



JOHN CHIANG
TREASURER
STATE OF CALIFORNIA

March 29, 2018

Philip K. R. Pascall, Chairman and Chief Executive Officer
First Quantum Minerals Ltd.
14th Floor – 543 Granville Street
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Canada V6C 1X8
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Dear Mr. Pascall:

By letter sent on January 29, 2018, I communicated to you my significant concerns about First Quantum's potential partnership in development of the Pebble Mine. I write today to express my disappointment in your perfunctory and uninformative response, which failed to meaningfully address any of the issues of environmental, financial, social, and reputational risk enumerated in detail in my letter.

In recent weeks, the basis for my concern has only increased. For example, the share value of the 100 percent owner of the Pebble Mine project, Northern Dynasty Minerals, has dropped from a high of \$1.91 on December 18, 2017 – the date First Quantum's Framework Agreement was announced – to [\$0.94 today], and this decline in share value is only the latest in a virtually steady fall over the past five years. Indeed, as I have noted, the Pebble Mine has been plagued by the departure of every major financial partner except for Northern Dynasty, which sought unsuccessfully in 2011 to find a buyer for its interest.

I am further concerned that the Pebble project is currently unsupported by even the most basic economic and feasibility analysis and documentation needed to support a mining project of any significance, not to mention one of Pebble's scale and longstanding controversy. According to the latest technical report filed by Northern Dynasty on February 23, 2018, it is undisputed that:

“...the economic analysis included in the 2011 Preliminary Assessment is considered by Northern Dynasty to be out of date such that it can no longer be relied upon. In light of the foregoing, the Pebble Project is no longer an advanced property for the purposes of NI 43-101, as *the potential economic viability of the Pebble Project is not currently supported by a preliminary economic assessment, pre-feasibility study or feasibility study.*” [Emphasis added.]

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Northern Dynasty has given no indication of when such analysis might be available.

Beyond these economic questions, I find dismaying your disregard for the intense opposition that this project has generated based on the unique risks it poses to the health of the region, its resources, and the people and communities that depend on them. This is not a project opposed by anti-mining zealots or others with a questionable or tenuous stake in the outcome. It is a well- documented matter of public record that the Pebble Mine has been opposed for years in unprecedented numbers by the people who live in the region and by the people of Alaska precisely because the mine would be located in the heart of the greatest wild salmon ecosystem in the world – an ecosystem that is the economic and cultural heart of the region as well as the source of a globally irreplaceable food source. This is not the kind of investment that our pension funds and First Quantum’s shareholders aspire to support.

Under all the circumstances, I continue to question the wisdom of the Pebble Mine partnership that First Quantum is currently considering, and your response thus far does nothing to allay my concern. I therefore request once again that you provide a more thorough and considered response, in writing or in person, to the questions that I have posed. If for any reason you are unable or unwilling to do so, I will conclude that other measures are necessary to protect the substantial investment interests of the funds and shareholders that I represent.

Thank you in advance for your consideration and further response.

Sincerely,



JOHN CHIANG
California State Treasurer