelb Moghrein Copper and Gold Operation	Q1 2013	Q4 2012	Q1 2012
Sulphide ore tonnes milled (000's)	696	825	797
Sulphide ore grade processed (%)	1.5	1.4	1.3
Sulphide copper recovery (%)	95	93	92
Copper production (tonnes)	9,700	11,038	9,258
Copper sales (tonnes)	10,988	13,007	9,244
Gold production (ounces)	16,190	16,802	15,337
Gold sales (ounces)	19,462	20,864	15,311
Cash costs (C1) (per lb)[1]	$1.43	$1.13	$1.84
Total costs (C3) (per lb)[1]	$2.05	$1.69	$2.41
Sales revenues	106.8	127.3	90.3
Gross profit	36.3	47.5	24.4
EBITDA[1]	43.7	54.2	28.5

[1] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

Q1 2013 copper production increased by 5% from Q1 2012, as a result of increased grades and increased recoveries offset by lower throughput rates. Copper recoveries were increased as the gold bullion plant flotation cells are now being used to produce copper and this allows for longer flotation times. Throughput was affected by lower mill availability in the quarter due to maintenance downtime.

Gold production increased by 6% from Q1 2012 as lower throughput was outweighed by higher grade and recovery.

Cash costs in Q1 2013 are 22% lower than Q1 2012 primarily as a result of lower treatment and refining charges and a higher gold credit. Costs in Q1 2012 were also affected by the sale of higher cost inventory.

Sales revenues and gross profit have both increased in comparison to Q1 2012 with a 17% increase in copper sales revenues and a 22% increase in gold sales revenues. The increase in sales revenues reflects an increase in copper and gold sales volumes offset by lower realized copper and gold prices. This increase in revenues combined with lower cash operating costs drove the year-over-year increase in gross profit.

Outlook

Production in 2013 is expected to be between 37,000 and 41,000 tonnes of copper, and between 56,000 and 61,000 ounces of gold. Mine development planning is expected to continue to be a priority by exposing additional ore reserves from the extension of the pit boundaries in two additional cutbacks. The replacement of some older haulage trucks is expected to be necessary during 2013.

Process plant enhancements continue with a focus on better availability in the grinding circuit to achieve higher throughput. Better coordination of ore sourcing will permit higher throughput rates. The project to reconfigure the grinding circuit to a conventional Semi-Autogenous Grinding ("SAG")/ball mill circuit is progressing well with the feasibility study and capital cost estimate of $49.6 million approved in Q1 2013. Design is continuing and construction is expected to commence in Q2 2013. Commissioning is scheduled for mid-2014.

Guelb Moghrein is currently undertaking a feasibility study and preliminary design work on a magnetite recovery project. A plant expansion is being considered to recover magnetite as a by-product of the ore feed. The study is expected to include the future potential to reclaim the stored tailings to extract contained magnetite.

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

Ravensthorpe Nickel Operation	Q1 2013	Q4 2012	Q1 2012
Beneficiated ore tonnes processed (000's)	690	687	724
Beneficiated ore grade processed (%)	1.7	1.5	1.5
Nickel recovery (%)	78	78	78
Nickel production (contained tonnes)	9,023	8,227	8,573
Nickel sales (contained tonnes)	10,033	7,288	5,332
Nickel production (payable tonnes)	6,951	6,338	6,617
Nickel sales (payable tonnes)	7,613	5,425	4,199
Cash costs (C1) (per lb)[1]	$5.36	$6.05	$5.69
Total costs (C3) (per lb)[1]	$6.59	$7.33	$6.93
Sales revenues	132.6	94.3	82.2
Gross profit	11.3	2.8	10.9
EBITDA[1]	24.6	14.6	22.2

[1] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

Ravensthorpe recorded its highest quarterly production as Q1 2013 nickel production exceeded Q1 2012 by 5% mainly due to increased grades. New areas of limonite ore were exposed in Q4 2012 and early in Q1 2013, producing higher than average grade nickel feed for the plant in the second half of the quarter. Throughput was marginally reduced in Q1 2013 in order to optimize processing and production at higher ore grades.

C1 costs have decreased in Q1 2013 by $0.33 per lb compared to Q1 2012 despite higher mining costs, which include drilling and blasting, higher processing costs and a lower cobalt by-product credit. These increases were outweighed by lower refining charges which reflects a different sales mix to offtakers, and a decrease in administration cost. In Q1 2012 the C1 cost benefited from the use of low-cost sulphur.

Sales revenues for Q1 2013 increased by 61% compared to Q1 2012. An increase of 88% in contained nickel sales volumes was offset by a 3% decrease in payability and a 12% decrease in realized nickel price. The increase in sales volumes in Q1 2013 reflects that the operation was still ramping up to design capacity in Q1 2012 and agreements with offtakers were being finalized.

Outlook

Production in 2013 is expected to be between 31,000 and 35,000 tonnes of nickel.

Crushing plants and beneficiation have operated well in Q1 2013 and operations in these areas are expected to continue to show improvements in plant utilization on the production and maintenance fronts with various initiatives being implemented from April to September 2013. The sulphuric acid plant will undergo a 14-day planned maintenance downtime in April to coincide with statutory bi-annual inspections on pressurized vessels. Various smaller planned works on the remainder of the plant, aimed at improving throughput, will be conducted at the same time. Nickel production however is expected to remain in line with budgeted numbers for the month and the full year.

Following the April planned downtime, the sulphuric acid plant is expected to continue to have stable operations with efficient use of power distribution, significantly reduced diesel fuel consumption and associated savings. Taking advantage of lower cost sulphur opportunities with associated logistical improvements will remain a focus for Ravensthorpe.

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

Kevitsa Nickel-Copper-PGE[1] Operation	Q1 2013	Q4 2012	Q1 2012
Ore tonnes milled (000's)	1,512	1,413	-
Nickel ore grade processed (%)	0.2	0.2	-
Nickel recovery (%)	64	59	-
Nickel production (tonnes)	2,049	1,870	-
Nickel sales (tonnes)	1,015	792	-
Copper ore grade processed (%)	0.3	0.3	-
Copper recovery (%)	80	84	-
Copper production (tonnes)	3,181	3,448	-
Copper sales (tonnes)	2,734	2,805	-
Gold production (ounces)	2,619	2,172	-
Platinum production (ounces)	6,833	6,123	-
Palladium production (ounces)	5,732	5,419	-
Nickel cash costs (C1) (per lb)[2]	$5.29	$6.37	-
Nickel total costs (C3) (per lb)[2]	$6.57	$7.19	-
Copper cash costs (C1) (per lb)[2]	$1.94	$1.75	-
Copper total costs (C3) (per lb)[2]	$2.75	$3.06	-
Sales revenues	39.8	36.5	-
Gross profit	15.6	6.4	-
EBITDA[2]	19.9	11.2	-

[1] Platinum-group elements ("PGE").

[2] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

Throughput rates continue to exceed expectations at Kevitsa with a 7% increase in throughput compared to Q4 2012, the first full quarter of commercial production, although production is still affected by the processing of weathered ore. It is expected that this ore will be fully depleted in Q2 2013. Modifications to nickel flotation were implemented which have improved recoveries in Q1 2013. The increased throughput and nickel recoveries have increased nickel production by 10% from Q4 2012.

A decrease in copper recoveries from processing oxidized ore was slightly offset by the increase in throughput, with copper production decreasing by 8% compared to Q4 2012.

Nickel cash costs decreased by 17% compared to Q4 2012 while copper cash costs increased 11%. The ramp up to a full seven days per week mining shift roster was implemented during Q1 2013 and training of an increased complement of employees continues. Cash costs for copper were higher resulting from lower than planned feed grades and lower recoveries resulting in less metal production.

Nickel sales volumes increased from Q4 2012 by 28%, with copper sales volumes falling slightly by 3%.

Outlook

Production in 2013 is expected to be between 15,000 and 16,000 tonnes of copper, between 9,000 and 10,000 tonnes of nickel and 11,000 to 12,000 ounces of gold.

The amount of weathered ore going into the plant is expected to reduce further in Q2 2013 and pre-stripping the Stage 2 cutback is also expected to commence. On-going studies continue towards improving recoveries, as well as other operational optimization of the plant, including expansion of the nickel filter. A secondary crusher is expected to be delivered in the second half of the year.

Liaison with the relevant environmental authorities to increase the plant throughput rate to a maximum of 10 Mtpa is still in progress.

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

The following operation discussions review the results of the Las Cruces mine (100%), the Çayeli mine (100%) and the Pyhäsalmi mine (100%). The tables show both the post-acquisition results of the mines from March 22, 2013 to the end of the quarter, and historical results for the full period without adjustment and as reported by Inmet. The non-controlling interest portion of 14.5% of net earnings relating to shareholders of Inmet at March 31, 2013 are not disclosed here.

		Historical results		
Las Cruces Copper Operation[1]	**March 22 – 31 2013**	**Full Quarter Q1 2013**	**Q4 2012**	**Q1 2012**
Ore tonnes milled (000's)	30	305	276	246
Copper ore grade processed (%)	6.8	6.7	6.9	6.7
Copper recovery (%)	90	88	90	85
Copper cathode production (tonnes)	1,923	17,927	17,302	13,343
Copper cathode sales (tonnes)	2,852	17,360	17,394	13,561
Cash costs (C1) (per lb)[2]	n/a	$1.00	$1.14	$1.38
Total costs (C3) (per lb)[2]	n/a	$1.53	$1.76	$2.03
Sales revenues	22.1	138.5	136.0	110.1
Gross profit[3]	6.1	74.0	73.4	51.6
EBITDA[2]	11.5	101.8	93.5	71.1

[1] Results from the Las Cruces mine are only included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

[2] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] Gross profit is defined as sales revenues less cost of sales; disclosure regarding the Las Cruces mine in Inmet's financial reporting defines sales revenues less cost of sales as operating earnings.

Copper cathode production was 34% higher in Q1 2013 compared to Q1 2012 due to increased throughput and recovery. Recovery increased to 88% in Q1 2013 due to the full implementation of the leach feed surge tank with oxygen addition that was completed during 2012. Copper grades were consistent at 6.7%. Production in Q1 2012 was negatively impacted by a nine-day planned maintenance shutdown and a one-day national strike.

Cash costs in Q1 2013 were 28% lower than Q1 2012 due to significantly higher copper cathode production as well as lower operating costs relating to lower reagent costs and the non-recurrence of costs associated with the maintenance shutdown in Q1 2012.

Sales revenues and gross profit have both increased in comparison to Q1 2012 by 26% and 43%, respectively. The increase in sales revenues reflects higher copper cathode sales volumes, partially offset by lower realized copper prices. The increase in sales revenues combined with lower operating costs drove the increase in gross profit. Gross profit in the 10-day post-acquisition period is impacted by the partial recognition in net earnings of the fair value adjustments made to inventory on the date of acquisition. These adjustments impact the results as a portion of the inventory held on the balance sheet at acquisition date has been sold. It is expected that the fair value adjustment to finished goods inventory will be fully unwound during Q2 2013.

Subsequent to the quarter end, a fire occurred in one of the plant's eight leach reactors. All eight reactors were shut down following the fire to allow for a thorough assessment of damages and to investigate the cause of the fire. As of April 23, seven of the eight reactors were re-commissioned and the final reactor is expected to be online by mid-May. The fire and related re-commissioning period is expected to result in approximately 3,300 tonnes of lost copper cathode production, however plans to recover some or all of the lost production are currently under review.

Outlook

Production is expected to be between 69,000 tonnes and 72,000 tonnes copper cathode in 2013. The plant will be tested at higher ore throughput and lower grade to assess the effects on plant performance before Las Cruces enters into lower copper grade areas of the mine, which is expected in 2014.

In 2013, process plant improvements will focus on reducing recovery losses downstream of the leaching reactors that have risen with the increase in copper cathode production and due to operating with process solutions that contain more copper.

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

		Historical results		
Çayeli Copper and Zinc Operation[1]	March 22 – 31 2013	Full Quarter Q1 2013	Q4 2012	Q1 2012
Ore tonnes milled (000's)	37	323	319	299
Copper ore grade processed (%)	3.2	3.2	3.0	3.4
Copper recovery (%)	76	77	74	79
Zinc ore grade processed (%)	4.5	4.6	5.0	5.4
Zinc recovery (%)	66	68	69	65
Copper production (tonnes)	909	7,873	7,024	8,082
Copper sales (tonnes)	742	8,080	5,088	11,136
Zinc production (tonnes)	1,107	10,249	11,062	10,498
Zinc sales (tonnes)	-	7,173	10,019	10,298
Cash costs (C1) (per lb)[2]	n/a	$0.93	$0.65	$0.76
Total costs (C3) (per lb)[2]	n/a	$1.51	$1.14	$1.22
Sales revenues	5.0	65.3	45.9	101.9
Gross profit (loss)[3]	(1.7)	31.3	16.5	66.0
EBITDA[2]	(0.4)	38.2	21.2	71.0

[1] Results from the Çayeli mine are only included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

[2] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] Gross profit (loss) is defined as sales revenues less cost of sales; disclosure regarding the Çayeli mine in Inmet's financial reporting defines sales revenues less cost of sales as operating earnings.

Copper production decreased by 3% from Q1 2012 due to slightly lower copper grades and recovery. The deferral of several high copper grade stopes to later in the year led to the reduced copper grades compared to the prior year. The negative impact was partially offset by higher mine production and throughput, with Çayeli having benefited from improved mine planning and logistical control during the quarter.

Zinc production decreased by 2% from Q1 2012 due to lower zinc grades partially offset by higher zinc recovery and higher throughput. The decrease in zinc grade resulted from lower grade stopes in the areas mined, while favourable blending and controlled throughput led to higher zinc recovery.

Cash costs in Q1 2013 increased by 22% from Q1 2012 due to lower copper production and a decreased by-product credit. The increase in cash costs in Q1 2013 was partially offset by a slight decrease in operating costs.

Sales revenues and gross profit decreased by 36% and 53%, respectively, in Q1 2013 compared to Q1 2012. The decreases in sales revenues and gross profit reflect lower copper and zinc sales volumes and lower realized metals prices this quarter. Gross loss in the 10-day post-acquisition period is impacted by the partial recognition in net earnings of fair value adjustments made to inventory on the date of acquisition. These adjustments impact the results as a portion of the inventory held on the balance sheet at acquisition date has been sold. It is expected that the fair value adjustment to finished goods inventory will be fully unwound during Q2 2013.

The three-year labour agreement at Çayeli expired in May 2012. The negotiation of a new labour agreement, initially delayed due to changes to government labour regulations, is proceeding and Çayeli plans to make a strong effort to manage labour cost escalations to retain the operation's cost competitiveness.

Outlook

Production is expected to be between 28,000 tonnes and 31,000 tonnes of copper and between 36,000 tonnes and 40,000 tonnes of zinc in 2013. Both copper and zinc recovery are expected to be lower in 2013, reflecting the increased proportions of metallurgically challenging ore types.

In 2013, throughput is expected to increase from 1.20 million tonnes to 1.25 million tonnes. The mine should benefit from the commissioning of two new ore passes by Q3 2013, the extension of a shotcrete slickline to the lower levels of the mine, improved lower mine infrastructure and the addition of stope production from a new mining block, all of which should ease pressure on existing production areas. Çayeli's ground conditions require constant monitoring and reinforcement, including the need to minimize any underground void area. Continued progress in meeting the challenges of poor ground conditions and planned operational efficiencies is aimed at reducing the risks associated with achieving the production plan.

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

		Historical results		
Pyhäsalmi Copper and Zinc Operation[1]	**March 22 – 31 2013**	**Full Quarter Q1 2013**	**Q4 2012**	**Q1 2012**
Ore tonnes milled (000's)	39	346	351	342
Copper ore grade processed (%)	1.3	1.3	1.0	1.0
Copper recovery (%)	96	97	97	96
Zinc ore grade processed (%)	1.4	2.0	3.0	1.5
Zinc recovery (%)	90	92	93	90
Copper production (tonnes)	473	4,362	3,273	3,381
Copper sales (tonnes)	271	3,747	3,237	3,909
Zinc production (tonnes)	483	6,184	9,660	4,620
Zinc sales (tonnes)	144	6,738	8,984	4,154
Pyrite production (tonnes)	21,187	189,955	222,534	211,275
Pyrite sales (tonnes)	10,953	114,478	299,676	112,298
Cash costs (C1) (per lb)[2]	n/a	($0.55)	($1.62)	$0.51
Total costs (C3) (per lb)[2]	n/a	($0.10)	($1.19)	$0.84
Sales revenues	2.7	47.6	51.8	44.2
Gross profit (loss)[3]	(1.0)	30.5	32.4	26.1
EBITDA[2]	0.4	34.2	33.5	27.5

[1] Results from the Pyhäsalmi mine are only included in First Quantum's financial results for the period subsequent to the date of acquisition on March 22, 2013. Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

[2] C1 and C3 costs and EBITDA are not recognized under IFRS. See "*Regulatory Disclosures*" for further information. C1 and C3 costs have been recalculated using First Quantum's methodology and may be different to that previously disclosed by Inmet.

[3] Gross profit (loss) is defined as sales revenues less cost of sales; disclosure regarding the Pyhäsalmi mine in Inmet's financial reporting defines sales revenues less cost of sales as operating earnings.

Copper production increased by 29% in Q1 2013 compared to Q1 2012 due to higher copper grades and recovery, and slightly higher throughput.

Zinc production was 34% higher than Q1 2012 due to significantly higher zinc grades and higher recovery.

The copper and zinc grades achieved in Q1 2013 were higher than plan for the year due to areas mined outside of the mine plan. Copper and zinc grades are expected to return to plan levels for the remainder of 2013.

Cash costs in Q1 2013 decreased compared to Q1 2012 due to higher copper production and higher by-product credits. The decrease in cash costs in Q1 2013 was slightly offset by an increase in operating costs mainly related to contractor fees.

Sales revenues increased by 8% and gross profit increased by 17% in Q1 2013 compared to Q1 2012. The increase in sales revenues and gross profit reflect an increase in zinc sales volumes partially offset by a slight decrease in copper sales volumes and lower realized copper and zinc prices. Gross loss in the 10-day post-acquisition period is affected by the partial recognition in net earnings of fair value adjustments made to inventory on the date of acquisition. These adjustments impact the results as a portion of the inventory held on the balance sheet at acquisition date has been sold. It is expected that the fair value adjustment to finished goods inventory will be fully unwound during Q2 2013.

Outlook

Production is expected to be between 12,000 tonnes and 13,000 tonnes of copper and 20,000 tonnes and 23,000 tonnes of zinc. Zinc production should be lower than it was in 2012 due to an expected decrease in zinc grades in 2013. Pyrite production is expected to be approximately 820,000 tonnes.

Improved procedures for mucking and backfilling stopes will be developed in deteriorated ore access drifts in support of Pyhäsalmi's ground control rehabilitation program and underground voids are expected to be reduced.

DEVELOPMENT ACTIVITIES

Kansanshi expansions, Zambia

The multi-stage Kansanshi plant upgrade to an annual production capacity of 400,000 tonnes of copper continues into 2013. The stage one oxide circuit expansion to 7.2 Mtpa was completed in Q2 2012 and optimized during Q3 2012 with the benefits being seen in the oxide throughput rates. Progress on the stage two oxide capacity expansion to 14.5 Mtpa continued with a phased commissioning planned to begin in mid-2013. The expansion encompasses additional crushing, flotation, leach tanks, CCD thickeners, solvent extraction, electro-winning and associated ancillary systems and equipment. Acid supply and economics will dictate the rate of oxide treatment until the smelter is commissioned in mid-2014.

The second phase of the 400,000 tonne annual production capacity expansion project is an expansion of the sulphide treatment facilities by construction of a new section of plant capable of treating up to 25 Mtpa of sulphide ore. Board approval has been granted and design work is continuing while environmental approvals are being pursued. No significant barriers to environmental approval are envisaged.

Copper smelter project, Zambia

Kansanshi's concentrate is currently treated at smelters in Zambia, however, existing domestic smelting capacity will be insufficient to process the substantial increase in production resulting from the Kansanshi expansion and the Sentinel project. The new copper smelter is designed to process 1.2 million tonnes of concentrate to produce over 300,000 tonnes of copper metal annually. The smelter is also expected to produce 1.0 million tonnes of sulphuric acid as a by-product at a low cost which will benefit Kansanshi by allowing the treatment of high acid-consuming oxide ores and the leaching of some mixed ores. The additional acid is also expected to optimize the expansion of the oxide leach facilities and allow improved recoveries of leachable minerals in material now classified and treated as mixed ore.

Detailed design work on the smelter is around 60% complete. Manufacture of the major equipment packages is progressing well. The waste heat boiler has been delivered to site. Earthworks construction is approximately 85% complete. Concrete works are around 30% complete. The main frames for the electric furnace have been installed and erection of the acid plant towers is underway. The project is scheduled for construction completion in mid-2014 followed by commissioning and ramp up.

Sentinel project, Zambia

A mineral resource and reserve estimate for the Sentinel copper project was released in March 2012. An estimated measured and indicated resource of 1,027 Mt at 0.51% copper grade, containing 5.2 Mt of copper has been delineated, inclusive of an estimated recoverable proven and probable mineral reserve of 774 Mt at 0.50% copper grade, containing 3.9 Mt of copper. The life of mine strip ratio is anticipated to be 2.2:1 and the estimated mine life is in excess of 15 years. An infill drilling program has commenced to identify further detail of the geological resources that will be encountered during the initial years of operation.

The project is expected to produce between 270,000 and 300,000 tonnes of copper in concentrate annually.

Sentinel construction activities continued to ramp up in Q1 2013 with the construction effort approaching its peak. Project milestones to the end of March 2013 include detailed design engineering which is approximately 90% complete; Musangezhi river dam is operational and Chisola river / raw water dam earthworks has commenced; over 42,000 cubic metres of concrete poured on site; and approximately 5,500 tonnes of structural steel fabricated with approximately 4,000 tonnes of steel already received on site and being erected. A significant safety milestone of 3,000,000 man hours without lost time incident was also achieved in this period. The first ball mill shell and heads are erected, and the project's first 100+ ton lift was completed successfully. Construction continues to progress well across the site. The development of project infrastructure continues: the first affordable houses in the town are scheduled to be occupied by early operations and mining personnel during Q2 2013; clearing for the first mine pre-strip areas commenced in April 2013; and the major tenders for the Zambia Electricity Supply Corporation Limited ("ZESCO") 330kV transmission line project have been received with the first contract for substation works near completion. A dispute has arisen with ZESCO, the state-owned power transmission and supply company, in respect of the tender selection for the contractor to build the transmission line. On April 23, 2013, a wholly owned subsidiary of the Company served a Declaration of a Dispute and Notice to Arbitrate under the Connection Agreement with ZESCO. In the event the dispute is not resolved the connection of power to the Sentinel project could be delayed.

The Company will continue project development with an on-going commitment to social responsibility within the complete license area.

Project capital costs were initially estimated at $1.72 billion for a 40 Mtpa throughput plant. However, a throughput increase to 55 Mtpa, plus the addition of a nickel processing plant (Enterprise project) has been added to the project development which increased the total capital cost estimate to $2.0 billion. The completion target for Sentinel remains unchanged and expected during 2014.

Enterprise project, Zambia

The maiden mineral resource estimate for the Enterprise nickel deposit has been identified at 40.1 Mt at 1.07% nickel. This supports proven and probable mineral reserves of 32.7 Mt at 1.10% nickel and based on a 4 Mtpa operation, the mine life would be approximately eight years producing 38,000 to 40,000 tonnes of nickel per annum. There is further potential to increase both the mineral resource and reserve as drilling continues in the adjacent Enterprise South West Zone. The Enterprise deposit is located approximately 12 kilometres north west of the Sentinel project.

The longest lead equipment items being the SAG mill and the ball mill have been ordered, and engineering design is progressing with area layouts approved. Geotechnical investigation of the mill, crusher and stockpile are complete showing favourable ground conditions. Earthworks are set to begin on the Enterprise haul road and first concrete placement is planned for Q2 2013.

Target completion for the Enterprise project is between late 2014 and early 2015.

Cobre Panama, Panama

Following the successful acquisition of Inmet, the Company has commenced a detailed review of the Cobre Panama project. The objective is to re-establish the project on a more ‘self-perform’ basis to maximize the benefit of the Company’s core project development skills. To this end a number of key contracts, including the main engineering, procurement and construction management contract, have been modified or cancelled and a rationalization of the work force is currently under way.

This review is expected to take between two and four months before a revised capital cost estimate and project timetable will be available.

Exploration

Exploration programs continued at a sustained level in most areas with ongoing drilling campaigns active in Finland, Mauritania and Zambia.

A considerable review process has now commenced to integrate the Inmet exploration activities into First Quantum. Other than ongoing drilling at Cobre Panama, the Inmet exploration portfolio includes projects in Finland and Peru which complement the Company’s current position as well as several early stage copper porphyry prospects in Chile, Mexico and the USA. The objective of the review is to ensure that the best projects from both organizations are selected and prioritized in line with the Company’s corporate objectives.

Trident

Five rigs are currently active on the Trident project. At Sentinel the program includes holes focused on resource infill, communition testing and geotechnical assessment. These will assist the first stage pit optimization program which is on target for completion by mid-2013. A small resource extension drilling program commenced at Enterprise and should also be complete by mid-year.

Ground geophysical surveys are planned over the new Bream prospect as well as areas around Enterprise and Intrepid. A technical review of the Trident datasets has generated several new targets that will be drill tested during the latter part of 2013.

Kansanshi

Exploration and resource drilling continued during Q1 2013. Exploration of the Rocky Hill prospect between South East Dome and Main pit continued to return mineralized intercepts that should provide an extension to the South East Dome optimized pit.

With the completion of much of the Kansanshi near mine exploration program, objectives have now extended to exploring for similar mineralization styles around the Solwezi Dome immediately south of the mine. Analysis of historical data with the benefit of current knowledge from Kansanshi suggests that considerable potential exists in this area.

A suitable high quality silica source for the Kansanshi smelter has been located in an area to the east of the mine. Further sampling and resource drilling will be conducted in Q2 2013.

Finland

Reconnaissance drilling and ground geophysics continued to be focused on Mafic nickel-copper-PGE targets in the large project area north of Kevitsa, with seven targets tested during the period. Some encouraging new conductors have been defined which require drill testing. Base of till reconnaissance over selected geophysical targets encountered prospective ultramafic rocks with nickel-copper anomalies.

Other activities are focused on sediment hosted copper and IOCG copper-gold targets through Finland with claim applications also lodged over a new IOCG target in Sweden.

Peru

Exploration activities at Haquira have been put on hold whilst the company concentrates on the community and environmental aspects of the project development. Emphasis has moved onto regional exploration projects including the Zincore joint-venture agreement and assessments of two new joint-venture areas.

On the Zincore joint-venture agreement, the first phases of drilling have been completed at the main Dolores prospect. Significant widths of low grade mineralization have been reported, however, no higher grade zone has yet been intersected. Drilling and geophysical datasets are now being integrated into a new 3D model in order to review further potential targets at Dolores. Exploration has also begun at several high priority targets within the Zincore portfolio, as identified in a recent airborne survey.

Turkey

Drilling has continued through the winter on the Columbus Copper Corp (formerly Empire Mining) joint-venture agreement at Bursa in Turkey.

The intent of the current drill program is to test the size and scope of the entire mineralized system, commencing with the eastern extremities that coincide with significant Induced Polarization ("IP") geophysical responses. The IP anomalies can be attributed to skarn and secondary copper mineralization, although the wide spacing of the drill holes bracket the main chargeability anomaly, which still requires infill drilling. A second set of drill holes in the current program is targeting the sulphide mineralization where past drilling has demonstrated an increase in primary copper at depth. Better results from the current program include 59.9 metres of 0.55% copper and 0.06 grams per tonne ("g/t") gold from 219.1 metres depth including 35.4 metres from 220.1 metres grading 0.67% copper and 0.09 g/t gold and 9.4 metres from 235.1 metres grading 1.27% copper and 0.14 g/t gold. For more details see www.columbuscopper.com.

Mauritania & West Africa

The diamond drill program on the Oriental Hill mineralization adjacent to the current Guelb Moghrein open pit was completed during the quarter with 24 holes having results outstanding. As part of the program five metallurgical holes have been completed for detailed metal testing. Consistent thicknesses of oxide and typical Guelb Moghrein style 'FMC' mineralization have been intercepted and are wider than anticipated in the south.

Two new permits have now been now been granted over prospective nickel-copper-PGE targets in Western Cote d'Ivoire. An airborne geophysical survey is planned.

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

SALES REVENUES

		Q1 2013	Q4 2012	Q1 2012
Kansanshi	- copper	510.1	437.9	445.7
	- gold	52.8	56.4	44.8
Guelb Moghrein	- copper	77.8	92.5	66.6
	- gold	29.0	34.8	23.7
Ravensthorpe	- nickel	130.5	93.0	80.1
	- cobalt	2.1	1.3	2.1
Kevitsa	- nickel	10.2	6.9	-
	- copper	19.3	20.6	-
	- gold, PGE and cobalt	10.3	9.0	-
Las Cruces[1]	- copper	22.1	-	-
Çayeli[1]	- copper	4.7	-	-
	- zinc, gold and silver	0.3	-	-
Pyhäsalmi[1]	- copper	1.7	-	-
	- zinc	0.3	-	-
	- pyrite, gold and silver	0.7	-	-
Corporate and other		29.3	22.2	65.7
		901.2	774.6	728.7

[1] Results for the period subsequent to the date of acquisition on March 22, 2013.

Q1 2013 total sales revenues were 24% higher than Q1 2012. This includes the contribution from Kevitsa of $39.8 million and $29.8 million from Las Cruces, Çayeli and Pyhäsalmi in the 10-day post acquisition period. Excluding these results, sales revenues increased by 14% from Q1 2012 from a combination of higher sales volumes at all operations and contribution from Kevitsa, offset by lower realized prices. Revenue for the Corporate and other segment in Q1 2012 benefited from a one-off sale of excess sulphur.

The Company's sales revenues are recognized at provisional prices when title passes to the customer. Subsequent adjustments for final pricing are materially offset by derivative adjustments and shown on a net basis in cost of sales (see *"Hedging Program"* for further discussion).

Copper selling price (per lb)	Q1 2013	Q4 2012	Q1 2012
Average LME cash price	3.60	3.59	3.77
Realized copper price	3.48	3.46	3.67
Treatment/refining charges ("TC/RC") and freight charges	(0.25)	(0.23)	(0.34)
Net realized copper price	3.23	3.23	3.33

The LME copper price averaged $3.60 per lb for the quarter, a decrease of $0.17 per lb from the average for Q1 2012. Copper prices fell to a five-month low in mid March 2013 with news of the $13.0 billion aid package for Cyprus and an increase in LME inventories.

Nickel selling price (per lb)	Q1 2013	Q4 2012	Q1 2012
Average LME cash price	7.85	7.70	8.91
Realized nickel price per payable pound	7.80	7.74	8.85
TC/RC charges	(0.33)	(0.35)	(1.04)
Net realized nickel price per payable pound	7.47	7.39	7.81

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

The LME nickel price averaged $7.85 per lb for the quarter, a decrease of $1.06 per lb from the average for Q1 2012. Nickel prices remained range bound through January trading between $7.70 and $7.95 per lb for most of the month before rallying at the end of the month reaching a quarter peak of $8.42 per lb on February 5, 2013. Late February saw prices falling to reach a quarter low of $7.45 per lb on March 1, 2013 with prices at the end of the quarter closing at $7.50 per lb.

SUMMARY FINANCIAL RESULTS

	Q1 2013	Q4 2012	Q1 2012
Gross profit			
Kansanshi	246.9	238.0	236.4
Guelb Moghrein	36.3	47.5	24.4
Ravensthorpe	11.3	2.8	10.9
Kevitsa	15.6	6.4	-
Las Cruces	6.1	-	-
Çayeli	(1.7)	-	-
Pyhäsalmi	(1.0)	-	-
Other	(3.3)	0.3	(1.4)
Total gross profit	310.2	295.0	270.3
Exploration	(9.7)	(13.4)	(12.9)
General and administrative	(25.7)	(20.4)	(17.4)
Acquisition transaction costs	(29.5)	-	-
Other income (expense)	(2.3)	(5.0)	0.3
Net finance income (costs)	(4.4)	1.0	(0.8)
Settlement of RDC claims and sale of assets	-	-	1,217.9
Income taxes	(99.3)	(50.5)	(96.4)
Net earnings for the period	139.3	206.7	1,361.0
Net earnings for the period attributable to:			
Non-controlling interests	26.9	20.0	24.1
Shareholders of the Company	112.4	186.7	1,336.9
Comparative earnings	153.8	186.7	119.0
Earnings per share			
Basic	$0.23	$0.39	$2.82
Diluted	$0.23	$0.39	$2.81
Comparative earnings per share	$0.32	$0.39	$0.25

Gross profit from Las Cruces, Çayeli and Pyhäsalmi has been impacted slightly by fair value adjustments recognized at date of acquisition that subsequently are recorded through net earnings. These adjustments increase depreciation and the cost of inventory sold. It is expected that the fair value adjustment related to finished goods inventory will be fully unwound during Q2 2013.

Q1 2013 exploration activities continued at a sustained level although exploration costs decreased from Q1 2012. Q1 2012 includes exploration expenses at Haquira, which were capitalized starting in Q4 2012 following a development decision by the Board. Q1 2013 exploration expenses comprise primarily:

- $2.0 million at Kansanshi
- $1.2 million at Intrepid
- $1.7 million in Finland and Sweden
- $1.2 million at Guelb Moghrein

General and administrative costs increased in comparison to Q1 2012 mainly as a result of payments made relating to the acquisition of Inmet, excluding acquisition transaction costs which are disclosed separately above.

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

In the first quarter of the prior year, the Company reached an agreement with Eurasian Natural Resources Corporation PLC ("ENRC") to dispose of its residual claims and assets in respect of the Kolwezi Tailings project and the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the Republique Democratique du Congo ("RDC") and to settle all current legal matters relating to these interests for a total consideration of $1.25 billion. The transaction was completed on March 2, 2012. The total consideration was comprised of $750.0 million, paid on March 2, 2012, together with a deferred consideration of $500.0 million in the form of a three-year Promissory Note with an interest coupon of 3% payable annually in arrears. Under the terms of the acquisition, ENRC acquired, with certain limited exceptions, all of First Quantum's assets and property either physically located within the RDC or relating to the operations formerly carried out by First Quantum and its subsidiaries in the RDC. In connection with the transaction, First Quantum, ENRC, the RDC Government, International Finance Corporation and Industrial Development Corporation have also settled all disputes relating to the companies being sold and their assets and operations in the RDC and each of First Quantum, ENRC, the RDC Government, International Finance Corporation and Industrial Development Corporation have released one another in respect of all claims and judgments relating to the foregoing or to any other matter arising in the RDC on or before the date of closing.

The $1,217.9 million gain recognized on the disposal includes the fair value of proceeds received, net of transaction costs and the underlying net liabilities of subsidiaries disposed of.

Income taxes for the quarter amount to an effective income tax rate of approximately 41.6% of earnings compared to 40% in the prior year. The effective tax rate of underlying operations is approximately 38% as a result of increased earnings in lower tax jurisdictions compared to the prior year quarter, with the increase to 41.6% attributable to non-deductible acquisition related costs.

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2013	Q4 2012	Q1 2012[1]
Cash flows from operating activities			
- before changes in working capital	324.7	319.1	286.8
- after changes in working capital	416.4	70.2	138.5
Cash flows from investing activities			
Payments for property, plant and equipment	(338.0)	(420.0)	(276.9)
Acquisition of Inmet, net of cash acquired	(620.0)	-	-
Proceeds from settlement of RDC claims and sale of assets	-	-	736.5
Other investing activities	11.4	(27.3)	(5.9)
Cash flows from financing activities	2,078.8	311.2	(17.7)
Net cash flows	1,548.6	(65.9)	574.5
Cash balance[2]	1,857.6	309.0	1,026.6
Total assets	16,568.6	7,536.4	6,658.7
Total current liabilities	(5,198.7)	(443.6)	(673.3)
Total long-term liabilities	(2,081.7)	(1,211.4)	(515.7)
Cash flows from operating activities per share[3]			
before working capital (per share)	$0.68	$0.67	$0.41
after working capital (per share)	$0.87	$0.15	$0.29

[1] Cash flows before changes in working capital has been adjusted from that previously disclosed due to changes in presentation of taxes paid and interest received in the cash flow.

[2] Cash balance includes $79.5 million of restricted cash at March 31, 2013. There was no restricted cash at December 31, 2012 and March 31, 2012.

[3] Cash flows per share is not recognized under IFRS. See "*Regulatory Disclosures*" for further information.

In Q1 2013 the Company generated operating cash flows before changes in working capital of $324.7 million compared to $286.8 million in the same prior year period primarily due to higher non-cash expenses in Q1 2013. Changes in working capital during Q1 2013 resulted in an increase of cash of $117.1 million as the Company sought to reduce concentrate inventory on hand at year end and reduce amounts owing by offtakers. This amount was offset by $25.4 million in taxes that the Company paid during the quarter.

Capital expenditure on the Company's development projects totalled $338.0 million for the quarter. Capital expenditure comprised primarily;

- $129.3 million at Kansanshi for the oxide circuit expansions, smelter project and mine pit development costs

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

- $151.9 million at Sentinel, including deposits, for site development and long-lead plant and mine equipment

Cash flows from investment activities also include the cash paid for the acquisition of Inmet, net of the cash acquired.

Proceeds from settlement of RDC claims and sale of assets represents the net cash proceeds received during Q1 2012. The $500.0 million promissory note is payable by ENRC on March 2, 2015.

Cash flows from financing activities in Q1 2013 of $2,078.8 million consist primarily of the drawdown of a new $2,500 million facility entered into to finance the acquisition of Inmet. The facility is repayable by March 26, 2014 and has been included as a current liability on the balance sheet of the Company at March 31, 2013. Cash flows from financing activities in Q4 2012 comprise primarily of the net proceeds from the $350.0 million senior notes issue which was completed on October 10, 2012.

As at March 31, 2013, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt[1]	4,704.9	5,113.4	4,610.9	51.0	50.7	400.8
Trade and other payables	796.6	796.6	796.6	-	-	-
Current taxes payable	32.9	32.9	32.9	-	-	-
Deferred payments	4.2	4.2	4.2	-	-	-
Finance leases	26.7	38.1	3.8	7.6	7.6	19.1
Commitments	2,387.3	2,387.3	1,696.0	691.3	-	-
Restoration provisions	500.3	662.4	15.1	17.4	9.3	620.6
Total	8,452.9	9,034.9	7,159.5	767.3	67.6	1,040.5

[1] Included in this debt and in the amount payable within one year are the Inmet senior notes issued in 2012 of $2,222.6. The acquisition of Inmet by the Company triggered the change of control clause in the notes' indenture which requires an offer to repurchase the notes. Subsequent to the end of the quarter, a mandatory offer, that expires May 20, 2013, has been issued to purchase these notes. The notes that remain outstanding after the expiry of the offer will be reclassified as a non-current liability repayable after five years.

Total commitments of $2,387.3 million comprise primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama, Sentinel, upgrades at Kansanshi, the smelter construction and other projects.

The significant capital expansion and development program is expected to be funded using available unrestricted cash of $1,778.1 million at March 31, 2013, future cash flows from operations and debt facilities. At March 31, 2013, the undrawn facilities that were available are the $232.5 million Kevitsa debt facility, the $1.0 billion Kansanshi senior term and revolving facility, and $361.6 million of the FQM (Akubra) debt facility.

Hedging program

As at March 31, 2013, the following derivative positions were outstanding:

		Average price		
	Open Positions (tonnes/ounces)	**Contract**	**Market**	**Maturities Through**
Embedded derivatives in provisional sales contracts:				
Copper	53,145	$3.55/lb	$3.44/lb	July 2013
Nickel	1,683	7.82/lb	7.50/lb	June 2013
Gold	20,422	1,595/oz	1,598/oz	June 2013
Commodity contracts:				
Copper	53,789	$3.55/lb	$3.44/lb	July 2013
Nickel	2,959	7.82/lb	7.50/lb	June 2013
Gold	20,993	1,595/oz	1,598/oz	June 2013

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

As at December 31, 2012, the following derivative positions were outstanding:

		Average price		
	Open Positions (tonnes/ounces)	Contract	Market	Maturities Through
Embedded derivatives in provisional sales contracts:				
Copper	50,191	$3.61/lb	$3.59/lb	March 2013
Nickel	3,996	7.81/lb	7.70/lb	February 2013
Gold	19,462	1,705/oz	1,676/oz	March 2013
Commodity contracts:				
Copper	53,453	$3.61/lb	$3.59/lb	March 2013
Nickel	3,315	7.81/lb	7.70/lb	February 2013
Gold	21,253	1,705/oz	1,676/oz	March 2013

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

	March 31, 2013	December 31, 2012
Commodity contracts:		
Asset position	$29.1	$5.0
Liability position	(1.1)	(2.4)

a) Provisional pricing and derivative contracts

A portion of the Company's metal sales is sold on a provisional pricing basis whereby sales are recognized at prevailing metal prices when title transfers to the customer and final pricing is not determined until a subsequent date, typically two months later. The difference between final price and provisional invoice price is recognized in net earnings. In order to mitigate the impact of these adjustments on net earnings, the Company enters into derivative contracts to directly offset the pricing exposure on the provisionally priced contracts. The provisional pricing gains or losses and offsetting derivative gains or losses are both recognized as a component of cost of sales. Derivative assets are presented in other assets and derivative liabilities are presented in other liabilities with the exception of copper, gold and nickel embedded derivatives which are included within accounts receivable.

As at March 31, 2013, substantially all of the metal sales contracts of Kansanshi, Guelb Moghrein, Ravensthorpe and Kevitsa, subject to pricing adjustments, were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 590,836,559 shares outstanding. The increase in common shares since the date of the annual report relate to the issuance of shares to Inmet shareholders as part of the acquisition.

OTHER ITEMS

Zambian taxation

The Government of the Republic of Zambia ("GRZ") announced in January 2008 a number of proposed changes to the tax regime in the country in relation to mining companies. The Company, through some of its Zambian subsidiaries, is party to Development Agreements with the GRZ for its existing operations which provide an express right to full and fair compensation for any loss, damages or costs (including interest) incurred by the Company by reason of the government's failure to comply with the tax stability guarantees set out in the Development Agreements and rights of international arbitration in the event of any dispute. The Company's Zambian subsidiaries have complied with the GRZ's new tax regime without prejudice to its rights under the Development Agreement.

Following the change of government in 2011, the first Budget of the new government introduced a further increase in the copper mineral royalty tax from 3% to 6%, effective April 2012, in breach of the Development Agreements.

In the 2013 Budget, delivered in October 2012, the GRZ has decreased the rate of Capital Allowances from 100% per annum to 25% per annum. This will impact the timing of the tax benefit from the Company's significant capital programs at Kansanshi and Sentinel.

Until resolved differently with the GRZ, the Company is recognizing and paying taxes in excess of the Development Agreement, resulting in an effective tax rate of approximately 43% at Kansanshi.

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

SUMMARY OF RESULTS

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

Consolidated operating statistics	**Q1 11**	**Q2 11**	**Q3 11**	**Q4 11**	**2011**	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**
Sales revenues											
Copper	$651.6	$606.9	$585.0	$474.4	$2,317.9	$573.3	$528.1	$559.1	$571.7	$2,232.2	$663.2
Nickel	-	-	-	-	-	80.1	128.1	88.3	100.0	396.5	140.7
Gold	53.6	53.1	66.0	68.2	240.9	68.5	64.3	68.8	94.8	296.4	84.1
PGE and other elements	-	-	-	24.7	24.7	6.8	1.8	8.6	8.1	25.3	13.2
Total sales revenues	705.2	660.0	651.0	567.3	2,583.5	728.7	722.3	724.8	774.6	2,950.4	901.2
Gross profit	439.5	363.2	322.6	182.7	1,308.0	270.3	274.7	261.0	295.0	1,101.0	310.2
EBITDA[1]	425.6	346.7	279.2	180.6	1,232.1	1,498.9	276.4	276.2	309.7	2,361.2	310.4
Net earnings attributable to shareholders of the Company	206.7	155.3	90.9	76.0	528.9	1,336.9	142.0	107.3	186.7	1,772.9	112.4
Comparative earnings	206.7	155.3	139.6	78.9	580.5	119.0	142.0	107.3	186.7	555.0	153.8
Basic earnings per share	$0.48	$0.36	$0.20	$0.16	$1.18	$2.82	$0.30	$0.23	$0.39	$3.74	$0.23
Comparative earnings per share	$0.48	$0.36	$0.30	$0.17	$1.30	$0.25	$0.30	$0.23	$0.39	$1.17	$0.32
Diluted earnings per share	$0.44	$0.33	$0.20	$0.16	$1.18	$2.81	$0.30	$0.23	$0.39	$3.72	$0.23
Dividends declared per common share ($CDN per share)	$0.121	-	$0.053	-	$0.174	$0.1277	-	$0.0603	-	$0.1880	$0.1147
Weighted average # shares (000's)	428,770	428,775	456,865	474,071	447,224	474,069	474,035	473,776	473,718	473,893	480,704
Cash flows from operating activities											
Before working capital movements	$0.84	$0.62	$0.85	$0.60	$2.91	$0.41	$0.78	$0.60	$0.67	$2.46	$0.68
After working capital movements	$0.88	($0.13)	$0.21	($0.01)	$0.92	$0.29	$0.49	($0.21)	$0.15	$0.72	$0.87
Copper statistics											
Total copper production (tonnes)	74,888	64,587	58,785	67,316	265,576	65,869	72,184	84,144	84,918	307,115	79,308
Total copper sales (tonnes)	70,665	65,511	71,443	65,638	273,257	67,789	72,711	77,396	77,570	295,466	89,109
Realized copper price (per lb)	4.23	4.05	3.84	3.33	3.87	3.67	3.48	3.45	3.46	3.51	3.48
TC/RC (per lb)	(0.03)	(0.04)	(0.06)	(0.06)	(0.05)	(0.07)	(0.08)	(0.09)	(0.08)	(0.08)	(0.08)
Freight charges (per lb)	(0.19)	(0.20)	(0.24)	(0.26)	(0.22)	(0.18)	(0.19)	(0.18)	(0.15)	(0.17)	(0.17)
Net realized copper price (per lb)	4.01	3.81	3.54	3.01	3.60	3.42	3.21	3.19	3.23	3.26	3.23
Cash costs – copper (C1) (per lb)[1]	$1.15	$1.43	$1.52	$1.53	$1.41	$1.59	$1.53	$1.44	$1.42	$1.49	$1.52
Total costs – copper (C3) (per lb)[1]	$1.48	$1.78	$1.85	$1.97	$1.76	$1.89	$1.96	$1.86	$1.91	$1.91	$2.06
Nickel statistics											
Nickel production (contained tonnes)	-	-	-	5,666	5,666	8,573	8,174	9,916	10,096	36,759	11,072
Nickel sales (contained tonnes)	-	-	-	1,388	1,388	5,332	9,846	7,120	8,081	30,379	11,048
Nickel production (payable tonnes)	-	-	-	4,189	4,189	6,617	6,204	6,932	8,039	27,792	8,812
Nickel sales (payable tonnes)	-	-	-	1,110	1,110	4,199	7,443	5,554	6,124	23,320	8,539
Realized nickel price (per payable lb)	-	-	-	-	-	8.85	7.84	7.69	7.74	7.96	7.80
TC/RC (per payable lb)	-	-	-	-	-	(0.20)	(0.05)	(0.44)	(0.35)	(0.25)	(0.33)
Net realized nickel price (per payable lb)	-	-	-	-	-	8.65	7.79	7.25	7.39	7.71	7.47
Cash costs – nickel (C1) (per payable lb)[1]	-	-	-	-	-	$5.69	$5.70	$6.24	$6.12	$5.92	$5.34
Total costs – nickel (C3) (per payable lb)[1]	-	-	-	-	-	$6.93	$6.95	$7.64	$7.30	$7.19	$6.59
Gold statistics											
Total gold production (ounces)	49,146	41,087	41,468	43,524	175,225	42,495	44,280	50,784	64,383	201,942	55,944
Total gold sales (ounces)	45,349	38,426	47,458	49,209	180,442	45,619	46,445	48,889	61,350	202,303	58,791
Net realized gold price (per ounce)	1,183	1,382	1,386	1,386	1,335	1,502	1,384	1,408	1,546	1,465	1,431
Platinum statistics											
Platinum production (ounces)	-	-	-	-	-	-	585	7,100	6,123	13,808	6,833
Platinum sales (ounces)	-	-	-	-	-	-	-	4,066	3,709	7,775	4,392
Palladium statistics											
Palladium production (ounces)	-	-	-	-	-	-	564	6,200	5,419	12,183	5,732
Palladium sales (ounces)	-	-	-	-	-	-	-	3,681	3,500	7,181	4,228

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

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

Kansanshi statistics	**Q1 11**	**Q2 11**	**Q3 11**	**Q4 11**	**2011**	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**
Mining											
Waste mined (000's tonnes)	6,700	13,087	16,133	15,848	51,768	16,062	18,217	24,494	22,365	81,138	15,779
Ore mined (000's tonnes)	6,152	6,025	5,761	6,568	24,506	5,882	6,150	8,463	9,952	30,447	8,419
Processing											
Sulphide ore processed (000's tonnes)	2,318	2,724	2,185	1,628	8,855	1,433	2,379	2,763	2,679	9,254	2,521
Sulphide ore grade processed (%)	0.9	0.7	0.4	0.6	0.7	1.0	1.0	0.9	1.0	1.0	0.7
Sulphide ore recovery (%)	94	93	88	92	91	95	94	92	92	93	91
Mixed ore processed (000's tonnes)	1,638	1,696	2,057	2,986	8,377	2,562	2,093	1,955	1,951	8,561	1,928
Mixed ore grade processed (%)	1.2	1.0	0.9	1.0	1.0	1.1	1.1	1.0	1.1	1.1	1.1
Mixed ore recovery (%)	68	62	61	64	63	64	64	77	74	69	75
Oxide ore processed (000's tonnes)	1,517	1,469	1,594	1,492	6,072	1,424	1,548	1,500	1,738	6,210	1,594
Oxide ore grade processed (%)	2.4	2.1	2.3	2.3	2.3	2.0	2.0	2.6	2.0	2.2	2.2
Oxide ore recovery (%)	84	86	84	88	86	85	84	84	90	86	86
Copper cathode produced (tonnes)	25,445	21,037	25,173	24,838	96,493	21,274	22,938	27,194	25,341	96,747	23,122
Copper cathode tolled produced (tonnes)	26,655	23,478	22,782	18,515	91,430	21,085	18,757	16,701	15,912	72,455	17,270
Copper in concentrate produced (tonnes)	12,697	11,641	2,224	15,810	42,372	14,252	21,130	27,589	29,178	92,149	22,731
Total copper production	64,797	56,156	50,179	59,163	230,295	56,611	62,825	71,484	70,431	261,351	63,123
Concentrate grade (%)	23.0	22.1	19.1	24.4	22.3	28.2	26.3	23.9	23.5	25.0	24.7
Gold produced (ounces)	30,612	25,417	26,677	29,580	112,286	27,158	28,244	35,245	45,410	136,056	36,866
Cash Costs (per lb) [1]											
Mining	$0.42	$0.55	$0.52	$0.63	$0.53	$0.58	$0.55	$0.50	$0.52	$0.54	$0.60
Processing	0.62	0.76	0.97	0.81	0.79	0.90	0.82	0.83	0.91	0.86	0.87
Site administration	0.04	0.06	0.09	0.06	0.06	0.05	0.07	0.05	0.06	0.06	0.07
TC/RC and freight charges	0.30	0.30	0.31	0.32	0.31	0.37	0.35	0.37	0.33	0.35	0.35
Gold credit	(0.24)	(0.26)	(0.33)	(0.30)	(0.28)	(0.36)	(0.27)	(0.29)	(0.37)	(0.32)	(0.34)
Cash costs (C1) (per lb)[1]	$1.14	$1.41	$1.56	$1.52	$1.41	$1.54	$1.52	$1.46	$1.45	$1.49	$1.55
Total costs (C3) (per lb)[1]	$1.39	$1.68	$1.87	$1.90	$1.70	$1.82	$1.93	$1.86	$1.90	$1.88	$2.02
Revenues ($ millions)											
Copper cathodes	$494.0	$444.2	$424.1	$302.6	$1,664.9	$355.0	$338.9	$334.5	$334.6	$1,363.0	$382.5
Copper in concentrates	69.2	47.6	61.8	65.8	244.4	90.7	112.5	127.8	103.3	434.3	127.6
Gold	34.1	31.9	35.7	37.3	139.0	44.8	36.6	44.8	56.4	182.6	52.8
Total sales revenues	$597.3	$523.7	$521.6	$405.7	$2,048.3	$490.5	$488.0	$507.1	$494.3	$1,979.9	$562.9
Copper cathode sales (tonnes)	29,412	26,370	29,350	24,522	109,654	24,128	23,238	27,138	27,946	102,450	32,460
Copper tolled cathode sales (tonnes)	26,655	23,478	22,782	18,514	91,429	21,085	18,758	16,700	15,912	72,455	17,270
Copper in concentrate sales (tonnes)	7,006	7,773	8,970	11,000	34,749	13,332	21,755	21,992	17,900	74,979	21,792
Gold sales (ounces)	31,210	25,944	29,592	27,742	114,488	30,308	29,162	33,510	38,179	131,159	37,518

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

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

Guelb Moghrein statistics	**Q1 11**	**Q2 11**	**Q3 11**	**Q4 11**	**2011**	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**
Mining											
Waste mined (000's tonnes)	2,267	3,114	3,696	4,162	13,239	4,532	4,673	4,720	5,652	19,577	5,707
Ore mined (000's tonnes)	931	661	878	1,140	3,610	994	1,046	807	723	3,570	637
Processing											
Sulphide ore processed (000's tonnes)	758	631	668	634	2,691	797	753	687	825	3,062	696
Sulphide ore grade processed (%)	1.4	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.4	1.3	1.5
Recovery (%)	92	91	91	91	91	92	88	94	93	91	95
Copper in concentrate produced (tonnes)	10,091	8,429	8,606	8,155	35,281	9,258	8,718	8,656	11,038	37,670	9,700
Gold produced (ounces)	18,534	15,670	14,791	13,943	62,938	15,337	15,554	12,827	16,802	60,519	16,190
Cash Costs (per lb)[1]											
Mining	$0.40	$0.46	$0.78	$0.69	$0.57	$0.65	$0.67	$0.55	$0.73	$0.66	$0.58
Processing	0.82	1.20	1.28	1.45	1.17	1.23	1.31	1.13	1.01	1.16	1.23
Site administration	0.25	0.38	0.23	0.39	0.31	0.33	0.31	0.34	0.31	0.32	0.32
TC/RC and freight charges	0.47	0.62	0.49	0.69	0.57	0.76	0.58	0.57	0.44	0.58	0.54
Gold credit	(0.68)	(1.04)	(1.45)	(1.59)	(1.16)	(1.13)	(1.26)	(1.17)	(1.36)	(1.24)	(1.25)
Cash costs (C1) (per lb)[1]	$1.26	$1.62	$1.33	$1.63	$1.46	$1.84	$1.61	$1.43	$1.13	$1.48	$1.43
Total costs (C3) (per lb)[1]	$2.03	$2.49	$1.89	$2.45	$2.20	$2.41	$2.20	$1.93	$1.69	$2.04	$2.05
Revenues ($ millions)											
Copper in concentrates	$49.1	$56.8	$72.3	$66.2	$244.4	$66.6	$63.5	$64.1	$92.5	$286.7	$77.8
Gold	19.5	21.2	30.1	31.0	101.8	23.7	27.7	21.5	34.8	107.7	29.0
Total sales revenues	$68.6	$78.0	$102.4	$97.2	$346.2	$90.3	$91.2	$85.6	$127.3	$394.4	$106.8
Copper in concentrate sales (tonnes)	6,031	7,810	10,332	11,601	35,774	9,244	8,961	8,962	13,007	40,174	10,988
Gold sales (ounces)	14,139	12,482	17,866	21,467	65,954	15,311	17,283	13,631	20,864	67,089	19,462

Ravensthorpe statistics	**Q1 11**	**Q2 11**	**Q3 11**	**Q4 11**	**2011**	**Q1 12**	**Q2 12**	**Q3 12**	**Q4 12**	**2012**	**Q1 13**
Processing											
Beneficiated ore processed (000's tonnes)	-	-	-	645	645	724	667	733	687	2,811	690
Beneficiated ore grade processed (%)	-	-	-	1.3	1.3	1.5	1.6	1.4	1.5	1.5	1.7
Recovery (%)	-	-	-	68	68	78	77	77	78	77	78
Nickel produced (contained tonnes)	-	-	-	5,666	5,666	8,573	8,053	8,032	8,227	32,884	9,023
Nickel produced (payable tonnes)	-	-	-	4,189	4,189	6,617	6,204	6,188	6,338	25,347	6,951
Cash Costs (per lb)[1]											
Mining	-	-	-	-	-	$0.57	$0.69	$0.93	$1.00	$0.80	$0.71
Processing	-	-	-	-	-	3.73	4.10	4.45	4.16	4.14	3.86
Site administration	-	-	-	-	-	0.61	0.50	0.51	0.41	0.51	0.40
TC/RC and freight charges	-	-	-	-	-	1.03	0.45	0.65	0.57	0.64	0.52
Cobalt credit	-	-	-	-	-	(0.25)	(0.04)	(0.11)	(0.09)	(0.12)	(0.12)
Cash costs (C1) (per lb)[1]	-	-	-	-	-	$5.69	$5.70	$6.43	$6.05	$5.97	$5.36
Total costs (C3) (per lb)[1]	-	-	-	-	-	$6.93	$6.95	$7.84	$7.33	$7.25	$6.59
Revenues ($ millions)											
Nickel	-	-	-	-	-	$80.1	$128.1	$79.6	$93.0	$380.8	$130.5
Cobalt	-	-	-	-	-	2.1	1.8	1.7	1.3	6.9	2.1
Total sales revenues	-	-	-	-	-	$82.2	$129.9	$81.3	$94.3	$387.7	$132.6
Nickel sales (contained tonnes)	-	-	-	1,388	1,388	5,332	9,846	6,272	7,288	28,738	10,033
Nickel sales (payable tonnes)	-	-	-	1,110	1,110	4,199	7,443	4,790	5,425	21,857	7,613

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

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

Kevitsa statistics	Q2 12	Q3 12 Pre-commercial production	Q3 12 Post-commercial production	Q4 12	2012	Q1 13
Mining						
Total tonnes mined (000's tonnes)	500	558	1,164	5,238	7,460	3,790
Processing						
Ore tonnes milled (000's tonnes)	318	720	687	1,413	3,138	1,512
Nickel ore grade processed (%)	0.2	0.2	0.2	0.2	0.2	0.2
Nickel recovery (%)	24	54	60	59	56	64
Nickel production (tonnes)	121	843	1,041	1,870	3,875	2,049
Copper ore grade processed (%)	0.3	0.3	0.3	0.3	0.3	0.3
Copper recovery (%)	64	87	84	84	83	80
Copper production (tonnes)	642	2,130	1,874	3,448	8,094	3,181
Gold production (ounces)	482	1,282	1,431	2,172	5,367	2,619
Platinum production (ounces)	585	3,174	3,926	6,123	13,808	6,833
Palladium production (ounces)	564	2,827	3,373	5,419	12,183	5,732
Cash costs – Nickel (C1) (per lb)[1, 2]	-	-	3.79	6.37	5.47	5.29
Total costs – Nickel (C3) (per lb)[1, 2]	-	-	5.35	7.19	6.54	6.57
Cash costs – Copper (C1) (per lb)[1, 2]	-	-	0.11	1.75	1.28	1.94
Total costs – Copper (C3) (per lb)[1, 2]	-	-	1.49	3.06	2.61	2.75
Revenues ($ millions)						
Nickel	-	-	$8.8	$6.9	$15.7	$10.2
Copper	-	-	18.7	20.6	39.3	19.3
Gold	-	-	2.5	3.7	6.2	2.4
PGE and other	-	-	5.6	5.3	10.9	7.9
Total sales revenues	-	-	$35.6	$36.5	$72.1	$39.8
Nickel sales (tonnes)	-	-	848	792	1,640	1,015
Copper sales (tonnes)	-	1,040	2,604	2,805	6,448	2,734
Gold sales (ounces)	-	702	1,749	2,306	4,757	1,811
Platinum sales (ounces)	-	775	3,291	3,709	7,775	4,392
Palladium sales (ounces)	-	697	2,984	3,500	7,181	4,228

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

2 Cash costs and total costs are calculated on a co-product basis for nickel and copper. Common costs are allocated to each product based on the ratio of production volumes multiplied by budget metal prices. By-product credits are allocated based on the finished product concentrate in which they are produced.

Las Cruces statistics	Q1 11	Q2 11	Q3 11	Q4 11	2011	Q1 12	Q2 12	Q3 12	Q4 12	2012	Q1 13
Mining											
Waste mined (000's tonnes)	525	663	546	175	1,909	188	298	442	206	1,134	210
Ore mined (000's tonnes)	31	236	541	303	1,111	141	297	343	273	1,054	189
Processing											
Copper ore processed (000's tonnes)	173	163	209	231	776	246	269	291	276	1,082	305
Copper ore grade processed (%)	6.1	6.3	6.5	6.9	6.5	6.7	7.7	7.2	6.9	7.1	6.7
Recovery (%)	77	83	87	86	84	85	86	88	90	88	88
Copper cathode produced (tonnes)	8,083	8,526	11,413	14,118	42,140	13,343	18,267	18,750	17,302	67,662	17,927
Cash Costs (per lb)[1, 2]											
Cash costs (C1) (per lb)[1]	1.87	2.10	1.42	1.20	1.57	1.38	1.00	0.95	1.14	1.10	1.00
Total costs (C3) (per lb)[1]	2.76	3.36	2.66	1.96	2.59	2.03	1.74	1.70	1.76	1.79	1.53
Revenues ($ millions)[3]											
Copper cathode	$87.7	$76.1	$83.2	$97.4	$344.4	$110.1	$127.3	$163.2	$136.0	$536.6	$138.5
Copper in concentrate sales (tonnes)	9,651	8,727	10,784	12,797	41,959	13,561	16,935	20,948	17,394	68,838	17,360

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

2 Cash costs and total costs for 2011 are as reported by Inmet. Cash costs and total costs from Q1 2012 have been recalculated using the consistent methodology as the Company.

3 Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

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

Çayeli statistics	Q1 11	Q2 11	Q3 11	Q4 11	2011	Q1 12	Q2 12	Q3 12	Q4 12	2012	Q1 13
Mining											
Ore mined (000's tonnes)	284	293	310	316	1,203	310	284	295	321	1,210	328
Processing											
Ore milled (000's tonnes)	293	275	312	315	1,195	299	295	305	319	1,218	323
Copper ore grade processed (%)	2.9	3.3	3.1	3.5	3.2	3.4	3.6	3.3	3.0	3.3	3.2
Copper ore recovery (%)	71	77	74	79	75	79	81	78	74	78	77
Zinc ore grade processed (%)	6.3	5.7	6.5	5.3	6.0	5.4	4.5	5.2	5.0	5.0	4.6
Zinc ore recovery (%)	68	67	68	67	68	65	63	67	69	66	68
Copper produced (tonnes)	5,985	6,986	7,125	8,637	28,733	8,082	8,513	7,777	7,024	31,396	7,873
Zinc produced (tonnes)	12,492	10,520	13,859	11,255	48,126	10,498	8,405	10,727	11,062	40,692	10,249
Cash Costs (per lb)[1, 2]											
Cash costs – Copper (C1) (per lb)[1]	0.96	0.48	0.59	0.54	0.64	0.76	0.46	0.64	0.57	0.65	0.93
Total costs – Copper (C3) (per lb)[1]	1.59	1.15	1.13	0.95	1.18	1.22	0.99	1.12	1.08	1.14	1.51
Revenues ($ millions)[3]											
Copper	$59.4	$35.1	$44.8	$44.9	$184.2	$80.8	$37.8	$71.3	$31.2	$221.1	$52.8
Zinc	13.1	20.4	16.1	12.5	62.1	12.2	11.3	12.1	11.0	46.6	8.4
Other	6.1	6.0	9.3	5.3	26.7	8.9	3.0	8.3	3.7	23.9	4.1
Total sales revenues	$78.6	$61.5	$70.2	$62.7	$273.0	$101.9	$52.1	$91.7	$45.9	$291.6	$65.3
Copper sales (tonnes)	7,495	4,972	8,131	6,909	27,507	11,136	6,573	10,418	5,088	33,215	8,080
Zinc sales (tonnes)	10,043	15,485	14,549	9,897	49,974	10,298	9,778	9,860	10,019	39,955	7,173

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

2 Cash costs and total costs for 2011 are as reported by Inmet. Cash costs and total costs from Q1 2012 have been recalculated using the consistent methodology as the Company.

3 Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

Pyhäsalmi statistics	Q1 11	Q2 11	Q3 11	Q4 11	2011	Q1 12	Q2 12	Q3 12	Q4 12	2012	Q1 13
Mining											
Ore mined (000's tonnes)	335	352	351	348	1,386	342	344	347	351	1,384	346
Processing											
Ore milled (000's tonnes)	335	352	351	348	1,386	342	344	347	351	1,384	346
Copper ore grade processed (%)	1.1	1.1	1.0	1.1	1.1	1.0	0.9	1.0	1.0	1.0	1.3
Copper ore recovery (%)	96	96	95	95	96	96	96	95	97	96	97
Zinc ore grade processed (%)	2.9	2.4	2.9	2.1	2.6	1.5	2.0	1.6	3.0	2.0	2.0
Zinc ore recovery (%)	91	91	90	90	91	90	93	90	93	92	92
Copper produced (tonnes)	3,636	3,644	3,209	3,486	13,975	3,381	2,820	3,136	3,273	12,610	4,362
Zinc produced (tonnes)	8,747	7,761	9,149	6,597	32,254	4,620	6,307	5,050	9,660	25,637	6,184
Pyrite produced (tonnes)	186,071	198,173	210,101	210,539	804,884	211,275	214,658	243,261	222,534	891,728	189,955
Cash Costs (per lb)[1]											
Cash costs – Copper (C1) (per lb)[1]	(0.97)	(1.98)	(1.05)	(0.74)	(1.14)	0.51	(0.81)	(0.44)	(1.62)	(0.53)	(0.55)
Total costs – Copper (C3) (per lb)[1]	(0.67)	(1.66)	(0.70)	(0.43)	(0.82)	0.84	(0.42)	(0.05)	(1.19)	(0.14)	(0.10)
Revenues ($ millions)											
Copper	$27.7	$20.9	$30.6	$24.1	$103.3	$28.9	$21.1	$23.0	$22.7	$95.7	$27.3
Zinc	13.2	11.2	12.0	9.5	45.9	5.4	8.0	6.9	11.8	32.1	9.1
Pyrite	4.5	7.8	13.2	7.0	32.5	3.7	8.3	7.5	12.6	32.1	4.9
Other	4.0	4.6	8.3	5.3	22.2	6.2	6.1	4.9	4.7	21.9	6.3
Total sales revenues	$49.4	$44.5	$64.1	$45.9	$203.9	$44.2	$43.5	$42.3	$51.8	$181.8	$47.6
Copper sales (tonnes)	3,453	2,648	4,173	3,432	13,706	3,909	2,992	3,269	3,237	13,407	3,747
Zinc sales (tonnes)	9,668	7,857	9,420	7,442	34,387	4,154	6,349	5,614	8,984	25,101	6,738
Pyrite sales (tonnes)	141,257	222,814	269,175	175,941	809,187	112,298	227,047	213,442	299,676	852,463	114,478

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

2 Cash costs and total costs for 2011 are as reported by Inmet. Cash costs and total costs from Q1 2012 have been recalculated using the consistent methodology as the Company.

3 Prior period results are shown for comparative purposes only and do not include any financial adjustments that would be required had the acquisition taken place on January 1, 2012.

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

REGULATORY DISCLOSURES

Seasonality

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the rain season in Zambia. The rain season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the rain season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as of the date of this report.

Non-GAAP financial measures

This document refers to cash costs (C1) and total costs (C3) per unit of payable production, operating cash flow per share, EBITDA and comparative earnings, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS.

The calculation of these measures is described below, and may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of our operations and to provide additional information to investors.

Calculation of cash costs and total costs

The consolidated cash costs (C1) and total costs (C3) presented by the Company are measures that are prepared on a basis consistent with the industry standard definitions but are not measures recognized under IFRS. In calculating the cash and total costs for each segment, the costs are prepared on the same basis as the segmented financial information that is contained in the financial statements.

Cash costs include all mining and processing costs less any profits from by-products such as gold, cobalt or platinum group elements. TC/RC and freight deductions on metal sales, which are typically recognized as a component of sales revenues, are added to cash costs to arrive at an approximate cost of finished metal. Total costs are cash costs plus depreciation, exploration, interest, royalties.

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

In calculating the operating cash flow per share, before and after working capital movements, the operating cash flow calculated for IFRS purposes is divided by the basic weighted average common shares outstanding for the respective period. EBITDA is calculated as operating profit before depreciation. Comparative earnings and comparative earnings per share have been adjusted to remove the effect of acquisition and other costs relating to the acquisition of Inmet in Q1 2013, the recycling of impairment of an investment and the settlement of claims and sale of RDC assets in Q1 2012. These may differ from those used by other issuers.

	Q1 2013	**Q4 2012**	**Q1 2012**
Net earnings attributable to shareholders of the Company	112.4	186.7	1,336.9
Add:			
Acquisition and other costs relating to Inmet	35.7	-	-
Reclassification of impairment of an investment to net earnings	5.7		
Deduct:			
Settlement of RDC claims and sale of assets	-	-	(1,217.9)
Comparative earnings	153.8	186.7	119.0
Earnings per share as reported	$0.23	$0.39	$2.82
Comparative earnings per share	$0.32	$0.39	$0.25

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

a) Significant judgments, estimates and assumptions in applying accounting policies

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. The significant judgements used in the financial statements at March 31, 2013 are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2012 and available on the Company's website. For the quarter ended March 31, 2013, significant judgement has been used with respect to the valuation and fair value allocation of the assets acquired and liabilities assumed on March 22, 2013 on the Company's acquisition of Inmet. The fair value allocation is subject to final adjustments until such time as the valuation is finalized. The Company has 12 months from the date of acquisition to finalize the purchase price allocation. Fair values have been estimated using a variety of methods, with the method for key items listed below.

Asset Acquired or Liability Assumed	Method of determining preliminary fair value estimate
Mineral properties – identified reserves, and value beyond proven and probable reserves (included in property, plant and equipment on the balance sheet)	Estimated discounted cash flows, incorporating existing life of mine plans, and median analyst consensus metal price forecasts discounted at the weighted average cost of capital for each mine or development project.
Senior notes	Trading value of the notes on the date of acquisition.
Plant and equipment	Estimated primarily using the cost approach based on fixed asset records.
Government and corporate securities (included in investments)	Estimated using market trading prices on the date of acquisition.
Inventories – finished goods (included in inventories)	Estimated recoverable value of contained metal, less estimated selling, shipping, treatment and refining costs.

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:

<u>Credit risk</u>

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits, derivative instruments, trade and other receivables and promissory note receivable. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of "A-" grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated "A-" grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below "A-" are reported to, and approved by, the Audit Committee. As at March 31, 2013, substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures.

The Promissory Note receivable from ENRC includes mandatory prepayment features triggered by the counterparty's circumstances: delisting from the London Stock Exchange; the counterparty's long-term unsecured, unsubordinated debt being downgraded to a rating lower than "B-" by Moody's Investor Services Limited; a material portion of the counterparty's assets are nationalized and/or expropriated by any government entities; or it becomes unlawful for the counterparty to perform any of their obligations under the promissory note.

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 ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the period ended March 31, 2013.

Market risks

a) Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel and PGE and other elements. The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments.

The Company does not purchase, hold or sell derivative financial instruments unless there is an outstanding contract resulting in exposure to market risks that it intends to mitigate. As at March 31, 2013 the Company had entered into derivative contracts for copper, gold, nickel and PGE in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site and the date agreed for pricing the final settlement.

As at March 31, 2013, the Company had not entered into any diesel or sulphur derivatives.

The Company's commodity price risk related to accounts receivable related to changes in fair value of embedded derivatives in accounts receivable reflecting copper and gold sales provisionally priced based on the forward price curve at the end of each quarter and the commodity price risk related to long-term debt related to the embedded copper derivative in the Kansanshi subordinated debt facility.

b) Interest rate risk

The Company's interest rate risk arises from interest paid on floating rate borrowings and the interest received on cash and short-term deposits.

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 after first recognizing the natural hedge arising from floating rate deposits. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five year period. As at March 31, 2013, 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 ("ZMK"), Australian dollar ("AUD") Mauritanian ouguiya ("MRO") and the Euro ("EUR"); and to the local currencies of suppliers who provide capital equipment for project development, principally the AUD, EUR and the South African rand ("ZAR").

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2012 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.

The design of disclosure controls and procedures for the period covered by this report excludes the business and operations of Inmet (now FQM (Akubra) Inc.) on the basis that such business was acquired not more than 365 days before March 31, 2013.

Since the December 31, 2012 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, 2012 by the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

The design of internal control over financial reporting for the period covered by this report excludes the business and operations of Inmet (now FQM (Akubra) Inc.) on the basis that such business was acquired not more than 365 days before March 31, 2013,

Other than the limitation described above, there were no changes in the Company's business activities during the period ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Cautionary statement on forward-looking information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. These forward-looking statements are principally included in the Development activities section and are also disclosed in other sections of the document. The forward looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, expected timing of completion of project development at Kansanshi, Sentinel, Enterprise and Cobre Panama, the impact of ore grades on future production, the potential of production disruptions, capital expenditure and mine production costs, the outcome of mine permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, cobalt, nickel, zinc, pyrite, PGE, and sulphuric acid, estimated mineral reserves and mineral resources, our exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and our 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, we have made numerous assumptions including among other things, assumptions about the price of copper, gold, nickel, zinc, pyrite, PGE, cobalt and sulphuric acid, anticipated costs and expenditures and our ability to achieve our goals. Although our management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. 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 our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey and Mauritania, labour disruptions, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, the production of off-spec material.

See our Annual Information Form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although we have 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 our control. Accordingly, readers should not place undue reliance on forward-looking statements or information. We undertake 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.