

Thompson Creek Metals Co Inc.

Form 10-Q

May 06, 2015

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**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended March 31, 2015

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-33783

THOMPSON CREEK METALS COMPANY INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada

(State or other jurisdiction of

incorporation or organization)

26 West Dry Creek Circle, Suite 810, Littleton, CO

(Address of principal executive offices)

(303) 761-8801

(Registrant's telephone number, including area code)

98-0583591

(I.R.S. Employer

Identification No.)

80120

(Zip code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

|   |  |  |  |
|---|--|--|--|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input type="checkbox"/> |
|   |  | (Do not check if a smaller reporting company)  |  |

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes  No   
As of May 5, 2015, there were 214,767,901 shares of the registrant's common stock, no par value, outstanding.

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## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

THOMPSON CREEK METALS COMPANY INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

| (US dollars in millions, except share amounts)   | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| Current assets   |                   |                      |
| Cash and cash equivalents  | \$238.2           | \$265.6              |
| Accounts receivable (Note 2)   | 41.6              | 42.0                 |
| Accounts receivable-related parties (Note 15)  | 0.4               | 4.1                  |
| Product inventory (Note 3)   | 78.5              | 96.6                 |
| Materials and supplies inventory   | 28.8              | 30.4                 |
| Prepaid expenses and other current assets  | 6.0               | 7.7                  |
| Income and mining taxes receivable   | 0.5               | 0.5                  |
| Restricted cash  | 0.1               | 1.6                  |
| Deferred income tax assets (Note 13)   | 0.2               | 0.1                  |
|  | 394.3             | 448.6                |
| Property, plant, equipment and development, net (Note 4)   | 2,039.9           | 2,218.3              |
| Restricted cash  | —                 | 5.7                  |
| Reclamation deposits   | 10.3              | 10.3                 |
| Other assets   | 36.0              | 35.4                 |
| Deferred income tax assets (Note 13)   | 129.9             | 128.0                |
|  | \$2,610.4         | \$2,846.3            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                   |                      |
| Current liabilities  |                   |                      |
| Accounts payable and accrued liabilities   | \$68.0            | \$93.1               |
| Income, mining and other taxes payable   | 1.9               | 1.8                  |
| Current portion of Gold Stream deferred revenue (Note 9)   | 38.2              | 40.4                 |
| Current portion of long-term debt (Notes 8 and 10)   | 2.7               | 3.9                  |
| Current portion of long-term lease obligations (Note 7)  | 24.6              | 22.8                 |
| Deferred income tax liabilities (Note 13)  | 13.4              | 14.1                 |
| Other current liabilities  | 1.6               | 0.3                  |
|  | 150.4             | 176.4                |
| Gold Stream deferred revenue (Note 9)  | 714.6             | 721.1                |
| Long-term debt (Notes 8 and 10)  | 865.1             | 872.3                |
| Long-term lease obligations (Note 7)   | 46.4              | 45.7                 |
| Other liabilities  | 4.8               | 5.2                  |
| Asset retirement obligations   | 34.6              | 35.3                 |
| Deferred income tax liabilities (Note 13)  | 89.4              | 102.8                |
|  | 1,905.3           | 1,958.8              |
| Commitments and contingencies (Note 12)  |                   |                      |
| Shareholders' equity   |                   |                      |
| Common stock, no-par, 214,610,568 and 214,148,315 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively | 1,187.8           | 1,186.1              |
| Additional paid-in capital   | 86.2              | 86.6                 |
| Accumulated deficit  | (334.1            | ) (246.9             |

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|   |           |           |   |
|---|-----------|-----------|---|
| Accumulated other comprehensive income (loss) | (234.8    | ) (138.3  | ) |
|   | 705.1     | 887.5     |   |
|   | \$2,610.4 | \$2,846.3 |   |

See accompanying notes to unaudited condensed consolidated financial statements.

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## THOMPSON CREEK METALS COMPANY INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)

|  | Three Months Ended March 31, |                 |
|--|------------------------------|-----------------|
| (US dollars in millions, except per share amounts) | 2015                         | 2014            |
| <b>REVENUES</b>                                    |                              |                 |
| Copper sales                                       | \$32.2                       | \$29.8          |
| Gold sales   | 36.0                         | 24.4            |
| Molybdenum sales                                   | 42.8                         | 102.9           |
| Tolling, calcining and other                       | 12.0                         | 3.9             |
| Total revenues                                     | 123.0                        | 161.0           |
| <b>COSTS AND EXPENSES</b>                          |                              |                 |
| Cost of sales                                      |                              |                 |
| Operating expenses                                 | 83.0                         | 113.6           |
| Depreciation, depletion and amortization           | 20.0                         | 22.6            |
| Total cost of sales                                | 103.0                        | 136.2           |
| Selling and marketing                              | 3.0                          | 4.1             |
| Accretion expense                                  | 0.6                          | 0.9             |
| General and administrative                         | 5.6                          | 6.6             |
| Exploration  | —                            | 0.1             |
| Costs for idle mining operations                   | 5.6                          | —               |
| Total costs and expenses                           | 117.8                        | 147.9           |
| <b>OPERATING INCOME (LOSS)</b>                     | 5.2                          | 13.1            |
| <b>OTHER (INCOME) EXPENSE</b>                      |                              |                 |
| (Gain) loss on foreign exchange                    | 88.2                         | 46.5            |
| Interest and finance fees                          | 22.6                         | 23.6            |
| (Gain) loss from debt extinguishment               | (0.3)                        | —               |
| Interest (income) expense                          | (0.1)                        | (0.1)           |
| Other  | (1.3)                        | (2.8)           |
| Total other (income) expense                       | 109.1                        | 67.2            |
| Income (loss) before income and mining taxes       | (103.9)                      | (54.1)          |
| Total income and mining tax expense (benefit)      | (16.7)                       | (15.0)          |
| <b>NET INCOME (LOSS)</b>                           | <b>\$(87.2)</b>              | <b>\$(39.1)</b> |
| <b>COMPREHENSIVE INCOME (LOSS)</b>                 |                              |                 |
| Foreign currency translation                       | (96.5)                       | (45.6)          |
| Total other comprehensive income (loss)            | (96.5)                       | (45.6)          |
| Total comprehensive income (loss)                  | \$(183.7)                    | \$(84.7)        |
| <b>NET INCOME (LOSS) PER SHARE</b>                 |                              |                 |
| Basic  | \$(0.41)                     | \$(0.23)        |
| Diluted  | \$(0.41)                     | \$(0.23)        |
| Weighted-average number of common shares           |                              |                 |
| Basic  | 214.4                        | 171.6           |
| Diluted  | 214.4                        | 171.6           |

See accompanying notes to unaudited condensed consolidated financial statements.



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THOMPSON CREEK METALS COMPANY INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|  | Three Months Ended March |           |
|--|--------------------------|-----------|
|  | 31,                      |           |
| (US dollars in millions)   | 2015                     | 2014      |
| <b>OPERATING ACTIVITIES</b>  |                          |           |
| Net income (loss)  | \$(87.2                  | ) \$(39.1 |
| Items not affecting cash:  |                          | )         |
| Depreciation, depletion and amortization   | 20.0                     | 22.6      |
| Deferred revenue related to Gold Stream Arrangement                              | (6.4                     | ) (4.4    |
| Accretion expense  | 0.6                      | 0.9       |
| Amortization of finance fees   | 1.2                      | 1.3       |
| Stock-based compensation   | 1.3                      | 1.1       |
| Obsolete materials and supplies inventory write downs                            | —                        | 0.1       |
| Product inventory write downs  | 5.2                      | 5.5       |
| Deferred income tax benefit  | (15.1                    | ) (17.1   |
| Unrealized gain on financial instruments and mark-to-market adjustments          | 6.0                      | (0.4      |
| Unrealized foreign exchange (gain) loss  | 86.6                     | 47.6      |
| Debt extinguishment  | (0.3                     | ) —       |
| Change in current assets and liabilities (Note 16)                               | (11.7                    | ) (8.7    |
| Gold Stream Arrangement net payable  | (5.5                     | ) 6.8     |
| Cash generated by (used in) operating activities                                 | (5.3                     | ) 16.2    |
| <b>INVESTING ACTIVITIES</b>  |                          |           |
| Capital expenditures   | (13.2                    | ) (21.8   |
| Capitalized interest payments  | (0.7                     | ) (6.3    |
| Disposition of assets  | —                        | 0.6       |
| Restricted cash  | 7.1                      | —         |
| Reclamation deposit  | —                        | (10.0     |
| Cash generated by (used in) investing activities                                 | (6.8                     | ) (37.5   |
| <b>FINANCING ACTIVITIES</b>  |                          |           |
| Repayments of equipment financings   | (6.5                     | ) (5.3    |
| Repayment of long-term debt  | (1.3                     | ) (3.7    |
| Senior unsecured note repurchase   | (6.8                     | ) —       |
| Proceeds (costs) from issuance of common shares, net                             | 0.3                      | —         |
| Cash generated by (used in) financing activities                                 | (14.3                    | ) (9.0    |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>                                   |                          |           |
|  | (1.0                     | ) (0.9    |
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                          |                          |           |
|  | (27.4                    | ) (31.2   |
| Cash and cash equivalents, beginning of period                                   | 265.6                    | 233.9     |
| Cash and cash equivalents, end of period   | \$238.2                  | \$202.7   |
| Supplementary cash flow information (Note 16)                                    |                          |           |
| See accompanying notes to unaudited condensed consolidated financial statements. |                          |           |

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THOMPSON CREEK METALS COMPANY INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
 (UNAUDITED)

| (US dollars in millions, share data in thousands) | Common Stock |           | Additional Paid-in Capital | Accumulated Deficit | Accumulated Other Comprehensive Income (Loss) | Total      |
|---|--------------|-----------|----------------------------|---------------------|---|------------|
|   | Shares       | Amount    |                            |                     |   |            |
| Balances at December 31, 2014                     | 214,148      | \$1,186.1 | \$86.6                     | \$ (246.9 )         | \$ (138.3 )                                   | \$887.5    |
| Amortization of stock-based compensation          | —            | —         | 1.2                        | —                   | —   | 1.2        |
| Shares issued under stock-based compensation      | 463          | 1.7       | (1.6 )                     | —                   | —   | 0.1        |
| Comprehensive income (loss):                      |              |           |                            |                     |   |            |
| Net income (loss)                                 | —            | —         | —                          | (87.2 )             | —   | (87.2 )    |
| Foreign currency translation                      | —            | —         | —                          | —                   | (96.5 )                                       | (96.5 )    |
| Total comprehensive income (loss)                 |              |           |                            |                     |   | \$(183.7 ) |
| Balances at March 31, 2015                        | 214,611      | \$1,187.8 | \$86.2                     | \$ (334.1 )         | \$ (234.8 )                                   | \$705.1    |

See accompanying notes to unaudited condensed consolidated financial statements.



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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements - Unaudited

(US dollars in millions, except per share amounts)

## 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. In compliance with those instructions, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") have been condensed or omitted. This report should be read in conjunction with the Thompson Creek Metals Company Inc. ("TCM," "Company," "we," "us" or "our") consolidated financial statements and notes contained in its Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K") filed with the Securities and Exchange Commission ("SEC"). The information reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods reported. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for any other quarter or for the year ending December 31, 2015.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. TCM bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

Certain prior year amounts in the financial statements have been reclassified to conform to the current year presentation. The condensed consolidated financial statements include the accounts of TCM and its subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Financial amounts are presented in United States ("US") dollars unless otherwise stated. References to C\$ are Canadian dollars.

As used herein, "Mount Milligan Mine" refers to TCM's conventional truck-shovel open-pit copper and gold mine and concentrator with a copper-gold flotation processing plant in British Columbia, Canada; "Langeloth Facility" refers to TCM's Langeloth Metallurgical Facility in Pennsylvania, USA; "TC Mine" refers to Thompson Creek Mine, TCM's open-pit molybdenum mine and concentrator in Idaho, USA, and "Endako Mine" refers to the open-pit molybdenum mine, concentrator and roaster in British Columbia, Canada in which TCM owns a 75% joint venture interest. As previously disclosed in TCM's 2014 Form 10-K, TC Mine was placed on care and maintenance effective December 31, 2014 after the processing of stockpiled ore from Phase 7 was completed. TCM is conducting limited stripping at the mine for the next phase of mining (referred to as "Phase 8") to maintain its options while TCM continues to evaluate alternatives for TC Mine. Additionally, due to adverse conditions in the molybdenum market, Endako Mine was placed on temporary suspension in December 2014. TCM will continue to closely monitor market conditions and re-evaluate the status of the Endako Mine as market conditions warrant. The costs related to the care and maintenance at TC Mine and the temporary suspension costs at the Endako Mine are reflected in costs for idle mining operations in the statement of operations for the first three months of 2015.

## 2. Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts and are comprised of the following:

|   | March 31,<br>2015 | December 31,<br>2014 |
|---|-------------------|----------------------|
| Receivables   |                   |                      |
| Trade receivables   | \$37.0            | \$41.0               |
| Goods and services sales tax refunds  | 2.4               | 2.0                  |
| Settlement receivables on hedges and other miscellaneous receivables  | 1.4               | 2.5                  |
| Mark-to-market adjustments relating to provisional invoices for Mount Milligan Mine copper and gold concentrate sales | 0.8               | (3.5 )               |
|   | \$41.6            | \$42.0               |
| Related party receivables   | \$0.4             | \$4.1                |

\$42.0

\$46.1

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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited  
(US dollars in millions, except per share amounts)

## 3. Inventory

The carrying value of product inventory was as follows:

|                            | March 31, 2015 | December 31,<br>2014 |
|----------------------------|----------------|----------------------|
| Copper and Gold Inventory: |                |                      |
| Concentrate                | \$34.5         | \$29.4               |
| Stockpiled ore             | 11.4           | 8.3                  |
|                            | \$45.9         | \$37.7               |
| Molybdenum Inventory:      |                |                      |
| Finished product           | \$24.0         | \$45.0               |
| Work-in-process            | 8.2            | 13.5                 |
| Stockpiled ore             | 0.4            | 0.4                  |
|                            | \$32.6         | \$58.9               |
|                            | \$78.5         | \$96.6               |

During the three months ended March 31, 2015 and March 31, 2014, the carrying value of TCM's molybdenum inventory exceeded the market value, resulting in write downs of \$5.6 million and \$6.8 million, respectively.

The following table sets forth the inventory write downs in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the periods presented:

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| US Molybdenum                            |                    |                   |
| Operating expense                        | \$3.8              | \$—               |
| Depreciation, depletion and amortization | 0.3                | —                 |
| Canadian Molybdenum                      |                    |                   |
| Operating expense                        | 1.4                | 5.5               |
| Depreciation, depletion and amortization | 0.1                | 1.3               |
|  | \$5.6              | \$6.8             |

## 4. Property, Plant, Equipment and Development, Net

Property, plant, equipment and development, net, was comprised of the following:

|  | March 31, 2015 | December 31, 2014 |
|--|----------------|-------------------|
| Mining properties and mineral reserves                     | \$694.7        | \$703.7           |
| Mining and milling equipment and facilities                | 1,362.4        | 1,523.4           |
| Processing facilities                                      | 171.1          | 171.1             |
| Construction-in-progress                                   | 23.9           | 23.1              |
| Other  | 9.9            | 6.5               |
|  | 2,262.0        | 2,427.8           |
| Less: Accumulated depreciation, depletion and amortization | (222.1         | ) (209.5          |
|  | \$2,039.9      | \$2,218.3         |

The construction-in-progress balance was \$23.9 million and \$23.1 million, as of March 31, 2015 and December 31, 2014, respectively, and consists primarily of projects at Mount Milligan Mine.



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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited  
(US dollars in millions, except per share amounts)

## 5. Financial Instruments

TCM enters into various derivative financial instruments in the normal course of operations to manage exposure to the market prices of copper, gold and molybdenum. TCM does not apply hedge accounting to its derivative instruments. Accordingly, changes in fair value of derivative instruments are recorded in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), except those contracts for which TCM has elected to apply the normal purchases and normal sales scope exception.

The following table provides details about the fair values of TCM's derivative assets and liabilities:

|                            | Fair Value as of |                   |
|----------------------------|------------------|-------------------|
|                            | March 31, 2015   | December 31, 2014 |
| Assets <sup>(1)</sup>      |                  |                   |
| Commodity contracts        | \$0.9            | \$1.8             |
| Provisionally-priced sales | 2.1              | —                 |
| Total                      | \$3.0            | \$1.8             |
| Liabilities <sup>(1)</sup> |                  |                   |
| Forward currency contracts | \$0.1            | \$0.3             |
| Commodity contracts        | 1.4              | —                 |
| Total                      | \$1.5            | \$0.3             |

<sup>(1)</sup>TCM's derivative assets are included in prepaid expenses and other current assets, and derivative liabilities are included in other current liabilities. TCM is exposed to credit risk when counterparties with whom it has entered into derivative transactions are unable to satisfy their obligations. To reduce counterparty credit exposure, TCM deals primarily with large, credit-worthy financial institutions and companies and limits credit exposure to each. TCM believes the counterparties to the contracts to be credit-worthy entities and, therefore, TCM believes credit risk of counterparty non-performance is relatively low, and, as such, the fair value of the derivatives has not been adjusted. The following table sets forth the gains (losses) on derivative instruments for the periods presented:

| Derivative Type and Activity                      | Statement of Operations Classification | Three Months Ended |                |
|---|--|--------------------|----------------|
|   |  | March 31, 2015     | March 31, 2014 |
| Gold hedges related to Gold Stream Arrangement    | Gold sales                             | \$0.7              | \$0.1          |
| Provisional priced MTM gold sales                 | Gold sales                             | \$(1.2)            | \$(0.2)        |
| Provisional priced MTM copper sales               | Copper sales                           | \$5.1              | \$(1.4)        |
| Copper and Gold hedges; other commodity contracts | Other                                  | \$1.3              | \$—            |
| Forward currency contracts                        | Gain (loss) on foreign exchange, net   | \$(1.6)            | \$0.6          |

## Gold Hedges Related to Gold Stream Arrangement and Other Commodity Contracts

TCM must satisfy its obligation under the Gold Stream Arrangement (discussed in Note 9) by delivering gold to Royal Gold after TCM receives cash payment from third-party purchasers, including offtakers and traders, that purchase concentrate from Mount Milligan Mine ("MTM Customers").

In order to hedge its gold price risk that arises when physical purchase and concentrate sales pricing periods do not match, hereafter referred to as the Gold Stream Risk, TCM has entered into certain forward gold purchase and sales contracts pursuant to which it purchases gold at an average price during a quotational period and sells gold at a spot

price. TCM records its

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

(US dollars in millions, except per share amounts)

## 5. Financial Instruments (Continued)

forward commodity contracts at fair value using a market approach based on observable quoted market prices and contracted prices.

In addition to the Gold Stream Risk and in connection with the sale of concentrate from Mount Milligan Mine, TCM is exposed to copper and gold price fluctuations between the dates of concentrate shipment, provisional payment and final payment. In order to hedge the price risk for the metals contained in concentrate, TCM has entered into certain forward copper and gold purchase and sale contracts pursuant to which it purchases copper or gold at an average price during a quotational period and sells copper or gold at a spot price. Additionally, TCM has entered into zero cost collars pursuant to which it agrees with a counterparty to a floor and ceiling relative to future prices of gold and copper. If the gold or copper price is below the floor, the counterparty pays TCM the difference between the price and the floor. If the gold or copper price is above the ceiling, TCM pays the counterparty the difference between the ceiling and the price. TCM records its commodity contracts at fair value using a market approach based on observable quoted market prices and contracted prices. These activities are intended to protect against the price risk related to the MTM Customer purchase contracts.

The following table provides details of TCM's commodity contracts as of March 31, 2015:

|  | Quantity   | Sell Price        | Buy Price         | Maturities Through         |
|--|------------|-------------------|-------------------|----------------------------|
| Gold Hedge Purchases related to Gold Stream Arrangement (oz) | 16,310     | TBD               | TBD               | April 2015 - June 2015     |
| Forward Copper Sales (lb)                                    | 1,102,300  | \$3.05            | TBD               | April 2015 - May 2015      |
|  | Quantity   | Put Price         | Call Price        | Maturities Through         |
| Gold Collars (oz)  | 21,500     | \$1,150 - \$1,200 | \$1,237 - \$1,360 | April 2015 - December 2015 |
| Copper Collars (lb)  | 19,842,000 | \$2.00            | \$2.99            | April 2015 - December 2015 |

## Provisionally-Priced Contracts

Certain copper and gold sales contracts provide for provisional pricing. These sales contain an embedded derivative related to the provisional-pricing mechanism, which is bifurcated and accounted for as a derivative. TCM also enters into provisionally-priced molybdenum purchase contracts that also contain an embedded derivative, which is bifurcated and accounted for as a derivative.

TCM determines the fair value of its provisionally-priced contracts using a market approach based upon observable inputs from published market prices and contract terms. Changes to the fair values of the embedded derivatives related to provisionally-priced molybdenum purchases are included in operating expenses in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) as the product is sold.

The following table sets forth TCM's outstanding provisionally-priced contracts as of March 31, 2015:

|   | Open Positions | Average Price Per Unit |        | Maturities Through |
|---|----------------|------------------------|--------|--------------------|
|   |                | Contract               | Market |                    |
| Embedded derivatives in provisional sales contracts:    |                |                        |        |                    |
| Copper (millions of pounds)                             | 20.0           | TBD                    | TBD    | July 2015          |
| Gold (ounces)   | 24,974         | TBD                    | TBD    | July 2015          |
| Embedded derivatives in provisional purchase contracts: |                |                        |        |                    |
| Molybdenum (millions of pounds)                         | 1.0            | \$6.53                 | TBD    | May 2015           |

## Forward Currency Contracts

TCM transacts business in various currencies in the normal course of its operations and for capital expenditures. In addition, although TCM's revenues are denominated in US dollars, TCM has ongoing foreign exchange risk with respect to its Canadian operations. To help mitigate this risk, TCM has entered into foreign currency forward contracts pursuant to which it





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Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

(US dollars in millions, except per share amounts)

## 5. Financial Instruments (Continued)

has agreed to buy Canadian dollars at an agreed-upon rate. TCM records its currency contracts at fair value using a market approach based on observable quoted exchange rates and contracted notional amounts. As of March 31, 2015, TCM had 18 open foreign currency option contracts.

The following table provides details of TCM's forward currency contracts as of March 31, 2015:

|                            | Notional Amount | Buy Price      | Maturities Through          |
|----------------------------|-----------------|----------------|-----------------------------|
| Forward currency contracts | \$45,000,000    | \$1USD/C\$1.26 | April 2015 - September 2015 |

## Fixed-Priced Contracts

TCM has entered into certain sales contracts pursuant to which it sells future molybdenum production at fixed prices. These fixed prices may be different than the quoted market prices at the date of sale. TCM has elected to treat these contracts as normal purchase and normal sale contracts.

The Gold Stream Arrangement contains an agreement to sell gold at a fixed price, but it does not meet the definition of a derivative instrument. See discussion of the Gold Stream Arrangement in Note 9.

The following table sets forth TCM's outstanding molybdenum fixed-priced sales contracts as of March 31, 2015:

|                              | Quantity (000's lb) | Sell Price | Maturities Through |
|------------------------------|---------------------|------------|--------------------|
| Molybdenum fixed price sales | 529.7               | \$12.26    | November 2015      |

## 6. Fair Value Measurement

US GAAP includes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). TCM's policy is to recognize transfers into and out of Level 3 as of the actual date of the event or change in circumstances. There were no transfers into or out of Level 1, 2 or 3 during the three months ended March 31, 2015. The following table sets forth a reconciliation of activity related to Level 3 financial liabilities for the three months ended March 31, 2015:

|                            | Debt   |
|----------------------------|--------|
| Balance at January 1, 2015 | \$0.4  |
| Revaluation of tMEDS       | (0.3 ) |
| Balance at March 31, 2015  | \$0.1  |

The following table sets forth TCM's financial liabilities measured at fair value by level within the fair value hierarchy. As required, liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement, as discussed in Note 2 to the 2014 Form 10-K.

|                        | Fair Value at March 31, 2015 |         |         |         |
|------------------------|------------------------------|---------|---------|---------|
|                        | Total                        | Level 1 | Level 2 | Level 3 |
| Liabilities:           |                              |         |         |         |
| Senior secured notes   | \$366.1                      | \$—     | \$366.1 | \$—     |
| Senior unsecured notes | 416.5                        | —       | 416.5   | —       |
| tMEDS                  | 0.1                          | —       | —       | 0.1     |
|                        | \$782.7                      | \$—     | \$782.6 | \$0.1   |

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Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

(US dollars in millions, except per share amounts)

## 6. Fair Value Measurement (Continued)

|                        | Fair Value at December 31, 2014 |         |         |         |
|------------------------|---------------------------------|---------|---------|---------|
|                        | Total                           | Level 1 | Level 2 | Level 3 |
| Liabilities:           |                                 |         |         |         |
| Senior secured notes   | \$393.2                         | \$—     | \$393.2 | \$—     |
| Senior unsecured notes | 453.3                           | —       | 453.3   | —       |
| tMEDS                  | 0.4                             | —       | —       | 0.4     |
|                        | \$846.9                         | \$—     | \$846.5 | \$0.4   |

For more information regarding the classification and valuation methods used for TCM's Level 2 and 3 financial liabilities, see Note 6 within Item 8 of TCM's 2014 Form 10-K.

As of March 31, 2015, the carrying values of the 9.75% senior secured notes were lower than their fair values of approximately \$366.1 million, while the carrying value of the 7.375% senior unsecured notes, the 12.5% senior unsecured notes and tMEDS were higher than their fair values of \$260.4 million, \$156.1 million and \$0.1 million, respectively. TCM determined the fair value of the notes using a discounted cash flow valuation model, consisting of inputs such as risk-free interest rates and credit spreads.

## 7. Leases

TCM's total capital lease obligations consisted of the following:

|                                   | March 31, 2015 | December 31, 2014 |
|-----------------------------------|----------------|-------------------|
| Equipment Facility capital leases | \$26.8         | \$20.3            |
| Equipment Facility sale leaseback | 42.3           | 45.9              |
| Endako Mine sale leaseback        | 1.9            | 2.3               |
| Total lease obligations           | 71.0           | 68.5              |
| Less: Current portion             | (24.6)         | (22.8)            |
| Total long-term lease obligations | \$46.4         | \$45.7            |

On March 30, 2011, TCM entered into an equipment financing facility, as amended from time to time (the "Equipment Facility"), pursuant to which Caterpillar Financial Services Limited ("Caterpillar") agreed to underwrite up to \$132.0 million in mobile fleet equipment financing for Mount Milligan Mine. Each borrowing under the Equipment Facility represents a capital lease and has a term of 48 or 60 months. Interest on the amounts borrowed under the Equipment Facility is payable at either floating or fixed rates, at TCM's option. At the end of each 48 or 60 month lease period, TCM has the option to purchase the underlying equipment for a nominal sum. The Equipment Facility includes non-financial covenants, and as of March 31, 2015, TCM was in compliance with these covenants. On January 15, 2015, TCM entered into an amendment with Caterpillar which extends TCM's ability to finance additional equipment under the Equipment Facility through December 2015.

During 2013, TCM entered into a sale-leaseback transaction with Caterpillar with respect to certain Endako Mine equipment, which is separate from the Equipment Facility, described above.

During the three months ended March 31, 2015, TCM entered into two new capital leases with Caterpillar with respect to certain equipment pursuant to the Equipment Facility. The leases resulted in an increase of \$8.3 million to TCM's capital lease obligation after upfront payments of \$0.9 million. Interest payments are based on a fixed rate of 5.70%.

Interest and debt issuance costs on the equipment financings, as described above, consisted of the following:

Three Months Ended

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|   | March 31,<br>2015 | March 31,<br>2014 |
|---|-------------------|-------------------|
| Interest paid                             | \$0.9             | \$1.2             |
| Interest and debt issuance costs expensed | \$1.1             | \$1.3             |

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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited  
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## 8. Debt

TCM's secured and unsecured notes, tMEDS and equipment loans consisted of the following:

|  | March 31, 2015 | December 31,<br>2014 |
|--|----------------|----------------------|
| 9.75% Senior secured notes due 2017, net of discount | \$348.1        | \$347.9              |
| 7.375% Senior unsecured notes due 2018               | 334.1          | 335.8                |
| 12.5% Senior unsecured notes due 2019                | 183.0          | 188.5                |
| tMEDS  | 0.6            | 1.2                  |
| Equipment loans                                      | 2.0            | 2.8                  |
| Total debt   | 867.8          | 876.2                |
| Less: Current portion                                | (2.7           | ) (3.9               |
| Total long-term debt                                 | \$865.1        | \$872.3              |

Interest paid, capitalized and expensed was as follows:

|                      | Three Months Ended |                   |
|----------------------|--------------------|-------------------|
|                      | March 31,<br>2015  | March 31,<br>2014 |
| Interest paid        | \$17.3             | \$17.6            |
| Interest capitalized | \$0.3              | \$0.9             |
| Interest expensed    | \$21.5             | \$21.6            |

## 9.75% Senior Secured Notes

The 9.75% senior secured notes (the "2017 Notes") are guaranteed on a senior basis by substantially all of TCM's subsidiaries and are secured by a first priority lien, subject to permitted liens, on substantially all of TCM's and the guarantors' property and assets. The 2017 Notes mature on December 1, 2017 and accrue interest from November 27, 2012 until maturity at a fixed rate of 9.75% per year. Interest on the 2017 Notes is payable on February 1 and August 1 of each year, commencing February 1, 2013, to the holders of record at the close of business on the January 15 and July 15 prior to each interest payment date. The 2017 Notes are presented net of a discount of \$1.9 million and \$2.1 million, respectively, as of March 31, 2015 and December 31, 2014. There are no maintenance covenants with respect to TCM's financial performance. However, the indenture contains certain transaction-based restrictive covenants. For more information regarding the 2017 Notes, see Note 9 within Item 8 of TCM's 2014 Form 10-K.

## 12.5% Senior Unsecured Notes

The 12.5% senior unsecured notes (the "2019 Notes") are guaranteed on a senior basis by substantially all of TCM's subsidiaries. The 2019 Notes mature on May 1, 2019 and accrue interest from May 11, 2012 until maturity at a fixed rate of 12.5% per year. Interest on the 2019 Notes is payable on May 1 and November 1 of each year, commencing November 1, 2012, to the holders of record at the close of business on the April 15 and October 15 prior to each interest payment date. There are no maintenance covenants with respect to TCM's financial performance. However, the indenture contains certain transaction-based restrictive covenants. For more information regarding the 2019 Notes, see Note 9 within Item 8 of TCM's 2014 Form 10-K.

In the first quarter of 2015, TCM repurchased \$5.5 million of the 2019 Notes in open-market transactions and recorded an insignificant debt extinguishment loss and reduced \$0.1 million of the related unamortized debt issuance costs.

*7.375% Senior Unsecured Notes*

The 7.375% senior unsecured notes (the "2018 Notes") are guaranteed on a senior basis by substantially all of TCM's subsidiaries. The 2018 Notes mature on June 1, 2018 and accrue interest from May 20, 2011 until maturity at a fixed rate of 7.375% per year. Interest is payable on June 1 and December 1 of each year, and the first interest payment occurred on

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Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

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## 8. Debt (Continued)

December 1, 2011. Interest is payable to the holders of record at the close of business on the May 15 and November 15 prior to each interest payment date. There are no maintenance covenants with respect to TCM's financial performance. However, the indenture contains certain transaction-based restrictive covenants. For more information regarding the 2018 Notes, see Note 9 within Item 8 of TCM's 2014 Form 10-K.

In the first quarter of 2015, TCM repurchased \$1.8 million of the 2018 Notes in open-market transactions and recorded a debt extinguishment gain of \$0.3 million and reduced the related unamortized debt issuance costs by an insignificant amount.

## Mobile Mining Equipment Loans

On December 8, 2010, TCM executed an equipment financing agreement with Caterpillar in the amount of \$12.8 million secured by six units of mobile mining equipment purchased by TCM during 2010. This fixed-rate loan bears interest at 3.6%, is scheduled to mature no later than December 8, 2015 and has an outstanding payable amount of \$2.0 million as of March 31, 2015.

## 9. Gold Stream Arrangement

Pursuant to TCM's agreement with a subsidiary of Royal Gold, Inc. ("Royal Gold") (referred to as the "Gold Stream Arrangement"), TCM agreed to sell to Royal Gold 52.25% of the refined gold production from Mount Milligan Mine for a total upfront payment of \$781.5 million, plus \$435 per ounce, or the prevailing market rate if lower than \$435 per ounce, when the gold is delivered. The upfront cash payments received under the Gold Stream Arrangement (referred to herein as the "deposit") were recorded as deferred revenue and classified as a liability on TCM's Condensed Consolidated Balance Sheets. As of March 31, 2015, the outstanding Record of Deposit under the Gold Stream Arrangement totaled \$714.6 million. In the event of any default under the Company's agreement with Royal Gold, Royal Gold could require TCM to repay the outstanding deposit. For more information regarding the Gold Stream Arrangement, see Note 10 within Item 8 of TCM's 2014 Form 10-K.

The following table presents the revenue under the Gold Stream Arrangement for the three months ended March 31, 2015 and 2014, respectively, in the form of (i) cash receipts based on gold sales during the applicable period, and (ii) deferred revenue for gold ounces delivered and deferred revenue to be recognized upon final settlement during the applicable period:

| (US\$ in millions)   | Three Months Ended |                |
|--|--------------------|----------------|
|  | March 31, 2015     | March 31, 2014 |
| Gold sales related to cash portion of Gold Stream Arrangement                    | \$8.3              | \$5.4          |
| Gold sales related to deferred portion of Gold Stream Arrangement <sup>(1)</sup> | 6.4                | 4.4            |
| Total gold sales under Gold Stream Arrangement <sup>(1)</sup>                    | \$14.7             | \$9.8          |

<sup>(1)</sup> Consists of \$4.1 million and \$1.7 million of revenue which was previously deferred, for the three months ended March 31, 2015 and 2014, respectively. Deferred revenue ultimately to be recognized upon delivery of gold is \$2.3 million and \$2.7 million for the three months ended March 31, 2015 and 2014, respectively.

## 10. Tangible Equity Units ("tMEDS")

On May 11, 2012, TCM completed a public offering of 8,800,000 tMEDS with a stated value of \$25.00. Each tMEDS unit consisted of a prepaid common stock purchase contract and a senior amortizing note due May 15, 2015. In June 2014, TCM completed an offer ("Exchange Offer") where 7,206,862 units, or 86.4% of the tMEDS, were tendered for exchange and accepted by TCM. In exchange for the tendered tMEDS, TCM issued 42,129,829 shares of its common stock.

As of March 31, 2015, 1,133,138 tMEDS remained outstanding. Such tMEDS will continue to be held pursuant to their original terms and conditions, including mandatory conversion on May 15, 2015.

The senior amortizing note component of the tMEDS that remained outstanding as of March 31, 2015 was \$0.6 million, which is included in the current portion of long-term debt on the Condensed Consolidated Balance Sheets. The unamortized deferred financing costs related to the remaining tMEDS were nil and \$0.5 million as of March 31, 2015 and 2014,

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## 10. Tangible Equity Units ("tMEDS") (Continued)

respectively. For the three months ended March 31, 2015 and 2014, TCM paid nil and \$0.6 million, and expensed nil and \$0.7 million, respectively, of the interest and debt issuance costs associated with the tMEDS.

For purposes of the fair market value disclosed in Note 6, the carrying value of the tMEDS as of March 31, 2015 was higher than the fair value of approximately \$0.1 million. TCM determined the fair value of the debt component of tMEDS using a discounted cash flow model by obtaining yields for comparably-rated issuers trading in the market, considering the market yield of existing TCM debt and the credit rating of TCM.

## 11. Stock-Based Compensation

As of March 31, 2015, TCM has granted stock options, PSUs and RSUs, as discussed below.

## Stock Options

The expiration date and vesting provisions of stock options granted are established at the time an award is made. Stock options vest over 3 years and are exercisable over a period of time not to exceed 10 years from the grant date but generally expire 5 years from the grant date. When an option is exercised, TCM issues the requisite shares from authorized but unissued common stock. The exercise price of options granted prior to March 1, 2011 is equal to the greater of: (i) the volume weighted-average trading price of the underlying shares on the Toronto Stock Exchange over the five consecutive trading days immediately before the grant date and (ii) if the award date occurs in a trading black-out period, the weighted-average trading price over the five consecutive trading days immediately after the black-out period has been lifted. The exercise price of options granted after March 1, 2011 is equal to the volume weighted-average trading price of the underlying shares over the five consecutive trading days immediately before the grant date.

The following table summarizes stock option activity during the three months ended March 31, 2015:

|  | Options<br>(000's) | Weighted-Average<br>Exercise Price<br>(1) |
|--|--------------------|---|
| Stock options outstanding at January 1, 2015 | 1,386              | \$4.04                                    |
| Granted                                      | —                  | \$—                                       |
| Exercised                                    | —                  | \$—                                       |
| Canceled/expired/forfeited                   | (86                | ) \$3.26                                  |
| Stock options outstanding at March 31, 2015  | 1,300              | \$4.09                                    |

(1) The weighted-average exercise price of options outstanding is shown in US dollars as the majority of the options granted starting in 2011 have a strike price denominated in US dollars. Options with a Canadian dollar strike price have been converted to US dollars for disclosure purposes using the exchange rates on the respective date of grant.

For the three months ended March 31, 2015 and 2014, TCM recorded compensation expense related to stock options of \$0.1 million and \$0.1 million, respectively. As of March 31, 2015, approximately 0.7 million outstanding options had not vested and were not exercisable. The total unrecognized compensation cost related to these options was \$0.4 million as of March 31, 2015 and is expected to be recognized over a weighted-average period of 2.06 years.

As of March 31, 2015, approximately 0.6 million options had vested and were exercisable. The aggregate intrinsic value of these exercisable awards was nil as of March 31, 2015.

## Performance Share Units (PSUs)

As of March 31, 2015, TCM had issued a total of 6.1 million PSUs under the Amended and Restated 2010 Long-Term Incentive Plan ("LTIP"), which have been granted to eligible employees. The vesting of the PSUs granted subsequent



to January 1, 2012 and prior to January 1, 2014 is contingent upon two performance metrics: 1) TCM's Total Shareholder Return (TSR) relative to the Russell 2000 Index during the three-year performance period; and 2) the proven and probable mine reserves replaced by TCM during the three-year performance period as measured by the replacement reserves percentage

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## 11. Stock-Based Compensation (Continued)

determined by the plan administrator. The PSUs cliff vest three years from the date of issuance upon achievement of the above metrics. Any PSUs not vested at such time will expire.

The vesting of the PSUs granted subsequent to January 1, 2014 is contingent upon two performance metrics: 1) TCM's Total Shareholder Return (TSR) relative to the S&P TSX Global Base Metals Index during the three-year period commencing on January 1 of the year in which the grant was made (the "performance period"); and 2) cash flow from operations, defined as TCM's aggregate "cash generated by (used in) operating activities" less aggregate "capital expenditures," as reported in the Statements of Cash Flows in the Company's Annual Report on Form 10-K for each fiscal year in the performance period. The PSUs cliff vest approximately three years from the date of grant, or on the date in the first quarter of the fiscal year immediately succeeding the performance period on which the plan administrator determines and certifies the achievement of the above metrics. Any PSUs not vested at such time will expire.

All PSUs granted are accounted for at fair value using a Monte Carlo simulation valuation model on the date of grant. The Monte Carlo model is based on random projections of stock price paths. Expected volatility is calculated using a weighted average of historical daily volatilities and implied volatility and represents the extent to which TCM's stock price performance is expected to fluctuate during the three-year terms of the respective award.

For the three months ended March 31, 2015 and 2014, TCM recorded compensation expense related to the PSUs of \$0.5 million and \$0.6 million, respectively. At March 31, 2015, unrecognized compensation expense related to PSUs totaled \$8.8 million that will be recognized on a straight-line basis over a weighted-average period of 2.87 years.

The following table summarizes PSU activity during the three months ended March 31, 2015:

|                                | Units   | Weighted-Average<br>Fair Value |
|--------------------------------|---------|--------------------------------|
|                                | (000's) |                                |
| Outstanding at January 1, 2015 | 1,920   | \$ 4.59                        |
| PSUs granted                   | 2,771   | \$ 2.04                        |
| Canceled/expired/forfeited     | (328)   | ) \$ 9.37                      |
| Outstanding at March 31, 2015  | 4,363   | \$ 2.61                        |

## Restricted Stock (RSUs)

As of March 31, 2015, TCM had issued 5.1 million RSUs to certain eligible employees and directors under the LTIP and under the employment inducement award for the Chief Executive Officer in November 2013.

TCM accounts for RSUs at fair value, which is based on the market value of TCM's common shares on the day of grant and recognized over the vesting period of 3 years. Upon vesting, TCM will issue the requisite shares from authorized but unissued common stock. TCM recorded \$0.7 million and \$0.3 million of compensation expense related to its RSUs for the three months ended March 31, 2015 and 2014, respectively. At March 31, 2015, unrecognized compensation expense related to RSUs totaled \$5.3 million that will be recognized on a straight-line basis over a weighted-average period of 2.35 years.

The following table summarizes RSU activity during the three months ended March 31, 2015:

|                                | Units   | Weighted-Average<br>Fair Value |
|--------------------------------|---------|--------------------------------|
|                                | (000's) |                                |
| Outstanding at January 1, 2015 | 1,455   | \$ 3.20                        |
| RSUs granted                   | 2,076   | \$ 1.59                        |

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|                                      |       |           |
|--------------------------------------|-------|-----------|
| RSUs vested and common shares issued | (349  | ) \$ 4.22 |
| Canceled/expired/forfeited           | (47   | ) \$ 3.68 |
| Outstanding at March 31, 2015        | 3,135 | \$ 2.01   |

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12. Commitments and Contingencies

Legal Matters

TCM is from time to time involved in or subject to legal proceedings related to its business. While it is not feasible to predict or determine the outcome of these proceedings, it is the opinion of management that the resolution of such proceedings is not expected to have a material adverse effect on TCM's consolidated financial position results of operations or cash flows.

Concentrate Sales Agreements

As of March 31, 2015, TCM is party to four multi-year concentrate sales agreements for the sale of concentrate produced at Mount Milligan Mine. Pursuant to these agreements, TCM has agreed to sell an aggregate of the copper and gold concentrate produced at Mount Milligan Mine of approximately 140,000 tonnes in 2015, 140,000 tonnes in 2016 and 40,000 tonnes of concentrate for each year in 2017 and 2018. Pricing under these concentrate sales agreements will be determined by reference to specified published reference prices during the applicable quotation periods. Payment for the concentrate will be based on the price for the agreed copper and gold content of the parcels delivered, less smelting and refining charges and certain other deductions, if applicable. The copper smelting and refining charges will be negotiated in good faith and agreed by the parties for each contract year based on terms generally acknowledged as industry benchmark terms. The gold refining charges are as specified in the agreements. Remaining concentrate produced at Mount Milligan Mine will be sold under short-term contracts or on a spot basis.

Molybdenum Purchases

In the normal course of operations, TCM enters into agreements for the purchase of molybdenum. As of March 31, 2015, TCM had commitments to purchase approximately 12.7 million pounds of molybdenum as unroasted molybdenum concentrate from 2015 to 2017 primarily priced at the time of purchase at a set discount to the market price for roasted molybdenum concentrate.

Molybdenum Sales

In the normal course of operations, TCM enters into certain molybdenum sales contracts pursuant to which it sells future production at fixed prices. As of March 31, 2015, TCM had commitments to sell approximately 530 thousand pounds of molybdenum oxide in 2015 at an average price of \$12.26 per pound.

Capital Purchase Commitments

As of March 31, 2015, TCM had no open capital purchase commitments.

13. Income and Mining Tax Expense (Benefit)

Income and mining taxes for the three months ended March 31, 2015 and 2014 were a benefit of \$16.7 million and \$15.0 million, respectively.

Usual drivers of differences for the periods presented between TCM's effective rate and from applying the Canadian federal and provincial income tax rates are due to pre-tax losses from the Endako Mine and foreign exchange, which largely have no benefit due to valuation allowances on the associated deferred tax assets, and the British Columbia mineral taxes.

The tax benefit for the three months ended March 31, 2015 did not contain significant unusual items.

The tax benefit for the three months ended March 31, 2014 contained the following significant unusual items:

- A \$1.4 million tax benefit due to a successful conclusion to a tax appeal; and
- A \$2.3 million tax benefit due to an increase in the amount of TCM's deferred taxes that will be realized due to higher taxable income as compared to previous forecasts.



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## THOMPSON CREEK METALS COMPANY INC.

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## 14. Net Income (Loss) per Share

The following is a reconciliation of net income (loss) and weighted-average common shares outstanding for purposes of calculating diluted net income (loss) per share for the three months ended March 31, 2015 and 2014.

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Net income (loss)                                     | \$(87.2 )          | \$(39.1 )         |
| Basic weighted-average number of shares outstanding   | 214.4              | 171.6             |
| Effect of dilutive securities                         |                    |                   |
| Share-based awards                                    | —                  | —                 |
| tMEDS   | —                  | —                 |
| Diluted weighted-average number of shares outstanding | 214.4              | 171.6             |
| Net income (loss) per share                           |                    |                   |
| Basic   | \$(0.41 )          | \$(0.23 )         |
| Diluted   | \$(0.41 )          | \$(0.23 )         |

For the three months ended March 31, 2015, TCM was in a net loss position, and approximately 1.3 million stock options, 4.4 million PSUs, 3.1 million RSUs and 6.1 million shares for the settlement of the tMEDS purchase contracts were excluded from the computation of diluted weighted-average shares.

For the three months ended March 31, 2014, TCM was in a net loss position, and approximately 2.5 million stock options, 1.1 million PSUs, 1.0 million RSUs and 45.5 million shares for the settlement of the tMEDS purchase contracts were excluded from the computation of diluted weighted-average shares.

## 15. Transactions with our Endako Mine Joint Venture Partner

Total sales by TCM to Sojitz, TCM's Endako Mine joint venture partner, were \$6.1 million and \$24.0 million for the three months ended March 31, 2015 and 2014, respectively. This represented 5.0% and 14.9% of TCM's total revenues for these respective periods.

For the three months ended March 31, 2015 and 2014, TCM recorded management fee income of nil and \$0.1 million, and selling and marketing costs of nil and \$0.2 million, respectively, from Sojitz.

At March 31, 2015 and December 31, 2014, TCM's related accounts receivable owing from Sojitz were \$0.4 million and \$4.1 million, respectively.

## 16. Supplementary Cash Flow Information

The following table discloses the change in current assets and current liabilities for the three months ended March 31, 2015 and 2014:

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## THOMPSON CREEK METALS COMPANY INC.

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## 16. Supplementary Cash Flow Information (Continued)

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 31,<br>2015  | March 31,<br>2014 |
| Change in current assets and current liabilities:           |                    |                   |
| Accounts receivable   | \$0.2              | \$(8.9 )          |
| Product inventory   | 10.5               | (2.1 )            |
| Materials and supplies inventory                            | (0.7 )             | (3.2 )            |
| Prepaid expenses and other current assets                   | 0.5                | 2.9               |
| Income and mining taxes receivable                          | (2.6 )             | 0.6               |
| Accounts payable and accrued liabilities                    | (19.6 )            | 1.4               |
| Income and mining taxes payable                             | —                  | 0.6               |
|   | \$(11.7 )          | \$(8.7 )          |
| Cash interest paid <sup>(1)</sup>                           | \$18.2             | \$19.4            |
| Income and mining taxes paid, net of refunds <sup>(2)</sup> | \$0.9              | \$0.5             |

<sup>(1)</sup> For the three months ended March 31, 2015 and 2014, cash interest paid of \$0.7 million and \$6.3 million, respectively, had been previously capitalized related to TCM's debt, as described in Note 8.

<sup>(2)</sup> For the three months ended March 31, 2015 and 2014, TCM received nil and \$0.9 million, respectively, in refunds of US and Canadian income taxes related to prior year tax returns.

## Non-cash Investing and Financing Activities

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Investing activities   |                    |                   |
| Acquisition of property, plant and equipment under the Equipment Facility (see Note 7) | \$9.2              | \$—               |
| Financing activities   |                    |                   |
| Capitalized debt costs <sup>(1)</sup>  | \$0.3              | \$0.9             |
| Long-term lease obligations  | \$8.3              | \$—               |

<sup>(1)</sup> Included capitalized interest not paid in cash, amortization of deferred financing costs and debt discounts.

## 17. Concentration of Credit Risk

TCM is exposed to counterparty risk from its cash and cash equivalent balances and its reclamation deposits held by financial institutions and governmental entities. TCM monitors its positions with, and the credit quality of, the financial institutions and companies in which it invests its cash, cash equivalents and that hold its reclamation deposits. Counterparties to cash balances and its reclamation deposits, other than balances maintained in various bank operating accounts, are US and Canadian institutions and the US and Canadian governments.

TCM manages its credit risk from its accounts receivable through its collection activities. As of March 31, 2015, TCM had three customers who owed TCM more than \$3.0 million each and collectively accounted for approximately 42.5% of total accounts and other receivables outstanding. Another four customers had balances greater than \$1.0 million each but less than \$3.0 million that accounted for approximately 20.3% of total accounts and other receivables. As of March 31, 2015, all of these customers were compliant with credit terms and scheduled payment dates.

TCM's maximum counterparty and credit risk exposure is the carrying value of its cash and cash equivalents and accounts receivable. The carrying amounts of accounts receivable, accounts payable, accrued liabilities and fixed-rate debt, excluding the 2017 Notes, 2018 Notes, 2019 Notes and tMEDS, as discussed in Note 6, approximate fair value

as of March 31, 2015.

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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited  
(US dollars in millions, except per share amounts)

## 18. Segment Information

TCM has three reportable segments, based on products and geography: Copper-Gold, US Molybdenum and Canadian Molybdenum. The Copper-Gold segment represents the Mount Milligan Mine and includes the sale of copper-gold products, net of refining costs, and all expenditures, including all mining, milling, on-site general and administration, transportation and warehousing. The US Molybdenum segment includes all US molybdenum sales and tolling and calcining revenue, all Langeloth roasting and on-site general and administration expenditures and all expenditures from TC Mine, which was placed on care and maintenance in December 2014, including all mine site general and administration, stripping, costs for idle mining operations. The Canadian Molybdenum segment includes all Canadian molybdenum sales from the 75% owned Endako Mine, which was placed on temporary suspension effective December 31, 2014, and TCM's 75% share of expenditures from the Endako Mine, including all mine site general and administration, transportation, costs for idle mining operations. As noted above, the costs related to the care and maintenance at TC Mine and the temporary suspension costs at the Endako Mine are reflected in costs for idle mining operations for the first three months of 2015. The inter-segment represents the elimination of intercompany transactions between the Langeloth Facility and the corporate entity for the three months ended March 31, 2015 and the elimination of intercompany transactions between TC Mine, the Langeloth Facility and the corporate entity for the three months ended March 31, 2014.

TCM's chief operating decision makers (President and CEO, CFO) evaluate segment performance based on segment revenue less costs and expenses. TCM attributes other income and expenses to the reporting segments if the income or expense is directly related to segment operations, as described above. TCM does not allocate corporate expenditures such as general and administrative, exploration and interest income and expense items to its reporting segments, unless such expenditures are directly related to segment operations. Gains and losses on foreign exchange are calculated on transactions denominated in a different currency than the segment's functional currency; the Copper-Gold segment's unrealized foreign exchange balance is primarily comprised of its intercompany notes. Segment information for the three months ended March 31, 2015 and 2014 was as follows:

For the three months ended March 31, 2015:

|  | Copper-Gold | US<br>Molybdenum | Canadian<br>Molybdenum | Inter-segment | Total  |
|--|-------------|------------------|------------------------|---------------|--------|
| Revenues                                 |             |                  |                        |               |        |
| Copper sales                             | \$ 32.2     | \$ —             | \$ —                   | \$ —          | \$32.2 |
| Gold sales                               | 36.0        | —                | —                      | —             | \$36.0 |
| Molybdenum sales                         | —           | 37.8             | 5.0                    | —             | \$42.8 |
| Tolling, calcining and other             | —           | 12.1             | —                      | (0.1 )        | \$12.0 |
|  | 68.2        | 49.9             | 5.0                    | (0.1 )        | 123.0  |
| Cost and expenses                        |             |                  |                        |               |        |
| Operating expenses                       | 33.8        | 45.9             | 3.4                    | (0.1 )        | 83.0   |
| Depreciation, depletion and amortization | 14.3        | 5.2              | 0.4                    | —             | 19.9   |
| Cost of sales                            | 48.1        | 51.1             | 3.8                    | (0.1 )        | 102.9  |
| Selling and marketing                    | 2.0         | 0.7              | 0.2                    | 0.1           | 3.0    |
| Accretion expense                        | 0.1         | 0.2              | 0.3                    | —             | 0.6    |
| Costs for idle mining operations         | —           | 2.4              | 3.2                    | —             | 5.6    |
|  | 50.2        | 54.4             | 7.5                    | —             | 112.1  |
| Segment operating income (loss)          | 18.0        | (4.5 )           | (2.5 )                 | (0.1 )        | 10.9   |
| Other segment (income) expense           |             |                  |                        |               |        |
| (Gain) loss on foreign exchange          | 17.3        | —                | (2.1 )                 | —             | 15.2   |

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Segment income (loss) before income and mining taxes \$ 0.7      \$ (4.5      ) \$ (0.4      ) \$ (0.1      ) \$ (4.3      )

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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

(US dollars in millions, except per share amounts)

## 18. Segment Information (Continued)

For the three months ended March 31, 2014:

|  | Copper-Gold | US<br>Molybdenum | Canadian<br>Molybdenum | Inter-segment | Total   |
|--|-------------|------------------|------------------------|---------------|---------|
| Revenues   |             |                  |                        |               |         |
| Copper sales   | \$ 29.8     | \$ —             | \$ —                   | \$ —          | \$29.8  |
| Gold sales   | 24.4        | —                | —                      | —             | 24.4    |
| Molybdenum sales                                     | —           | 75.6             | 32.0                   | (4.7 )        | 102.9   |
| Tolling, calcining and other                         | —           | 5.5              | —                      | (1.6 )        | 3.9     |
|  | 54.2        | 81.1             | 32.0                   | (6.3 )        | 161.0   |
| Cost and expenses                                    |             |                  |                        |               |         |
| Operating expenses                                   | 42.8        | 47.3             | 29.7                   | (6.2 )        | 113.6   |
| Depreciation, depletion and amortization             | 9.7         | 7.0              | 5.5                    | —             | 22.2    |
| Cost of sales  | 52.5        | 54.3             | 35.2                   | (6.2 )        | 135.8   |
| Selling and marketing                                | 2.0         | 1.6              | 0.9                    | (0.4 )        | 4.1     |
| Accretion expense                                    | 0.1         | 0.4              | 0.4                    | —             | 0.9     |
|  | 54.6        | 56.3             | 36.5                   | (6.6 )        | 140.8   |
| Segment operating income (loss)                      | (0.4 )      | 24.8             | (4.5 )                 | 0.3           | 20.2    |
| Other segment (income) expenses                      |             |                  |                        |               |         |
| (Gain) loss on foreign exchange                      | 7.1         | —                | (0.7 )                 | —             | 6.4     |
| Segment income (loss) before income and mining taxes | \$ (7.5 )   | \$ 24.8          | \$ (3.8 )              | \$ 0.3        | \$ 13.8 |

For the three months ended March 31, 2015 and 2014:

Reconciliation of Segment Income to Net Income (Loss)

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 31,<br>2015  | March 31,<br>2014 |
| Segment income (loss)                        | \$(4.3 )           | \$ 13.8           |
| Other (income) expense                       |                    |                   |
| General and administrative                   | 5.6                | 6.6               |
| Exploration                                  | —                  | 0.1               |
| Interest expense (income), net               | 22.5               | 23.5              |
| (Gain) loss on foreign exchange              | 73.0               | 40.1              |
| Corporate depreciation                       | 0.1                | 0.4               |
| (Gain) loss from debt extinguishment         | (0.3 )             | —                 |
| Other  | (1.3 )             | (2.8 )            |
| Income (loss) before income and mining taxes | (103.9 )           | (54.1 )           |
| Income and mining tax (benefit) expense      | (16.7 )            | (15.0 )           |
| Net income (loss)                            | \$(87.2 )          | \$(39.1 )         |

Other segment information regarding capital expenditures, assets and liabilities, including the assets and liabilities attributed to corporate operations, was as follows:

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## THOMPSON CREEK METALS COMPANY INC.

Notes to the Condensed Consolidated Financial Statements (Continued) - Unaudited

(US dollars in millions, except per share amounts)

## 18. Segment Information (Continued)

| As of March 31, 2015                                      | Copper-Gold | US<br>Molybdenum | Canadian<br>Molybdenum | Inter-segment | Total      |
|---|-------------|------------------|------------------------|---------------|------------|
| Capital expenditures <sup>(1)</sup>                       | \$ 12.7     | \$ 0.4           | \$ 0.1                 | —             | \$ 13.2    |
| Property, plant, equipment and development <sup>(3)</sup> | \$ 1,901.0  | \$ 112.7         | \$ 25.3                | \$ 0.9        | \$ 2,039.9 |
| Assets  | \$ 2,120.0  | \$ 408.7         | \$ 63.3                | \$ 18.4       | \$ 2,610.4 |
| Liabilities   | \$ 895.9    | \$ 21.8          | \$ 20.9                | \$ 966.7      | \$ 1,905.3 |
| As of December 31, 2014                                   | Copper-Gold | US<br>Molybdenum | Canadian<br>Molybdenum | Inter-segment | Total      |
| Capital expenditures <sup>(2)</sup>                       | \$ 77.0     | \$ 4.0           | \$ 1.1                 | \$ —          | \$ 82.1    |
| Property, plant, equipment and development <sup>(3)</sup> | \$ 2,075.3  | \$ 114.4         | \$ 27.5                | \$ 1.1        | \$ 2,218.3 |
| Assets  | \$ 2,304.1  | \$ 444.3         | \$ 77.6                | \$ 20.3       | \$ 2,846.3 |
| Liabilities   | \$ 912.0    | \$ 33.8          | \$ 30.5                | \$ 982.5      | \$ 1,958.8 |

<sup>(1)</sup> Capital expenditures were for the three months ended March 31, 2015. Copper-Gold capital expenditures are for the Mount Milligan Mine and include \$1.9 million for engineering and long-lead item expenditures relating to the secondary crusher, \$10.3 million for operating capital and \$0.5 million for the permanent operations residence (related primarily to the payment of accruals from December 31, 2014).

<sup>(2)</sup> Capital expenditures were for the year ended December 31, 2014. Copper-Gold capital expenditures are for the Mount Milligan Mine and include \$29.8 million for the permanent operations residence, \$30.9 million for operating capital and \$16.3 million for project capital (related to the payment of accruals from December 31, 2013). Total cash capital expenditures during 2014 included \$21.0 million in payments of amounts accrued at December 31, 2013.

<sup>(3)</sup> Includes exploration properties.

## 19. Guarantor Financial Information

TCM has not presented separate combined financial statements of subsidiary guarantors that guarantee the 2017 Notes, 2018 Notes and 2019 Notes, because (1) each of the subsidiary guarantors is wholly owned by TCM; (2) the guarantees are full and unconditional; (3) the guarantees are joint and several and (4) TCM has no independent assets and operations, and all subsidiaries of TCM other than the subsidiary guarantors are immaterial.

Pursuant to the indentures governing the 2017 Notes, 2018 Notes and 2019 Notes, a guarantor may be released from its guarantee obligations only under certain customary circumstances specified in the indentures, namely upon (1) the sale or other disposition (including by way of merger, amalgamation or consolidation) of such guarantor, (2) the designation of such guarantor as an unrestricted subsidiary in accordance with the terms of the indentures, (3) upon a legal defeasance or covenant defeasance or (4) upon the full satisfaction of TCM's obligations under the respective indenture.

## 20. Subsequent Events

In April and May 2015, TCM and certain Mount Milligan customers agreed to change the timing regarding when title to the subject concentrate passes from TCM to the customer so that title passes when such concentrate is loaded onto the shipping vessel. Revenues will be recorded based on the provisional sales price when the title passes to the customers, with adjustments made for a final sales price calculated in accordance with the terms specified in the relevant sales contract.

In April 2015, TCM entered into additional forward copper sales contracts to hedge copper price risk. The forward copper sales of 9,920,790 pounds are at a sell price of \$2.86 and a call price to be determined, with maturities through May 2015 to August 2015.

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THOMPSON CREEK METALS COMPANY INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the condensed consolidated financial condition and results of operations of TCM for the three months ended March 31, 2015, and should be read in conjunction with TCM's condensed consolidated financial statements and the notes thereto included in Item 1 herein and the discussion of Risk Factors included in Part II, Item 1A herein. Additionally, the following discussion should be read in conjunction with the consolidated financial statements, the related "Management's Discussion and Analysis of Financial Condition and Results of Operation," the discussion of "Risk Factors" and the discussion of TCM's "Business and Properties" in our 2014 Form 10-K.

The results of operations reported and summarized below are not necessarily indicative of future operating results. Throughout this MD&A, all references to earnings or losses per share are on a diluted basis, unless otherwise noted. The condensed consolidated financial statements have been prepared in accordance with US GAAP. All dollar amounts are expressed in US\$, unless otherwise indicated. References to C\$ refer to Canadian dollars.

Forward-Looking Statements

Certain statements in this report, other than purely historical information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and applicable Canadian securities legislation and are intended to be covered by the safe harbor provided by these regulations. These forward-looking statements can, in some cases, be identified by the use of such terms as "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Our forward-looking statements may include, without limitation, statements with respect to: future financial or operating performance of the Company or its subsidiaries and its projects; access to existing or future financing arrangements and ability to refinance or reduce debt on favorable terms or at all; future inventory, production, sales, payments from customer, cash costs, capital expenditures and exploration expenditures; future earnings and operating results; expected concentrate and recovery grades; estimates of mineral reserves and resources, including estimated mine life and annual production; statements as to the projected ramp-up at Mount Milligan Mine, including expected achievement of design capacities and the effects of secondary crushing; future operating plans and goals; and future molybdenum, copper, gold and silver prices.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and events to differ from those described in such forward-looking statements can be found in the section entitled "Risk Factors" in our 2014 Form 10-K, Quarterly Reports on Form 10-Q and other documents filed on EDGAR at [www.sec.gov](http://www.sec.gov) and on SEDAR at [www.sedar.com](http://www.sedar.com). Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors, currently unknown to us or deemed immaterial at the present time that could cause results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Highlights for the First Quarter 2015

• Total cash and cash equivalents at March 31, 2015 were \$238.2 million compared to \$265.6 million at December 31, 2014. Total debt, including capital lease obligations, at March 31, 2015 was \$938.8 million, compared to \$944.7 million at December 31, 2014. During the quarter, we completed four shipments of copper and gold concentrate and

recorded three sales. On April 17, we received \$27.0 million for payment of the fourth shipment.

Cash used in operating activities was \$5.3 million in the first quarter of 2015 compared to cash generated by operating activities of \$16.2 million in the first quarter of 2014.

Consolidated revenues for the first quarter of 2015 were \$123.0 million compared to \$161.0 million in the first quarter of 2014. Copper and gold sales contributed \$68.2 million in revenue in the first quarter of 2015 compared to

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THOMPSON CREEK METALS COMPANY INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

\$54.2 million in the first quarter of 2014. Molybdenum sales for the first quarter of 2015 were \$42.8 million compared to \$102.9 million in the first quarter of 2014.

Sales volumes and average realized sales prices for copper and gold for the first quarter of 2015 were 14.8 million pounds of copper at an average realized price of \$2.47 per pound and 36,750 ounces of gold at an average realized price of \$986 per ounce, as compared to 10.8 million pounds of copper at an average realized price of \$3.01 per pound and 23,874 ounces of gold at an average realized price of \$1,025 per ounce for the first quarter of 2014. Molybdenum sales volumes in the first quarter of 2015, which consisted of the sale of molybdenum inventory produced at our mines in 2014 and molybdenum sourced from third parties, were 4.3 million pounds at an average realized price of \$10.00 per pound compared to 9.8 million pounds at an average realized price of \$10.45 per pound for the first quarter of 2014.

Consolidated operating income for the first quarter of 2015 was \$5.2 million compared to \$13.1 million for the first quarter of 2014. Consolidated operating income for the first quarter of 2015 and 2014 was impacted by non-cash lower-of-cost-or-market molybdenum product inventory write downs of \$5.6 million and \$6.8 million, respectively. Consolidated operating income for the first quarter of 2015 was also impacted by \$5.6 million of costs related to idle molybdenum mining operations.

Net loss for the first quarter of 2015 was \$87.2 million, or \$0.41 per share, compared to a net loss of \$39.1 million, or \$0.23 per share, for the first quarter of 2014. The net loss for the first quarter of 2015 and 2014 included non-cash foreign exchange losses of \$88.2 million and \$46.5 million, respectively, primarily on intercompany notes.

Non-GAAP adjusted net loss for the first quarter of 2015 was \$14.2 million, or \$0.07 per diluted share, compared to non-GAAP adjusted net income for the same period of 2014 of \$4.3 million, or \$0.02 per share. Non-GAAP adjusted net income (loss) excludes foreign exchange losses. See "Non-GAAP Financial Measures" for the definition and reconciliation of non-GAAP adjusted net income (loss).

Payable production at Mount Milligan Mine for the first quarter of 2015 was 15.4 million pounds of copper and 46,119 ounces of gold, compared to payable production of 14.2 million pounds of copper and 39,243 ounces of gold for the first quarter of 2014.

Non-GAAP unit cash cost per pound of copper produced for the first quarter of 2015 was, on a by-product basis, \$1.12 per pound and on a co-product basis, \$1.64 per pound of copper and \$498 per ounce of gold. Non-GAAP unit cash costs in the first quarter of 2014 was, on a by-product basis, \$2.48 per pound and on a co-product basis, \$2.27 per pound of copper and \$606 per ounce of gold. See "Non-GAAP Financial Measures" for the definition and reconciliation of non-GAAP cash costs.

Capital expenditures for the first quarter of 2015 were \$13.2 million, composed of \$12.7 million for Mount Milligan Mine and \$0.5 million for the Langeloth Facility, Endako Mine and corporate combined, compared to \$21.8 million for the first quarter of 2014.

Overview

We are a North American mining company. We are shifting the core focus of our business to copper and gold while at the same time developing a strategy to achieve positive cash flow from our molybdenum business. This shift is primarily the result of recent and expected ongoing weakness in the molybdenum market due to additional supply of molybdenum from new copper producers that produce molybdenum as a by-product together with an overall weak global economy for molybdenum products.



We have three reportable segments, based on products and geography: Copper-Gold, US Molybdenum and Canadian Molybdenum. The Copper-Gold segment represents the Mount Milligan Mine and includes the sale of copper-gold products, net of refining costs, and all expenditures, including all mining, milling, mine site general and administration, transportation and warehousing. The US Molybdenum segment includes all US molybdenum sales and tolling and calcining revenue, all Langeloth roasting and on-site administrative expenditures and all expenditures from TC Mine, which was placed on care and maintenance in December 2014, including all mine site general and administration, stripping and costs for idle mining operations. The Canadian Molybdenum segment includes all Canadian molybdenum sales from the 75% owned Endako Mine, which was placed on temporary suspension effective December 31, 2014, and our 75% share of expenditures from the Endako

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THOMPSON CREEK METALS COMPANY INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Mine, including all mine site general and administration, transportation and costs for idle mining operations. As noted above, the costs related to the care and maintenance at TC Mine and the temporary suspension costs at the Endako Mine are reflected in costs for idle mining operations for the first quarter of 2015.

Copper-Gold

Mount Milligan had an increase in payable copper production of 8.2% for the first quarter of 2015 compared to the first quarter of 2014, with a 54.8% improvement in non-GAAP copper cash costs on a by-product basis of \$1.12 per pound for the first quarter of 2015 compared to \$2.48 per pound for the first quarter of 2014. On a co-product basis, non-GAAP copper cash costs for the first quarter of 2015 improved by 27.8%, or \$1.64 per pound, compared to \$2.27 per pound for the first quarter of 2014. See "Non-GAAP Financial Measures" for the definition and reconciliation of non-GAAP cash costs. During the first quarter of 2015, we had four shipments of concentrate and recognized three sales compared to three shipments of concentrate and two sales in the first quarter of 2014, which favorably impacted the copper cash costs on a by-product basis due to the additional gold sales. The increased sales volumes were partially offset by lower average realized metal prices due to declines in commodity prices in the first quarter of 2015. Additionally, a favorable Canadian exchange rate positively impacted cash costs in the first quarter of 2015, compared to the first quarter of 2014.

Payable gold production for the first quarter of 2015 increased by 17.5% to 46,119 ounces from 39,243 ounces for the first quarter of 2014, with a 17.8% improvement in non-GAAP cash costs on a co-product basis of \$498 per ounce, compared to \$606 per ounce for the first quarter of 2014. See "Non-GAAP Financial Measures" for the definition and reconciliation of non-GAAP cash costs.

Since the beginning of 2015, throughput and production were negatively impacted by unscheduled mechanical issues in the grinding and flotation circuits in the mill and by frozen ore and plugged feeders. Average mill throughput for the first quarter of 2015 was 39,569 tonnes per day ("tpd"), which was below management's expectations. Solutions are underway to address the issues experienced during the first quarter. It is still our objective to achieve daily mill throughput of approximately 60,000 tpd by year-end. In light of our recent operational results we believe this objective may be more challenging to achieve than originally anticipated. Accordingly, we have revised our internal ramp-up schedule and our guidance for Mount Milligan. With our recent improvements in the mill and the utilization of the temporary secondary crushing circuit, we expect to positively impact throughput and recoveries to steadily improve production at Mount Milligan over the course of the remainder of the year.

As expected, mill throughput is one of our most significant challenges at Mount Milligan, hence our decision to add secondary crushing capacity, as previously announced. We are currently performing detailed engineering work for the construction of the permanent secondary crushing circuit. Due to the weakness and volatility of metal prices, we continue to wait until market conditions improve and prices stabilize before moving ahead with construction.

See "Selected Condensed Consolidated Financial and Operational Information" and "Segment Discussion" in this MD&A for additional information for our copper-gold operations for the first quarter ended March 31, 2015 and 2014.

Molybdenum

Our business strategy for our molybdenum business is to transition Langeloth into one of the largest third party molybdenum conversion plants in the world, which is expected to contribute to positive cash flow from our molybdenum business in 2015, and to maintain the optionality of our molybdenum business. For the first quarter of 2015, our US and Canadian molybdenum operations generated approximately \$19.4 million of net cash flow, including \$0.4 million of capital expenditures at Langeloth. The sale of most of the December 2014 molybdenum inventory from our mines is expected to occur in the first half of 2015, which will benefit net cash flow during the first half of 2015, given that the cash costs for this inventory were incurred in 2014. During the first quarter of 2015, we

sold 4.3 million pounds of molybdenum at an average realized price of \$10.00 per pound.

In December 2014, TC Mine was placed on care and maintenance after the mining and processing of ore from Phase 7 were completed. For the first quarter of 2015, we have incurred approximately \$2.4 million of care and maintenance costs at TC Mine. For fiscal 2015, we expect to incur total care and maintenance costs at TC Mine of approximately \$6 - \$8 million. Additionally, we are conducting limited stripping for the next phase of mining, the costs of which totaled \$1.7 million for the first quarter of 2015. For fiscal 2015, we expect to incur total stripping costs of approximately \$8 - \$10 million. Although we

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## THOMPSON CREEK METALS COMPANY INC.

## Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

had initially expected to incur certain costs relating to tailings dam slope management at TC Mine during 2015 and 2016, we now expect we will not incur these costs before 2020, at which time the need for this work will be reassessed.

Effective December 31, 2014, operations at Endako Mine were temporarily suspended due to recent and expected ongoing weakness in the molybdenum price. For the first quarter of 2015, we have incurred approximately \$3.2 million of temporary suspension costs, which represents our 75% share of such costs. For fiscal 2015, our 75% share of temporary suspension costs is expected to be \$5 - \$8 million. As of the date of this report, Endako Mine operations continue to be temporarily suspended. We will continue to closely monitor market conditions and review options for the Endako Mine with our joint venture partner. If the decision is made to put the Endako Mine on care and maintenance, we expect to incur additional costs related to severance, of which our 75% share is expected to be \$10 - \$12 million.

Commodity Prices

Our financial results can vary significantly as a result of fluctuations in the market prices of copper, gold and molybdenum and fluctuations in our production. World market prices for our products have fluctuated historically and are affected by numerous factors beyond our control. Any significant weakness in demand or reduction in prices may have a material adverse effect on our operating results, cash flows and financial condition.

The average published price for our products has fluctuated as follows for the periods shown:

|                     | Copper <sup>(1)</sup> | Gold <sup>(2)</sup> | Molybdenum<br>oxide <sup>(3)</sup> |
|---------------------|-----------------------|---------------------|------------------------------------|
| April 2015          | \$2.73                | \$1,314             | \$7.89                             |
| First quarter 2015  | \$2.64                | \$1,220             | \$8.22                             |
| Fourth quarter 2014 | \$3.00                | \$1,318             | \$9.30                             |
| Third quarter 2014  | \$3.17                | \$1,283             | \$12.70                            |
| Second quarter 2014 | \$3.08                | \$1,289             |                                    |