



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Third Quarter – September 30, 2017

(unaudited)

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

First Quantum Minerals Ltd.

Condensed Interim Consolidated Statements of Earnings (Loss)

(unaudited)

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

		Three months ended September 30		Nine months ended September 30	
	Note	2017	2016	2017	2016
Sales revenues	10	877	605	2,425	1,984
Cost of sales	11	(794)	(525)	(2,207)	(1,697)
Gross profit		83	80	218	287
Exploration		(4)	(4)	(10)	(10)
General and administrative		(20)	(17)	(55)	(51)
Other income (expense)		(22)	14	(19)	11
Operating profit		37	73	134	237
Finance income		-	1	2	3
Finance costs	12	(5)	(5)	(17)	(13)
Loss on extinguishment of senior notes		-	-	(84)	-
Earnings before income taxes		32	69	35	227
Income tax credit (expense)	13	(69)	(30)	(181)	2
Net earnings (loss) from continuing operations		(37)	39	(146)	229
Net loss from discontinued operations		-	-	-	(267)
Net earnings (loss)		(37)	39	(146)	(38)
Net earnings (loss) from continuing operations					
Non-controlling interests		15	3	55	19
Shareholders of the Company	9b	(52)	36	(201)	210
Net earnings (loss) attributable to:					
Non-controlling interests		15	3	55	19
Shareholders of the Company	9b	(52)	36	(201)	(57)
Earnings (loss) per common share attributable to the shareholders of the Company					
Net earnings (loss) from continuing operations (\$ per share):					
Basic	9b	(0.08)	0.05	(0.29)	0.31
Diluted	9b	(0.08)	0.05	(0.29)	0.30
Net earnings (loss) (\$ per share)					
Basic	9b	(0.08)	0.05	(0.29)	(0.08)
Diluted	9b	(0.08)	0.05	(0.29)	(0.08)
Weighted average shares outstanding (000's)					
Basic	9b	686,323	685,594	685,935	685,746
Diluted	9b	686,323	689,360	685,935	685,746
Total shares issued and outstanding (000's)	9a	689,384	689,374	689,384	689,374

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

First Quantum Minerals Ltd.**Condensed Interim Consolidated Statements of Comprehensive Income (Loss)**

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Net earnings (loss) for the period	(37)	39	(146)	(38)
Other comprehensive income (loss)				
<i>Items that have been/may be subsequently reclassified to net earnings:</i>				
Cash flow hedges reclassified to net earnings	73	-	243	(72)
Losses on cash flow hedges arising during the period	(88)	(40)	(194)	(36)
Unrealized gain (loss) on available-for-sale investments	2	-	3	2
Total comprehensive loss for the period	(50)	(1)	(94)	(144)
Total comprehensive loss for the period attributable to:				
Non-controlling interests	15	3	55	19
Shareholders of the Company	(65)	(4)	(149)	(163)
Total comprehensive loss for the period	(50)	(1)	(94)	(144)

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

(expressed in millions of U.S. dollars)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Cash flows from continuing operating activities				
Net earnings (loss) from operations	(37)	39	(146)	229
Adjustments for				
Depreciation	234	160	666	526
Income tax expense (credit)	69	30	181	(2)
Share-based compensation expense	5	4	16	15
Net finance expense	5	4	15	10
Loss on extinguishment of senior notes	-	-	84	-
Other	(1)	(13)	(4)	3
	275	224	812	781
Taxes paid	(6)	(7)	(136)	(46)
Franco-Nevada Corporation ("Franco-Nevada") precious metal stream arrangement	72	40	175	78
Change in non-cash operating working capital				
Decrease (increase) in trade and other receivables and derivatives	(138)	19	(142)	(16)
Decrease (increase) in inventories	33	(16)	(22)	72
Increase (decrease) in trade and other payables	31	4	24	(47)
Long term incentive plan contributions	-	(1)	-	(1)
Net cash from operating activities of continuing operations	267	263	711	821
Net cash from operating activities of discontinued operations	-	-	-	9
Cash flows from (used by) investing activities				
Purchase and deposits on property, plant and equipment	(480)	(269)	(1,154)	(833)
Interest paid and capitalized to property, plant and equipment	(145)	(83)	(315)	(271)
Initial proceeds from sale of Kevitsa	-	-	-	663
Repayments and interest on ENRC Promissory note	-	-	-	64
Other	3	-	13	(1)
Net cash used by investing activities of continuing operations	(622)	(352)	(1,456)	(378)
Net cash used by investing activities of discontinued operations	-	-	-	(13)
Cash flows from (used by) financing activities				
Net movement in trading facility	39	32	83	(28)
Movement in restricted cash	(1)	-	(15)	-
Proceeds from debt	330	-	2,606	23
Repayments of debt	(63)	(63)	(2,153)	(73)
Dividends paid to the shareholders of the Company	(2)	(2)	(5)	(7)
Early redemption costs on senior notes	-	-	(54)	-
Proceeds from Korea Panama Mining Corp ("KPMC")	72	40	175	116
Other	(5)	(2)	(11)	(6)
Net cash from financing activities of continuing operations	370	5	626	25
Increase (decrease) in cash and cash equivalents and bank overdrafts	15	(84)	(119)	464
Cash and cash equivalents and bank overdrafts – beginning of period	450	895	565	365
Exchange gains (losses) on cash and cash equivalents	11	(1)	30	(15)
Less cash disposed	-	-	-	(4)
Cash and cash equivalents and bank overdrafts – end of period	476	810	476	810
Cash and cash equivalents and bank overdrafts comprising:				
Cash and cash equivalents	1,407	1,681	1,407	1,681
Bank overdrafts	(931)	(871)	(931)	(871)
	476	810	476	810

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

First Quantum Minerals Ltd.
Condensed Interim Consolidated Balance Sheets
(unaudited)

(expressed in millions of U.S. dollars)

	Note	September 30, 2017	December 31, 2016 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,407	1,463
Trade and other receivables		561	402
Inventories	3	1,048	1,032
Current portion of other assets	6	159	176
		3,175	3,073
Cash and cash equivalents - restricted cash		90	70
Non-current VAT receivable		164	176
Property, plant and equipment	4	16,723	15,811
Goodwill		237	237
Other assets	6	124	116
Total assets		20,513	19,483
Liabilities			
Current liabilities			
Bank overdraft		931	898
Trade and other payables		571	531
Current taxes payable		77	90
Current debt	7	511	385
Current portion of provisions and other liabilities	8	267	320
		2,357	2,224
Debt	7	5,024	4,561
Provisions and other liabilities	8	1,484	1,212
Deferred revenue		637	462
Deferred income tax liabilities		808	739
Total liabilities		10,310	9,198
Equity			
Share capital	9a	5,570	5,553
Retained earnings		3,727	3,933
Accumulated other comprehensive loss		(240)	(292)
Total equity attributable to shareholders of the Company		9,057	9,194
Non-controlling interests		1,146	1,091
Total equity		10,203	10,285
Total liabilities and equity		20,513	19,483
Commitments & contingencies	16		

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

First Quantum Minerals Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)

(expressed in millions of U.S. dollars)

		Three months ended September 30		Nine months ended September 30	
	Note	2017	2016	2017	2016
Share capital					
Common shares					
Balance – beginning and end of period		5,642	5,642	5,642	5,642
Treasury shares					
Balance – beginning of period		(154)	(166)	(156)	(167)
Restricted and performance stock units vested		14	10	16	11
Shares purchased		-	-	-	-
Balance – end of period		(140)	(156)	(140)	(156)
Contributed surplus					
Balance – beginning of period		77	68	67	56
Share-based compensation expense for the period (inclusive of capitalized amounts)		5	5	17	18
Restricted and performance stock units vested		(14)	(10)	(16)	(11)
Balance – end of period		68	63	68	63
Total share capital		5,570	5,549	5,570	5,549
Retained earnings					
Balance – beginning of period		3,781	3,887	3,933	3,985
Net earnings (loss) for the period attributable to shareholders of the Company		(52)	36	(201)	(57)
Dividends	9c	(2)	(2)	(5)	(7)
Balance – end of period		3,727	3,921	3,727	3,921
Accumulated other comprehensive loss					
Balance – beginning of period		(227)	(14)	(292)	52
Other comprehensive income (loss) for the period		(13)	(40)	52	(106)
Balance – end of period		(240)	(54)	(240)	(54)
Non-controlling interests					
Balance – beginning of period		1,131	1,081	1,091	1,065
Net earnings (loss) attributable to non-controlling interests		15	3	55	19
Balance – end of period		1,146	1,084	1,146	1,084

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

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

1 Nature of operations

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

The Company's shares are publicly listed for trading on the Toronto Stock Exchange and has Depository Receipts listed on the Lusaka Stock Exchange. On May 31, 2016, following a request by the Company, confirmation was received of the cancellation of admission of the Company's shares to the standard segment of the UK Listing Authority's Official List and to trading in the Company's shares on the London Stock Exchange's main market for listed securities. The Company's shares no longer trade on the London Stock Exchange.

The Company is registered and domiciled in Canada, and its registered office is the 14th Floor – 543 Granville Street, Vancouver, BC, Canada, V6C 1X8.

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), including IAS 34 – Interim Financial Reporting. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2016.

Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective are listed below.

IFRS 15 – Revenue from contracts with customers

The new standard provides a five step framework for application to customer contracts: identification of customer contract, identification of the contract performance obligations, determination of the contract price, allocation of the contract price to the contract performance obligations, and revenue recognition as performance obligations are satisfied. The new standard will be effective for annual periods beginning on or after January 1, 2018. The Company has not elected for early adoption. It is not expected that, with the exception of items noted below, IFRS 15 will impact the timing of revenue recognition. Upon application of the standard, an adjustment will be made to the opening balance of retained earnings. Key areas affecting the company identified as being impacted by IFRS 15 include:

- Deferred revenue relating to proceeds received from Franco-Nevada under the terms of the precious metal streaming agreement for Cobre Panama will be adjusted to reflect a significant financing component.
- The Company sells a proportion of its products on terms where there is a responsibility for providing shipping services after the date at which control of the goods passes to the customer at the loading port. Under IAS 18, this revenue is recognized in full on loading. Under IFRS 15 this would be accounted for as a separate performance obligation with revenue recognized accordingly with a variation in the phasing of revenue. Based on analysis performed by the Company this is not anticipated to have a material impact to the Company.

The Company continues to analyze the impact and implement the changes required by the introduction of IFRS 15.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

IFRS 9 – Financial instruments: Classification and Measurement

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the existing IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The new standard will be effective for annual periods beginning on or after January 1, 2018. Items identified as being impacted by IFRS 9 include:

- Equity investments currently held by the Company at cost will be fair valued through either profit or loss or upon an irrevocable election, at fair value through other comprehensive income ("FVOCI").
- IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. An assessment has been performed to determine the expected credit loss of financial assets, and given that the Company's trading contracts are established long-term contracts with international trading companies, a portion of which are backed by a letter of credit, we do not anticipate credit losses associated with trading balances.

IFRS 9 marks a revised approach to hedge accounting though this is not expected to significantly impact hedge accounting applied by the Company. Under IAS 39, the change in fair value of the forward element of the forward exchange contracts ('forward points') was recognized immediately in profit and loss. However, under IFRS 9 the forward points are separately accounted for as a cost of hedging and is recognized in OCI and accumulated in a cost of hedging reserve as a separate component within equity. Under IFRS 9, changes in the fair value of the time value options, currently prohibited from recognition in OCI and recognized in profit and loss immediately will be recognised in OCI. This will apply to the Company's outstanding zero cost collar options.

The Company continues to analyze the impact and implement the changes required by the introduction of IFRS 9.

IFRS 16 – Leases

The new standard will replace *IAS 17 Leases* and eliminates the classification of leases as either operating or finance leases by the lessee and will be applied for annual periods beginning on or after January 1, 2019. Classification of leases by the lessor under *IFRS 16* continues as either an operating or a finance lease, as was the treatment under *IAS 17 Leases*. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under *IAS 17 Leases*. Exemptions for leases of very low value or short-term leases will be applicable.

The Company is currently reviewing contracts and will continue to evaluate the impact on the consolidated financial statements of IFRS 16 during 2017 and 2018. It is expected that the introduction of IFRS 16 will result in an increase in assets and liabilities recognized together with an increase in depreciation and finance costs as fewer leases will qualify for expensing to the income statement, as is the case with operating leases under the current standard.

These condensed interim consolidated financial statements were approved for issue on October 26, 2017, by the Audit Committee on behalf of the Board of Directors.

3 Inventories

	September 30, 2017	December 31, 2016
Ore in stockpiles	237	200
Work-in-progress	29	38
Finished product	264	313
Total product inventory	530	551
Consumable stores	518	481
	1,048	1,032

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Notes to the Condensed Interim Consolidated Financial Statements

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

4 Property, plant and equipment

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2017	4,996	6,361	2,254	2,200	15,811
Additions	-	1,215	-	-	1,215
Disposals	(16)	-	-	-	(16)
Transfers between categories	173	(390)	199	18	-
Restoration provision	-	-	26	1	27
Capitalized interest	-	349	-	-	349
Depreciation charge	(478)	-	(185)	-	(663)
As at September 30, 2017	4,675	7,535	2,294	2,219	16,723
Cost	7,943	7,535	3,502	2,219	21,199
Accumulated depreciation	(3,268)	-	(1,208)	-	(4,476)

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2016	4,845	7,047	1,526	2,505	15,923
Additions	-	1,186	-	-	1,186
Disposals	(12)	(1)	-	-	(13)
Transfers between categories	1,150	(2,277)	1,319	(313)	(121)
Disposal of Kevitsa	(555)	(19)	(355)	-	(929)
Restoration provision	-	-	(22)	8	(14)
Capitalized interest	-	425	-	-	425
Depreciation charge	(432)	-	(214)	-	(646)
As at December 31, 2016	4,996	6,361	2,254	2,200	15,811
Cost	7,836	6,361	3,247	2,200	19,644
Accumulated depreciation	(2,840)	-	(993)	-	(3,833)

During the nine months ended September 30, 2017, \$349 million of interest (nine months ended September 30, 2016: \$318 million) was capitalized relating to the development of qualifying assets. The amount capitalized to September 30, 2017 was determined by applying the weighted average cost of borrowings of 7.4% (nine months ended September 30, 2016: 7.7%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at September 30, 2017, is an amount of \$645 million related to capitalized deferred stripping costs (December 31, 2016: \$585 million).

In September 2016 ownership of the powerline asset constructed by the Company was transferred to the state-run power company (“ZESCO”). An amount of \$121 million has been transferred to prepayments with respect prepaid electricity costs.

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Notes to the Condensed Interim Consolidated Financial Statements

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

5 Ravensthorpe

In September 2017 the Company announced its intention to suspend operations at its Ravensthorpe nickel operation and place it on care and maintenance due to the prevailing market conditions. The Company considered this decision to be an indicator of impairment. The recoverable value of the operation was measured based on fair value less costs to sell. Based on the results of discounted cash flow analysis, no impairment has been recognized as at September 30, 2017. Economically recoverable reserves and resources, operating costs and future capital expenditure used to determine the fair value represent management's assessment at the time of completing the impairment testing. Nickel prices used in the cash flow projections are within the range of current market consensus observed during the third quarter of 2017. A long-term nickel price of \$7.00 per pound and a real post-tax discount rate of 8% were used by management. The valuation of recoverable amount is most sensitive to these assumptions.

A sensitivity analysis was performed on the cash flow model used to determine the recoverable value of Ravensthorpe. A 10% decrease in the long-term nickel price would result in an impairment of approximately \$160 million and a 1% increase in the discount rate used would result in an impairment of approximately \$35 million.

There will be regular review of market conditions to consider the potential restart of operations.

6 Other assets

	September 30, 2017	December 31, 2016
Prepaid expenses	195	205
Investments	31	27
Deferred income tax assets	45	38
Derivative instruments (note 15)	12	22
Total other assets	283	292
Less: current portion of other assets	(159)	(176)
	124	116

Included within prepaid expenses is \$65 million (December 31, 2016: \$88 million) in relation to Sentinel which will be recovered through deductions on electricity invoices from ZESCO under the terms of the agreement to transfer powerline ownership.

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Notes to the Condensed Interim Consolidated Financial Statements

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

7 Debt

		September 30, 2017	December 31, 2016
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.25% due April 2023 ¹	(a)	1,088	-
First Quantum Minerals Ltd. 7.50% due April 2025 ¹	(b)	1,087	-
First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021 ¹	(c)	-	32
First Quantum Minerals Ltd. 6.75% due February 2020 ¹	(d)	-	1,091
First Quantum Minerals Ltd. 7.00% due February 2021	(e)	1,094	1,087
First Quantum Minerals Ltd. 7.25% due October 2019 ¹	(f)	-	345
First Quantum Minerals Ltd. 7.25% due May 2022	(g)	842	841
Kansanshi senior term loan		174	289
First Quantum Minerals Ltd. senior debt facility	(h)	1,038	1,116
Trading facilities		164	82
Equipment financing		48	63
Total debt		5,535	4,946
Less: Current maturities and short term debt		(511)	(385)
		5,024	4,561
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(h)	508	713
Trading facilities		146	228

¹ In March 2017, the Company issued \$1,100 million in senior notes due in April 2023 and \$1,100 million in senior notes due in April 2025. The proceeds of the issuance were primarily used to discharge all obligations under the 8.75% senior notes due June 2020 and 7.50% due June 2021, the 6.75% senior notes due February 2020 and the 7.25% senior notes due October 2019, pay fees associated with the transaction, including early senior notes redemption costs of \$54 million and to repay a portion (\$296 million) of the Term Loan and fully repay (without cancelling) the Revolving Credit Facility (together the First Quantum Minerals Ltd. senior debt facility).

a) First Quantum Minerals Ltd. 7.25% due April 2023

In March 2017, the Company issued \$1,100 million in senior notes due in 2023, bearing interest at an annual rate of 7.25%.

The notes are part of the senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after October 1, 2019, at redemption prices ranging from 105.438% in the first six months to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to October 1, 2019, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until October 1, 2019, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

b) First Quantum Minerals Ltd. 7.50% due April 2025

In March 2017, the Company issued \$1,100 million in senior notes due in 2025, bearing interest at an annual rate of 7.50%.

The notes are part of the senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after April 1, 2020, at redemption prices ranging from 105.625% in the first year to 100% from 2023, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to April 1, 2020, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until April 1, 2020, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.50% plus accrued interest.

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

c) First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021

In March 2017, the Company discharged all obligations under the Inmet notes, by payment to the Trustee, using proceeds from the newly issued senior notes. These notes were redeemed by the Trustee on April 12, 2017.

d) First Quantum Minerals Ltd. 6.75% due February 2020

In March 2017, the Company issued a simultaneous tender offer on an any and all basis and a call notice to redeem any notes not tendered. On March 22, 2017, the Company purchased approximately 74% of the notes tendered. On the same day the Company discharged all obligations for the notes not tendered, by payment to the Trustee, using proceeds from the newly issued senior notes. The notes not tendered were redeemed by the Trustee on April 12, 2017.

e) First Quantum Minerals Ltd. 7.00% due February 2021

The notes are part of the senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest is payable semi-annually.

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

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

f) First Quantum Minerals Ltd. 7.25% due October 2019

In March 2017, the Company issued a simultaneous tender offer on an any and all basis and a call notice to redeem any notes not tendered. On March 22, 2017 the Company purchased approximately 67% of the notes tendered. On the same day the Company discharged all obligations for the notes not tendered, by payment to the Trustee, using proceeds from the newly issued senior notes. The notes not tendered were redeemed by the Trustee on April 12, 2017.

g) First Quantum Minerals Ltd. 7.25% due May 2022

The notes are part of the senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after May 15, 2017, at redemption prices ranging from 105.438% in the first year to 100% from 2020, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

h) First Quantum Minerals Ltd. senior debt facility

In May 2016, the Company announced that it had entered into a new Term Loan and Revolving Credit Facility ("the 2016 Facility") to replace the previous \$3 billion Term Loan and Revolving Credit Facility ("the old Facility"). The \$1,815 million Facility was upsized to \$1,875 million in November 2016, increasing the Term Loan Facility to \$938 million and the Revolving Credit Facility to \$938 million, both maturing in December 2019 with interest at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

In March 2017, the Company repaid \$296 million of the Term Loan Facility and fully repaid, \$175 million (without cancelling) the Revolving Credit Facility using proceeds from the senior notes issued in March 2017. Of the amount outstanding at September 30, 2017, \$210 million relating to the Term Loan (December 31, 2016: \$167 million) is due within twelve months of the balance sheet date.

In October 2017, the Company signed a new Term Loan and Revolving Credit Facility ("the new Facility") replacing the 2016 Facility, see Note 17.

8 Provisions and other liabilities

	September 30, 2017	December 31, 2016
Restoration provisions	572	530
Amount owed to related party	817	596
Derivative instruments (note 15)	249	302
Other	113	104
Total other liabilities	1,751	1,532
Less: current portion	(267)	(320)
	1,484	1,212

Amount owed to related party

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. As of September 30, 2017, the accrual for interest payable is \$132 million (December 31, 2016: \$86 million) and is included in the carrying value of the amount owed to related party, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of Net Debt banking covenant ratios.

9 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2016	689,374
Shares issued through Dividend Reinvestment Plan	10
Balance as at September 30, 2017	689,384

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

b) Earnings (loss) per share

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Continuing basis				
Basic and diluted (loss) earnings attributable to shareholders of the Company	(52)	36	(201)	210
Basic weighted average number of shares outstanding (000's of shares)	686,323	685,594	685,935	685,746
Effect of potential dilutive securities:				
Treasury shares	3,057	3,766	3,442	3,601
Diluted weighted average number of shares outstanding	686,323	689,360	685,935	689,347
Earnings (loss) per common share from continuing operations – basic (expressed in \$ per share)	(0.08)	0.05	(0.29)	0.31
Earnings (loss) per common share from continuing operations – diluted (expressed in \$ per share)	(0.08)	0.05	(0.29)	0.30
Including discontinued operations				
Basic and diluted (loss) attributable to shareholders of the Company	(52)	36	(201)	(57)
Basic weighted average number of shares outstanding (000's of shares)	686,323	685,594	685,935	685,746
Effect of potential dilutive securities:				
Treasury shares	3,057	3,766	3,442	3,601
Diluted weighted average number of shares outstanding	686,323	689,360	685,935	685,746
Earnings (loss) per common share – basic (expressed in \$ per share)	(0.08)	0.05	(0.29)	(0.08)
Earnings (loss) per common share – diluted (expressed in \$ per share)	(0.08)	0.05	(0.29)	(0.08)

c) Dividends

On February 16, 2017, the Company declared a final dividend of CAD\$0.005 per share, or \$3 million, in respect of the financial year ended December 31, 2016 (February 18, 2016: CAD\$0.01 per share or \$5 million) to be paid to shareholders of record on May 8, 2017.

On July 27, 2017, the Company declared an interim dividend of CAD\$0.005 per share, or \$2 million, in respect of the period ended June 30, 2017 (July 27, 2016: CAD\$0.005 per share or \$2 million) that was paid to shareholders of record as at August 28, 2017 on September 19, 2017.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

10 Sales revenues by nature

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Copper	719	478	2,017	1,573
Nickel	58	43	140	137
Gold	63	70	183	221
Zinc	12	7	38	19
Other	25	7	47	34
	877	605	2,425	1,984

Copper revenues excludes \$264 million of proceeds from pre-commercial production at Sentinel for the nine months ended September 30, 2016. Commercial production was declared at Sentinel effective November 1, 2016.

11 Cost of sales

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Costs of production	(530)	(355)	(1,521)	(1,048)
Depreciation	(241)	(162)	(663)	(470)
Movement in inventory	(30)	(10)	(20)	(123)
Movement in depreciation in inventory	7	2	(3)	(56)
	(794)	(525)	(2,207)	(1,697)

Commercial production was declared at Sentinel effective November 1, 2016.

12 Finance costs

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Interest expense on financial liabilities measured at amortized cost	(122)	(112)	(356)	(323)
Accretion on restoration provision	(4)	(3)	(10)	(8)
Total finance costs	(126)	(115)	(366)	(331)
Less: interest capitalized (note 4)	121	110	349	318
	(5)	(5)	(17)	(13)

13 Income tax expense

A tax expense of \$181 million was recorded for the nine months ended September 30, 2017, (nine months ended September 30, 2016: \$2 million tax credit) reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early redemption of senior notes, in March 2017.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

14 Segmented information

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

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

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

Earnings by segment

For the three-month period ended September 30, 2017, segmented information for the interim statement of earnings / (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Kansanshi ²	425	(190)	(69)	(18)	148	(44)
Sentinel	300	(187)	(62)	(3)	48	(11)
Las Cruces	109	(38)	(47)	(1)	23	(13)
Guelb Moghrein	50	(29)	(10)	-	11	(3)
Ravensthorpe	65	(65)	(13)	-	(13)	7
Çayeli	39	(19)	(16)	(1)	3	(2)
Pyhäsalmi	34	(13)	(17)	(3)	1	2
Corporate & other ³	(145)	(19)	-	(20)	(184)	(5)
Total	877	(560)	(234)	(46)	37	(69)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings (loss) for the period on the consolidated statement of earnings.

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

³ No segmented information for Cobre Panama is disclosed for the statement of earnings, as the project is under development. The development costs for this project are capitalized.

For the three-month period ended September 30, 2016, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	344	(227)	(73)	14	58	(22)
Las Cruces	93	(34)	(41)	(1)	17	(4)
Guelb Moghrein	42	(28)	(10)	(1)	3	(1)
Ravensthorpe	45	(49)	(13)	-	(17)	8
Çayeli	28	(14)	(9)	-	5	(5)
Pyhäsalmi	27	(13)	(14)	(1)	(1)	1
Corporate & other ⁴	26	-	-	(18)	8	(7)
Total	605	(365)	(160)	(7)	73	(30)

¹ Excludes intersegment revenues of \$22 million.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ No segmented information for Sentinel or Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2016. The development costs for these properties are capitalized. Commercial production was declared at Sentinel effective November 1, 2016.

⁵ Earnings relating to the Kevitsa segment have been presented as discontinued operations and excluded from the above information.

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Notes to the Condensed Interim Consolidated Financial Statements

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

For the nine-month period ended September 30, 2017, segmented information for the statement of earnings / (loss) is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	1,215	(585)	(212)	(11)	407	(135)
Sentinel	745	(467)	(163)	(7)	108	(21)
Las Cruces	339	(112)	(147)	(5)	75	(20)
Guelb Moghrein	158	(95)	(34)	(1)	28	(7)
Ravensthorpe	154	(177)	(29)	-	(52)	19
Çayeli	75	(40)	(30)	(1)	4	(3)
Pyhäsalmi	105	(37)	(50)	(7)	11	(1)
Corporate & other ⁴	(366)	(28)	(1)	(52)	(447)	(13)
Total	2,425	(1,541)	(666)	(84)	134	(181)

¹ Excludes intersegment revenues of \$15 million.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ No segmented information for Cobre Panama is disclosed for the statement of earnings, as the project is under development. The development costs for this project are capitalized.

For the nine-month period ended September 30, 2016, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	1,080	(703)	(254)	16	139	31
Las Cruces	276	(108)	(124)	2	46	(10)
Guelb Moghrein	174	(95)	(36)	(3)	40	(7)
Ravensthorpe	143	(169)	(38)	-	(64)	21
Çayeli	77	(43)	(26)	(1)	7	(7)
Pyhäsalmi	85	(38)	(47)	-	-	2
Corporate & other ⁴	149	(15)	(1)	(64)	69	(28)
Total	1,984	(1,171)	(526)	(50)	237	2

¹ Excludes intersegment revenues of \$33 million.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ No segmented information for Sentinel or Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2016. The development costs for these properties are capitalized. Commercial production was declared at Sentinel effective November 1, 2016.

Earnings relating to the Kevitsa segment have been presented as discontinued operations and excluded from the above information.

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Notes to the Condensed Interim Consolidated Financial Statements

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

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	September 30, 2017			December 31, 2016		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	2,874	4,218	1,058	2,980	3,972	1,000
Sentinel	3,175	3,572	193	3,199	3,522	177
Las Cruces	694	1,206	359	817	1,203	322
Guelb Moghrein	172	300	58	199	318	58
Ravensthorpe	722	807	171	740	821	162
Çayeli	127	614	43	153	636	67
Pyhäsalmi	109	248	73	155	339	96
Cobre Panama ³	7,744	8,037	1,686	6,485	6,767	1,237
Corporate & other ⁴	1,143	1,511	6,669	1,134	1,905	6,079
Total	16,760	20,513	10,310	15,862	19,483	9,198

¹ Non-current assets include \$16,723 million of property plant and equipment (December 31, 2016: \$15,811 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

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

⁴ Included within the corporate segment are assets relating to the Haquira project, \$676 million (December 31, 2016: \$672 million), and to the Taca Taca project, \$429 million (December 31, 2016: \$428 million).

Capital expenditure by segment

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

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Kansanshi	85	37	154	92
Sentinel	32	-	88	-
Las Cruces	7	11	16	14
Guelb Moghrein	4	6	12	19
Ravensthorpe	1	2	13	5
Kevitsa	-	15	-	156
Çayeli	1	-	3	3
Pyhäsalmi	-	-	-	1
Cobre Panama	350	196	865	537
Corporate & other	-	2	3	6
Total	480	269	1,154	833

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Notes to the Condensed Interim Consolidated Financial Statements

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

15 Financial instruments

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at September 30, 2017:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	431	-	-	-	431	431
Other derivative instruments ²	-	-	12	-	12	12
Investments	-	-	-	-	-	-
At cost ³	-	21	-	-	21	n/a
At fair value	-	10	-	-	10	10
Financial liabilities						
Trade and other payables	-	-	-	571	571	571
Derivative instruments in designated hedge relationships	-	-	241	-	241	241
Other derivative instruments ²	-	-	8	-	8	8
Finance leases	-	-	-	22	22	22
Liability to related party	-	-	-	817	817	817
Debt	-	-	-	5,535	5,535	5,746

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

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

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2016:

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Notes to the Condensed Interim Consolidated Financial Statements

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

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	283	-	-	-	283	283
Derivative instruments in designated hedge relationships	-	-	3	-	3	3
Other derivative instruments ²	-	-	19	-	19	19
Investments						
At cost ³	-	21	-	-	21	n/a
At fair value	-	6	-	-	6	6
Financial liabilities						
Trade and other payables	-	-	-	531	531	531
Derivative instruments in designated hedge relationships	-	-	294	-	294	294
Other derivative instruments ²	-	-	8	-	8	8
Finance leases	-	-	-	23	23	23
Liability to related party	-	-	-	596	596	596
Debt	-	-	-	4,946	4,946	5,017

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

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at September 30, 2017, in the fair value hierarchy as described in the annual consolidated financial statements for the year ended December 31, 2016:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	11	-	-	11
Derivative instruments – OTC contracts ²	-	1	-	1
Investments ³	10	-	-	10
Financial liabilities				
Derivative instruments – LME contracts ¹	4	-	-	4
Derivative instruments – OTC contracts ²	-	245	-	245

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

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

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2016, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	10	-	-	10
Derivative instruments – OTC contracts ²	-	12	-	12
Investments ³	6	-	-	6
Financial liabilities				
Derivative instruments – LME contracts ¹	6	-	-	6
Derivative instruments – OTC contracts ²	-	296	-	296

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

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

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

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of designated future sales. Commodity contracts outstanding as at September 30, 2017, were as follows:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	224,500	\$2.49/lb	\$2.94/lb	September 2018
Copper zero cost collar	100,000	\$2.57 - \$2.93/lb	\$2.94/lb	August 2018

Other derivatives

As at September 30, 2017, and December 31, 2016, the Company had entered into the following derivative contracts for copper, gold, nickel and zinc in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site and the date agreed for pricing the final settlement.

Excluding the copper contracts noted above, as at September 30, 2017, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	84,471	\$2.95/lb	\$2.94/lb	January 2018
Nickel	1,210	\$5.05/lb	\$4.80/lb	October 2017
Gold	21,820	\$1,317/oz	\$1,285/oz	January 2018
Zinc	2,900	\$1.40/lb	\$1.25/lb	November 2017
Commodity contracts:				
Copper	83,604	\$2.95/lb	\$2.94/lb	January 2018
Nickel	1,210	\$5.05/lb	\$4.80/lb	October 2017
Gold	21,820	\$1,317/oz	\$1,285/oz	January 2018
Zinc	2,900	\$1.40/lb	\$1.25/lb	November 2017

First Quantum Minerals Ltd.

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As at December 31, 2016, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	79,388	\$2.45/lb	\$2.50/lb	May 2017
Nickel	1,222	\$4.52/lb	\$4.54/lb	April 2017
Gold	22,500	\$1,195/oz	\$1,159/oz	May 2017
Zinc	3,150	\$1.20/lb	\$1.16/lb	February 2017
Commodity contracts:				
Copper	80,113	\$2.45/lb	\$2.50/lb	May 2017
Nickel	1,222	\$4.52/lb	\$4.54/lb	April 2017
Gold	22,557	\$1,195/oz	\$1,159/oz	May 2017
Zinc	3,150	\$1.20/lb	\$1.16/lb	February 2017

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

	September 30, 2017	December 31, 2016
Commodity contracts:		
Asset position	12	22
Liability position	(249)	(302)

16 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to \$852 million (December 31, 2016: \$564 million) in capital expenditures.

Other commitments & contingencies

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

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

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC ("ZCCM") under the Kansanshi Mining PLC ("KMP") Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited, the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants from the group companies, including FQM Finance Ltd. ("FQM Finance"), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia are the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

The dispute is stated as a request for a derivative action, which will require ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arises from facts originating in 2007, and concern the rate of interest paid on select deposits by KMP with the group's treasury entity FQM Finance between 2007-2015. The funds on deposit were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations.

The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third party analysis. ZCCM disputes that interest rate paid to KMP on the deposits was sufficient.

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A panel of arbitrators has been appointed in the Arbitration. Several applications to dismiss the case were also lodged in the Lusaka High Court. Submissions have been heard by the Court but no decision has been rendered.

The Arbitration requires ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing on whether permission is granted or denied is scheduled for January 2018, with a decision expected in the first quarter of 2018.

Settlement discussions took place in May 2017 in Lusaka with GRZ and ZCCM. A follow-on item from those discussions was the provision of information to ZCCM to address any concerns that the deposit funds have not been repaid to KMP. A comprehensive package of this information has been furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume once the information has been analysed and responded to.

17 Post balance sheet events

Refinancing

On October 19, 2017 the Company signed a new Term Loan and Revolving Credit Facility replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility with its core relationship banks. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility, and a \$1.5 billion Revolving Credit Facility, maturing in December 2020. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019.

Management's Discussion and Analysis

Third quarter ended September 30, 2017



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three and nine months ended September 30, 2017. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Regulatory Disclosures" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of October 26, 2017.

THIRD QUARTER 2017 HIGHLIGHTS^{1,2}

Financial and Operational

- Comparative loss¹ of \$28 million (\$0.04 per share¹), net loss from continuing operations attributable to shareholders of the Company¹ of \$52 million (\$0.08 per share) and cash flows from continuing operating activities of \$267 million (\$0.39 per share¹) for the three months ended September 30, 2017. The results include a \$157 million loss realized under the copper sales hedge program for which no tax credit is available.
- Strong copper production³ continued with 145,376 tonnes produced in the quarter, driven by Sentinel's strongest performance to date with increased throughput to 11.4 million tonnes of ore and 53,533 tonnes of copper produced, improved average recovery of 89% and lowered all-in sustaining cost⁴ ("AISC") and cash cost⁴ ("C1") to \$2.05 and \$1.62 per lb, respectively.
- Low unit copper production cost⁴ maintained in the quarter with AISC of \$1.75 per lb, C1 of \$1.21 per pound and total cost ("C3") of \$2.03 per lb.
- A quarterly copper sales record of 148,894 tonnes was set and the Company reduced copper anode inventory to approximately 36,000 tonnes from about 56,000 tonnes at the end of the second quarter.
- Due to the persistently low nickel price, Ravensthorpe was placed on care and maintenance effective October 1, 2017. Ravensthorpe incurred \$7 million in costs relating to the move to care and maintenance in the quarter. No impairment of the operation has been recognized based on the higher longer term consensus nickel price.

Development Activities

- The capital estimate for the Cobre Panama project is \$5.71 billion. This includes rectification of certain components of the power station, additional spare equipment purchases and several improvements derived from experience at both Sentinel and the Kansanshi smelter, which are expected to benefit start-up, operations and future sustaining capital.
- Development of the Cobre Panama project has advanced to 63% completion. Commissioning activities for the first generating set of the power station and shared facilities are progressing well, and the project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019.

Financial Position

- On October 19, 2017, the Company signed an agreement for the refinancing of our corporate facilities with a new \$2.2 billion Facility that has improvements to the interest rate, financial covenants and amortization schedule.
- The Company continued to advance the process to put in place project financing for the Cobre Panama project towards completion and drawdown is expected in the first quarter of 2018.
- At October 26, 2017, 184,250 tonnes of unmargined copper forward sales contracts at an average price of \$2.51 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmargined sales contracts for 120,500 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.37 per lb with maturities to December 2018.

Corporate Developments

- Kansanshi and Sentinel are being provided unrestricted power for the first time since July 2015.
- The Company announced its plans to increase its ownership in Minera Panama S.A., which holds the Cobre Panama project, to 90% and enter an additional precious metal stream agreement with Franco-Nevada Corporation. The ownership interest acquisition is expected to close during the fourth quarter.

Consolidated Operating Information – Continuing ²	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Copper production (tonnes) ³	145,376	142,721	419,644	393,357
Copper sales (tonnes)	148,894	136,051	428,225	399,348
Cash cost of copper production (C1)(per lb) ⁴	\$1.21	\$0.97	\$1.20	\$0.99
Total cost of copper production (C3)(per lb) ⁴	\$2.03	\$1.74	\$2.01	\$1.80
All-in sustaining cost (AISC)(per lb) ⁴	\$1.75	\$1.36	\$1.62	\$1.35
Realized copper price (per lb)	\$2.37	\$2.23	\$2.28	\$2.27
Nickel production (contained tonnes)	6,325	5,330	17,837	17,418
Nickel sales (contained tonnes)	7,099	5,454	17,818	19,809
Cash cost of nickel production (C1)(per lb) ⁴	\$4.16	\$5.01	\$4.46	\$4.72
Total cost of nickel production (C3)(per lb) ⁴	\$5.77	\$6.71	\$6.12	\$6.40
All-in sustaining cost (AISC)(per lb) ⁴	\$4.67	\$5.90	\$5.32	\$5.39
Realized nickel price (per payable lb)	\$4.77	\$4.68	\$4.63	\$4.17
Gold production (ounces)	47,213	52,957	147,832	159,778
Gold sales (ounces)	51,729	54,124	150,653	187,163

Consolidated Financial Information ²	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Sales revenues	877	605	2,425	1,984
Gross profit	83	80	218	287
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(52)	36	(201)	210
Net loss from discontinued operations	-	-	-	(267)
Net earnings (loss) per share from continuing operations attributable to shareholders of the Company	(\$0.08)	\$0.05	(\$0.29)	\$0.31
Net earnings (loss) per share ⁵	(\$0.08)	\$0.05	(\$0.29)	(\$0.08)
Basic and diluted earnings (loss) per share ⁵	(\$0.08)	\$0.05	(\$0.29)	(\$0.08)
Comparative EBITDA ¹	304	220	836	746
Comparative earnings (loss) ¹	(28)	37	(75)	138
Comparative earnings (loss) per share ¹	(\$0.04)	\$0.05	(\$0.11)	\$0.20

¹ Net earnings (loss) attributable to shareholders of the Company and earnings before interest, tax, depreciation, amortization and impairment (“EBITDA”) have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss) and comparative EBITDA. EBITDA, comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. See “Regulatory Disclosures” for a reconciliation of comparative EBITDA and comparative earnings.

² Operating performance measures exclude Kevitsa and include Ravensthorpe. On June 1, 2016 the sale of Kevitsa was completed. In accordance with the requirements of IFRS 5 - *Non-current assets Held for Sale and Discontinued Operations*, the financial information of 2016 was presented to exclude Kevitsa.

³ Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

⁴ C1 cash cost, C3 total cost, AISC are not recognized under IFRS. See “Regulatory disclosures” for further information.

⁵ 2016 figures include discontinued operations.

FINANCIAL SUMMARY

Sales revenues increased due to higher copper sales volumes and higher realized metal prices

- Sales revenues of \$877 million for the third quarter of 2017 increased by \$272 million compared to the same period in 2016, of which \$241 million is attributable to copper. The increase was due mainly to sales from Sentinel which contributed revenues of \$300 million for the quarter on the back of record production, as well as slightly higher net realized copper prices.
- The average realized price for copper of \$2.37 per lb for the third quarter was below the average LME price for the period on account of the Company's sales hedge program, which reduced revenues by \$157 million for the quarter and lowered the net realized copper price by \$0.48 per lb.

Comparative EBITDA of \$304 million higher than the same period of 2016

- Comparative EBITDA of \$304 million is \$84 million higher than the same period last year with \$113 million contribution from Sentinel. Comparative EBITDA excludes the impact of foreign exchange gains and losses, fair value adjustments for the time value of collar options, costs associated with moving Ravensthorpe into care and maintenance, loss on disposal of assets and revisions in estimates of closed site restoration provisions.

Gross profit of \$83 million at similar level to the same period in 2016

	Continuing Operations
Gross profit in Q3 2016	80
Higher realized metal prices (net of hedges and royalties)	26
Higher sales volumes	15
Lower by-product sales volumes	(5)
Ravensthorpe care and maintenance costs	(6)
Decrease in costs (excluding depreciation)	50
Increase in depreciation	(74)
Foreign exchange	(3)
Gross profit in Q3 2017 ¹	83

¹ Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$4 million, general and administrative costs of \$20 million, other income of \$11 million, and adding back depreciation of \$234 million (a reconciliation of comparative EBITDA is included on pages 32-37).

Comparative loss of \$28 million

- For the three months ended September 30, 2017, comparative loss was \$28 million compared to comparative earnings of \$37 million for the same period in 2016. The current period's loss of \$28 million reflects the lack of tax relief on losses of \$157 million realized under the Company's sales hedge program and excludes certain non-comparative items. A reconciliation of comparative metrics is included on pages 32-37.
- The net loss attributable to shareholders of \$52 million for the third quarter of 2017 compared with net earnings attributable to shareholders of \$36 million for the same period in 2016 includes unrealized foreign exchange losses and \$5 million relating to unrealized changes in fair value on the time value of options relating to the Company's unmargined collar hedge position as well as costs associated with moving Ravensthorpe into care and maintenance.
- For the nine months ended September 30, 2017, net loss attributable to shareholders of \$201 million compared to net earnings of \$210 million for the same period in 2016. The loss includes \$84 million in costs relating to the early redemption of the senior notes in the first quarter of 2017, \$10 million relating to unrealized changes in fair value of the collar option time value and losses of \$380 million incurred under the Company's sales hedge program, for which no tax credit is recognized.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the period with \$476 million of net unrestricted cash and net cash equivalents in addition to \$508 million of committed undrawn facilities and was in compliance with all financial covenants.
- On October 19, 2017 the Company signed a new Term Loan and Revolving Credit Facility replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility with its core relationship banks. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility and a \$1.5 billion Revolving Credit Facility, maturing in December 2020 with an option to extend for a further two years where certain conditions are met. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019. Under the new Facility, the current Net Debt to EBITDA covenant ratio of 5.00x will be maintained until June 2018. The ratio

will then reduce to 4.75x until June 2019, then to 4.5x until December 2019, then to 4.0x until June 2020, and then to 3.5x until final maturity.

- The process to put in place project financing for Cobre Panama progressed well during the quarter. The Export Credit Agencies (“ECAs”) have continued their due diligence with specialist consultants and the Company is now in the final term sheet phase for launch to the commercial banking market. Strong appetite for the transaction was demonstrated during recent market soundings with a group of leading banks. The Company expects to launch to the bank market in November 2017 with a full package of information and a deal structured and agreed by the ECAs. The Company anticipates finalizing documentation around the end of the year with completion and drawdown by the end of the first quarter of 2018.
- Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet.
- The total amount of value-added tax (“VAT”) accrued by the Company’s Zambian operations at September 30, 2017, is \$297 million, of which \$246 million relates to Kansanshi. Management of the Company continues to engage in regular discussions with the relevant government authorities and considers that the outstanding VAT claims are fully recoverable.

CORPORATE DEVELOPMENTS SUMMARY

Power

The Company’s operations in Zambia were impacted by a reduction in the power supply from mid-August in the quarter. Effective mid-September, both the Kansanshi complex and the Sentinel mine were provided with unrestricted power. This coincided with the restart of the Kansanshi smelter following a planned shutdown from mid-August. Through management action budgeted production for both Kansanshi and Sentinel mines was maintained.

An agreement has been reached with the Zambian state-run power company (“ZESCO”) and the Government of the Republic of Zambia whereby the Company has accepted an increase in power tariffs to approximately \$0.09 per kilowatt hour on the stipulation that both Sentinel and Kansanshi can import a portion of their power and with a commitment from ZESCO to improve the stability and quality of power provided to the Company’s operations. Throughout discussions with ZESCO and the Government of the Republic of Zambia, the Company has assessed the cost of power to ensure that this is appropriately reflected in the financial performance of the operations affected and in the guidance provided to the market. The tariff is effective January 1, 2017 and will be subject to review following completion of a Cost of Service Study instigated by the Energy Regulation Board in early 2018.

Increase of ownership in Cobre Panama to 90%

The Company signed an agreement with LS-Nikko Copper in August 2017 to acquire its 10% ownership interest and shareholder loans in Minera Panama S.A. (“MPSA”), which owns the Cobre Panama concession, which would increase its ownership in MPSA to 90%. Under the signed agreement, the Company is expecting to pay \$635 million in six installments over a five-year period in exchange for LS-Nikko’s 50% interest in Korea Panama Mining Corporation (“KPMC”), a 50/50 joint venture company with Korea Resources Corporation, which holds a 20% interest in MPSA. The ownership interest acquisition is expected to close during the fourth quarter.

Additional precious metal stream with Franco-Nevada

In September 2017, the Company announced its intention to enter into an additional precious metals stream agreement with Franco-Nevada (Barbados) Corporation. Under the stream agreement, which is subject to final documentation, the Company expects to receive \$178 million as an upfront payment upon closing of the transaction anticipated to occur during the fourth quarter.

Litigation

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC (“ZCCM”) under the Kansanshi Mining PLC (“KMP”) Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited, the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants from the group companies, including FQM Finance Ltd. (“FQM Finance”), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia are the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

The dispute is stated as a request for a derivative action, which will require ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arises from facts originating in 2007, and concerns the rate of interest paid on select deposits by KMP with the group’s treasury entity FQM Finance between 2007-2015. The funds on deposit were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations.

The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm’s length fair market rate, which is supported by independent third party analysis. ZCCM disputes that interest rate paid to KMP on the deposits was sufficient.

A panel of arbitrators has been appointed in the Arbitration. Several applications to dismiss the case were also lodged in the Lusaka High Court. Submissions have been heard by the Court but no decision has been rendered.

The Arbitration requires ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing on whether permission is granted or denied is scheduled for January 2018, with a decision expected in the first quarter of 2018.

Settlement discussions took place in May 2017 in Lusaka with the Government of the Republic of Zambia (“GRZ”) and ZCCM. A follow-on item from those discussions was the provision of information to ZCCM to address any concerns that the deposit funds have not been repaid to KMP. A comprehensive package of this information has been furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume once the information has been analyzed and responded to.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Good progress continues to be achieved at Cobre Panama, and the overall project progress as at the end of the third quarter is estimated to be 63% complete.

Detailed engineering and design is 86% complete and continues to focus on completion of the process plant and secondary infrastructure, in a priority order cognisant of the construction sequence.

The power station and its associated infrastructure is progressing well in commissioning activities for common facilities and the first 150 MW set. Rectification of some specific components on the boiler unit for set 1 is completed and set 2 is well underway. Operations are now running the desalination water system and overall power station commissioning is approximately 20% complete. Start up for set 1 is a planned ‘first firing’ of the boiler in the fourth quarter of 2017, leading to power generation into the Panamanian electricity grid in the first quarter of 2018. The second 150 MW set is expected to follow with power generation into the Panamanian electricity grid during the middle of 2018.

The construction of the process plant and associated infrastructure is on plan and is now approaching peak construction levels. The project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019. Key progress milestones for the quarter include mining pre-strip works now at 69% completion, the Tailings Management Facility earthworks now at 71% completion, and the process plant earthworks essentially complete. The 230 kv transmission line testing is essentially complete, with energization to take place imminently following availability of the national grid provider to interface with the final witness testing associated with grid connection. The process plant construction has ramped up significantly, opening all work fronts and with labour increasing towards the peak expected at the end of 2017. Key focus in the process plant area is to continue to expand steel erection into the conveyors, mechanical installation in the wet plant, and electrical works.

The capital expenditure guidance for the project is \$5.71 billion. The revision is comprised of multiple improvements, inclusive of learnings from both Sentinel and the Kansanshi smelter, which are expected to benefit start-up, operations and sustaining capital, and for rectification and replacement of certain components associated with the power station, plus additional spare equipment purchases. The evaluation of adding an eighth mill which would increase throughput further,

additional pre-stripping and a partial first raise of the Tailings Management Facility wall embankments remain under consideration, and would add to the current guidance figure.

The total capital expenditure for Cobre Panama to date in 2017 was \$865 million (First Quantum's share \$515 million), while planned total expenditure for 2017 is expected to be approximately \$1,250 million (First Quantum's share \$750 million). Project spending to date amounts to \$4.3 billion, including \$0.9 billion contributed by Korea Panama Mining Corporation ("KPMC"), which owns a 20% interest in the project. These figures will be updated subsequent to completion of the acquisition of 10% of Cobre Panama owned by LS-Nikko Copper, expected in the fourth quarter.

As at September 2017, the Cobre Panama project has in place 724 long-term operations personnel, and key personnel for all facilities are now focused on getting ready for operations.

EXPLORATION

The Company's exploration strategy encompasses: advanced stage exploration projects at Haquira in Peru and Taca Taca in Argentina; near-mine resource expansion around Pyhäsalmi and Kansanshi as well as an early stage exploration program concentrated on the search of high quality porphyry and sediment-hosted copper deposits.

At the Haquira project in Peru, the focus continues on the community and environmental aspects. The Environmental Impact Assessment ("EIA") studies and environmental monitoring progressed as planned and required. Various access agreements with communities are in place for this purpose.

At Taca Taca, the EIA studies continued as planned and the collection of baseline data for fauna, flora and other environmental attributes was completed. A scoping study for the electricity supply and transmission line is underway by a local contractor and the results will be incorporated into the EIA for this infrastructure, which has been awarded to consultants for implementation. Communication with communities and relevant authorities continues and a detailed social baseline study is underway.

During the quarter, near-mine exploration activities were limited to Kansanshi in Zambia and Pyhäsalmi in Finland. At Kansanshi, a resource definition program designed to upgrade near-mine oxide reserves was ongoing during the quarter. Elsewhere in the Kansanshi district, a number of opportunities for satellite oxide resources continued to be the focus for detailed mapping, geochemistry and geophysics.

Early stage global exploration activities continued at a subdued level in 2017, however, sustained investment in information gathering and reconnaissance on a large number of copper porphyry targets around the world has delivered a promising portfolio of opportunities for drilling in late 2017 and into 2018. Three prospects are currently the subject of an initial drill test, one in Peru and two in Chile. Drilling on all three targets has intersected mineralized porphyry and further drilling is justified to evaluate the scale and continuity of mineralization.

HEALTH & SAFETY

The health and safety of all of our employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. The Lost Time Injury Frequency Rates ("LTIFR") is an area of focus and a key performance metric for the Company. The Company's rolling 12-month LTIFR has remained at 0.11 per 200,000 hours worked on average over the 12 month period to September 30, 2017.

MARKET GUIDANCE

Market guidance for total copper, gold and zinc production for the years 2017 to 2019 is unchanged from previously disclosed. As Ravensthorpe is in care and maintenance, guidance has been removed for 2018 and 2019 production and production cost, with 2017 guidance now reflecting nine months production and costs. The upper range for 2017 copper AISC and C1 has been reduced, 2018 and 2019 remain unchanged. Total Cobre Panama capital expenditure has been revised. Guidance incorporates a number of assumptions including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

Production guidance

000's	2017	2018	2019
Copper (tonnes)	570	600	605
Nickel (contained tonnes)	18	-	-
Gold (ounces)	200	200	200
Zinc (tonnes)	20	20	15

Guidance on precise production during the ramp up and commissioning phases at Cobre Panama will depend on a number of factors which can only be properly assessed at a later stage. At this point, previously-published annual post commercial production levels for Cobre Panama are unchanged.

Production guidance by operations

Copper

000's tonnes	2017	2018	2019
Kansanshi	248	245	245
Sentinel	185	215	235
Las Cruces	72	70	70
Guelb Moghrein ¹	32	36	30
Çayeli	19	23	20
Pyhäsalmi ²	13	11	5

Nickel

000's tonnes (contained tonnes)	2017	2018	2019
Ravensthorpe	18	-	-

Gold

000's ounces	2017	2018	2019
Kansanshi	145	145	145
Guelb Moghrein	50	50	50
Pyhäsalmi	5	5	5

Zinc

000's tonnes	2017	2018	2019
Çayeli	5	5	5
Pyhäsalmi	15	15	10

- (1) 2017 guidance has been decreased by 2 thousand tonnes.
 (2) 2017 guidance has been increased by 1 thousand tonnes.

Cash cost and all-in sustaining cost

Cash costs and AISC guidance does not include any costs in respect of Cobre Panama.

The range has been narrowed for AISC and C1 2017 guidance for copper. Nickel guidance for AISC and C1 now reflects actual nine months to September 30, 2017 for Ravensthorpe, which was lower than full year guidance issued for C1 and within guidance for AISC.

	2017	2018	2019
Cash operating cost (C1) (per lb):			
Copper	\$1.20 - \$1.30	\$1.20 - \$1.40	\$1.20 - \$1.40
Nickel	\$4.46	-	-
All-in sustaining cost ('AISC') (per lb):			
Copper	\$1.65 - \$1.70	\$1.65 - \$1.80	\$1.65 - \$1.80
Nickel	\$5.32	-	-

Quarterly mining cash costs within AISC and C1 cash costs are subject to seasonal and other variability and are typically at their highest in the first and fourth quarters of the year.

Capital expenditure^{1,3}

	2017	2018	2019
Total Cobre Panama	1,250	868	110
Third-party contribution ²	(500)	(348)	(140)
First Quantum's share of Cobre Panama	750	520	(30)
Capitalized stripping	200	200	200
Sustaining capital and other projects	230	150	150
Total net capital expenditure	1,180	870	320

¹ Excludes capitalization of any net pre-commercial production costs and capitalized interest.

² Third-party contributions are based on 80% ownership by the Company at the date of release.

³ The Cobre Panama total capital expenditure estimate is revised to \$5.71 billion, the above guidance and associated phasing has been updated to reflect this.

OPERATING REVIEW

	Three months ended September 30		Nine months ended September 30	
Production Summary	2017	2016	2017	2016
Copper production (tonnes)				
Kansanshi	58,706	66,889	186,001	187,322
Sentinel	53,533	38,926	133,493	91,815
Las Cruces	17,488	20,016	54,964	56,487
Guelb Moghrein	6,756	7,156	21,636	26,740
Çayeli	5,492	6,335	13,239	19,589
Pyhäsalmi	3,401	3,399	10,311	11,404
Total copper production (tonnes)	145,376	142,721	419,644	393,357
Nickel production (contained tonnes) – Ravensthorpe	6,325	5,330	17,837	17,418
Total gold production (ounces)	47,213	52,957	147,832	159,778
Total zinc production (tonnes)	4,376	5,064	17,167	17,778

The Company's copper and nickel production were both higher in the third quarter compared to the same quarter of 2016 and for the first nine months of the year. Record production was achieved at Sentinel this quarter with 53,533 tonnes of copper contributed to total production for the third quarter. Year-to-date, Sentinel has achieved a 45% increase in the volume of copper produced compared to the same period in 2016 with higher recoveries and increased throughput despite power constraints in the third quarter. The contribution from Sentinel has more than offset lower production at Kansanshi and Las Cruces, which were impacted by lower throughput related to planned maintenance shutdowns and recoveries. At Kansanshi, throughput into the oxide circuit was intentionally restricted to address the lower availability of acid during a planned shutdown at the smelter. Smelter production was 22% lower in the third quarter compared to the same quarter last year as a result of the planned shutdown, which was completed successfully and operations have ramped back to normal operating levels.

Nickel production at Ravensthorpe was 19% higher compared to the third quarter of 2016, reflecting a strong performance in the quarter. Effective October 1, 2017, Ravensthorpe has entered care and maintenance due to persistently low nickel prices despite higher longer term consensus prices.

	Three months ended September 30		Nine months ended September 30	
Sales Volume Summary	2017	2016	2017	2016
Copper sales volume (tonnes)				
Kansanshi	64,311	64,117	192,726	203,555
Sentinel	50,855	35,552	132,593	76,288
Las Cruces	17,049	19,203	56,761	57,883
Guelb Moghrein	6,765	6,870	22,188	30,490
Çayeli	6,462	6,510	13,450	19,538
Pyhäsalmi	3,452	3,799	10,507	11,594
Total copper sales volume (tonnes)	148,894	136,051	428,225	399,348
Nickel sales volume (contained tonnes) – Ravensthorpe	7,099	5,454	17,818	19,809
Total gold sales volume (ounces)	51,729	54,124	150,653	187,163
Total zinc sales volume (tonnes)	5,379	4,653	18,569	15,390

Unit Cost

Unit Cost Summary	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Copper C1 cash cost (\$ per lb)				
Kansanshi	0.99	1.05	1.01	1.10
Sentinel	1.62	-	1.71	-
Las Cruces	0.93	0.67	0.83	0.77
Other sites ¹	1.08	1.01	0.92	0.86
Total copper C1 cash cost (\$ per lb)	1.21	0.97	1.20	0.99
Total copper C1 cash cost excluding Sentinel (\$ per lb)	1.00	0.97	0.97	0.99
Copper AISC (\$ per lb)				
Kansanshi	1.79	1.48	1.53	1.51
Sentinel	2.05	-	2.13	-
Las Cruces	1.20	0.98	1.04	0.96
Other sites ¹	1.33	1.31	1.18	1.16
Total copper AISC (\$ per lb)	1.75	1.36	1.62	1.35
Total copper AISC excluding Sentinel (\$ per lb)	1.60	1.36	1.38	1.35
Nickel C1 cash cost (\$ per lb)	4.16	5.01	4.46	4.72
Nickel AISC (\$ per lb)	4.67	5.90	5.32	5.39

¹ Other sites includes Guelb Moghrein, Çayeli and Pyhäsalmi.

Copper C1 cash cost for the third quarter of \$1.21 per lb and nine months to date of \$1.20 per lb has increased over the respective comparable periods of 2016. Both the quarter and nine month period of 2017 reflect C1 cash cost for Sentinel. Excluding Sentinel, C1 cash cost was \$1.00 per lb for the quarter and \$0.97 per lb for the nine month period. Sentinel C1 of \$1.62 per lb was \$0.24 lower than the previous quarter.

Copper AISC of \$1.75 per lb for the quarter and \$1.62 per lb for the nine month period increased over their respective comparable periods of 2016. The increases in AISC for the third quarter reflected the movement in copper C1 cash cost as well as increases in royalties, and phasing of sustaining capital expenditure, including smelter shutdown, and deferred stripping.

Nickel C1 cash cost decreased to \$4.16 per lb and \$4.46 per lb for the quarter and nine months to date, respectively, reflecting higher production volume and by-product credits at Ravensthorpe. Nickel AISC of \$4.67 per lb for the quarter benefited from the decrease in C1 cash cost and lower deferred stripping and sustaining capital expenditure due to the suspension of normal operations at Ravensthorpe in October. Nickel AISC was \$5.32 per lb for the nine month period of 2017, primarily reflecting the decrease in C1 cash cost.

OPERATIONS

	Three months ended September 30		Nine months ended September 30	
Kansanshi	2017	2016	2017	2016
Sulphide ore tonnes milled (000's)	3,179	2,973	9,672	8,721
Sulphide ore grade processed (%)	0.7	0.8	0.7	0.8
Sulphide copper recovery (%)	88	93	90	91
Mixed ore tonnes milled (000's)	1,983	1,986	5,985	5,960
Mixed ore grade processed (%)	1.1	1.0	1.1	1.0
Mixed copper recovery (%)	81	80	85	84
Oxide ore tonnes milled (000's)	1,705	1,881	5,105	5,265
Oxide ore grade processed (%)	1.5	1.6	1.5	1.5
Oxide copper recovery (%)	80	94	86	92
Copper production (tonnes) ¹	58,706	66,889	186,001	187,322
Copper smelter:				
Concentrate processed (DMT) ²	202,093	276,368	863,457	829,575
Copper anodes produced (tonnes) ²	48,819	62,984	214,272	184,700
Smelter copper recovery (%)	94	97	96	97
Acid tonnes produced (000's)	189	266	803	814
Copper sales (tonnes) ³	64,311	64,117	192,726	203,555
Gold production (ounces)	33,297	37,883	104,232	107,889
Gold sales (ounces)	37,054	38,896	103,825	126,248
All-in sustaining cost (AISC) (per lb) ⁴	\$1.79	\$1.48	\$1.53	\$1.51
Cash costs (C1) (per lb) ⁴	\$0.99	\$1.05	\$1.01	\$1.10
Total costs (C3) (per lb) ⁴	\$1.64	\$1.68	\$1.66	\$1.77
Sales revenues	425	344	1,215	1,080
Gross profit	166	44	418	123
Comparative EBITDA ⁴	230	115	621	368

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

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

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

⁴ AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Kansanshi Mining Operations

Third quarter

Copper production was 12% lower than the same period in 2016 due primarily to a 9% reduction in milling volumes on the oxide circuit, combined with lower recoveries on both the oxide and sulphide circuits. Lower milling volumes and plant recoveries on the oxide circuit reflect restrictions implemented during the planned smelter shutdown in the quarter, to restrict the acid requirements as well as the replacement of the girth gear during the same period. The high pressure leach plant was successfully re-commissioned prior to the shutdown and resulted in increased cathode production in the quarter.

AISC was \$1.79 per lb reflecting an increase of \$0.31 per lb from the same period in 2016. The increase in AISC was driven by higher deferred stripping and sustaining capital expenditure, reflecting smelter shutdown costs, higher royalty costs combined with the impact of lower copper production volume. C1 cash cost of \$0.99 per lb was \$0.06 per lb lower than the same period in 2016.

Sales revenues of \$425 million were 24% higher than the comparable period in 2016 due to higher realized metals prices, excluding the corporate sales hedge program. Gross profit of \$166 million increased by 277% compared to the same period in 2016, reflecting the increase in sales revenues and lower operating costs.

Nine months

Copper production was 1% lower than the same period in 2016 due primarily to a 3% decrease in milling volumes and lower plant recovery on the oxide circuit. The plant benefited from increased mixed final tails processed through the leaching circuit.

AISC of \$1.53 per lb was \$0.02 per lb higher than the comparable period in 2016, comprised of a decrease in C1 cash cost from \$1.10 per lb to \$1.01 per lb partially offset by higher sustaining capital expenditure due to the planned maintenance shutdown of the smelter and increased stripping. The decrease in C1 cash cost reflected lower processing and site administration costs, partly offset by higher treatment and refining charges and a lower gold by-product credit.

Sales revenues were 13% higher than the comparable period in 2016 despite a decrease in sales volumes, resulting from higher realized metals prices excluding the corporate sales hedge program. Gross profit of \$418 million was 240% higher than the comparable period of 2016, reflecting the increase in sales revenues and lower operating and royalty costs, due to the reduced royalty rate that became effective June 1, 2016.

Kansanshi Copper Smelter*Third quarter*

The smelter treated 202,093 DMT of concentrate, representing a decrease of 27% from the same period in 2016, and produced 48,819 tonnes of copper in anode and 189,000 tonnes of sulphuric acid. The lower production during the quarter was due to a planned smelter shutdown. The overall copper recovery rate achieved was 94%.

Nine months

The smelter treated 863,457 DMT of concentrate, representing an increase of 4% from the corresponding period in 2016 despite the shutdown reflecting strong operating performance. The smelter produced 214,272 tonnes of copper in anode and 803,000 tonnes of sulphuric acid. The quality of concentrate treated improved significantly with over 26% copper in concentrate grade compared to 23% for the same period of 2016. The overall copper recovery rate achieved was 96%.

Outlook

Production in 2017 is expected to be approximately 248,000 tonnes of copper, and approximately 145,000 ounces of gold.

With the provision of unrestricted power, Kansanshi is now operating the high pressure leach plant.

Sentinel¹	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Copper ore processed (000's tonnes)	11,434	8,831	30,253	25,972
Copper ore grade processed (%)	0.5	0.6	0.5	0.6
Copper recovery (%)	89	76	85	62
Copper production (tonnes)	53,533	38,926	133,493	91,815
Copper sales (tonnes)	50,855	35,552	132,593	76,288
All-in sustaining cost (AISC) (per lb) ²	\$2.05	-	\$2.13	-
Cash cost (C1) (per lb) ²	\$1.62	-	\$1.71	-
Total cost (C3) (per lb) ²	\$2.30	-	\$2.44	-
Sales revenues	300	-	745	-
Gross profit	51	-	115	-
Comparative EBITDA ²	113	-	275	-

¹ Sentinel was declared in commercial production effective November 1, 2016. Comparative financial information for periods prior to commercial production has not been presented as all pre-commercial production revenue and costs were capitalized.

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

Third quarter

In the third quarter of 2017, Sentinel achieved a record level of copper production since the ramp-up to commercial production. The current grade encountered is in line with the average life of mine reserve grade, however, it is expected that, given the variability of the grade over the life of mine, there will be periods under the current mine plan where higher grade material will be processed. The increase in production reflects an increase in recoveries and throughput in the quarter.

ZESCO power restrictions that were in place from mid-August to mid-September impacted operations at Sentinel in the quarter. Through management action, budgeted production was maintained during the period of restricted power. Increased recoveries compared with the prior quarter reflected improvements to crushing rates and increased milling stability resulting from improved ore availability due to the change in mining method. Unrestricted power was provided to Sentinel as of mid-September.

There has been a continued focus on sustainability of ore reporting to the plant, with increased throughput in the quarter underlining the improvements that have been made. The steady-state of feed to the plant facilitated further plant optimization work. Further Jameson cell optimization, additional external test works, continuous operational improvements and fresher ore supply have all contributed to improved recoveries during the quarter.

AISC of \$2.05 per lb includes C1 cash costs of \$1.62 per lb as well as sustaining capital expenditure, deferred stripping and royalties. AISC is lower than the prior quarter of 2017 mainly relating to lower C1 cash costs and reflecting higher copper production volume. Higher costs incurred were associated with the increased waste mining due to an increased bench strip ratio, as well as higher fuel costs reflecting price increase and higher mining fleet utilization, high maintenance costs associated with the scheduled plant shutdown and higher royalty costs reflecting higher sales revenues.

Nine months

Production compared with 2016 was significantly higher, also reflecting the ramp up of operations during 2016. The rainy season in Zambia and the transition to a terrace mining layout impacted production in 2017, particularly in the first half of the year. Continued emphasis in 2017 on plant optimization has resulted in progressively increased throughput and consistency of ore reporting to the plant. This has yielded improvements in recoveries on the prior year, most noticeably in the third quarter. Copper grades in 2017 are slightly lower than 2016, the impact of mining further into the pit, but indicative of the average grade expected for the mine.

AISC of \$2.13 per lb include C1 cash costs of \$1.71 per lb. Increased mining costs and lower production associated with the shift to terrace mining layout and the rainy season in Zambia earlier in the year, coupled with the impact on copper production of lower ore grades mined, have impacted AISC in 2017.

Sales revenues of \$300 million and \$745 million for the quarter and for the nine months to date, respectively, comprised both sales of concentrate and anode, with a higher proportion of revenues realized from copper anode. The average LME price for the nine months to date was 13% higher than the quarter in which commercial production was declared.

Outlook

Production in 2017 is expected to be approximately 185,000 tonnes of copper. Initiatives to further increase recovery levels, including improvements to the recovery of fines and refinement of reagents used, plan to be undertaken in the fourth quarter.

Stronger performance from the impact of continued focus on blasting performance and unconstrained power supply is expected to continue into the upcoming wet season. Additional waste stripping activity will continue into the middle of 2018.

A four-day shutdown is planned in the fourth quarter of 2017.

	Three months ended September 30		Nine months ended September 30	
Las Cruces	2017	2016	2017	2016
Ore tonnes processed (000's)	392	409	1,199	1,176
Copper ore grade processed (%)	5.0	5.2	5.1	5.2
Copper recovery (%)	88	94	90	92
Copper cathode production (tonnes)	17,488	20,016	54,964	56,487
Copper cathode sales (tonnes)	17,049	19,203	56,761	57,883
All-in sustaining cost (AISC) (per lb) ¹	\$1.20	\$0.98	\$1.04	\$0.96
Cash cost (C1) (per lb) ¹	\$0.93	\$0.67	\$0.83	\$0.77
Total cost (C3) (per lb) ¹	\$2.25	\$1.72	\$2.07	\$1.80
Sales revenues	109	93	339	276
Gross profit	24	18	80	44
Comparative EBITDA ¹	71	58	225	167

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

Third quarter

Copper production decreased by 13% compared to the comparable period in 2016 due to lower plant throughput resulting from a seven-day planned maintenance shutdown in September 2017, as well as lower grade and recovery. Higher primary ore dilution containing lead and zinc, and lower pressure filter availability late in the quarter, substantially reduced the overall copper recovery in comparison to the same quarter in 2016.

AISC of \$1.20 per lb was higher by \$0.22 per lb than the comparable periods in 2016 driven by higher C1 cash costs. Higher C1 cash costs were due to lower copper production volumes, higher mining, electricity and reagent costs, as well as the impact of the depreciation of the US dollar against the euro in the third quarter of 2017. The increase in AISC was partially offset by lower deferred stripping costs per lb.

Sales revenues increased by 17% compared with the comparable periods in 2016 due to higher realized copper prices, which exceeded the impact of lower copper sales volumes. The increase in sales revenues contributed to an increase in gross profit of 33%.

Nine months

Copper production was lower than comparable period in 2016 by 3%, as a result of lower recoveries and grade, partially offset by higher throughput. Processing volumes were higher year-to-date compared to the same period last year due to higher equipment availability and utilization despite the planned maintenance shutdown in the third quarter of 2017.

AISC of \$1.04 per lb was higher by \$0.08 per lb than 2016 due to increased C1 cash costs as a result of lower copper production volumes, higher mining, electricity and reagent costs

Sales revenues increased by 23% compared to 2016 due to higher realized copper prices, which exceeded the impact of lower copper sales volumes. Increased sales revenues resulted in gross profit being higher by 82% compared with 2016, partially offset by higher operating costs.

Outlook

Copper production for 2017 is expected to be approximately 72,000 tonnes.

Ore feed grade is expected to be in line with plan and plant availability above the prior year reflecting fewer planned shutdown days in 2017 compared to 2016.

Managing stockpile blending and grade to mitigate primary sulphide contamination in the ore feed will be essential to maintaining high leach and overall recoveries.

Cost optimization and capital expenditure management continue to be areas of focus, as well as ongoing research on technical and economic feasibility of the Polymetallic Refinery project and the construction of an exploration ramp to increase knowledge of current resources.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Guelb Moghrein				
Sulphide ore tonnes milled (000's)	832	986	2,515	2,971
Sulphide ore grade processed (%)	0.9	0.8	0.9	1.0
Sulphide copper recovery (%)	92	91	92	91
Copper production (tonnes)	6,756	7,156	21,636	26,740
Copper sales (tonnes)	6,765	6,870	22,188	30,490
Gold production (ounces)	11,435	12,208	35,943	42,811
Gold sales (ounces)	11,616	12,038	38,069	51,376
All-in sustaining cost (AISC) (per lb) ¹	\$1.86	\$1.72	\$1.67	\$1.34
Cash costs (C1) (per lb) ¹	\$1.43	\$1.14	\$1.25	\$0.86
Total costs (C3) (per lb) ¹	\$2.30	\$1.96	\$2.08	\$1.56
Sales revenues	50	42	158	174
Gross profit	11	4	29	43
Comparative EBITDA ¹	20	12	61	75

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

Third quarter

Copper production was 6% lower than the same period in 2016, reflecting a 16% decrease in tonnes milled which was mainly due to the treatment of hard ore, partially offset by higher feed grade and copper recovery.

Gold in concentrate production was 6% lower than the same period in 2016 as a result of lower tonnes milled, partially offset by higher gold feed grade and increased gold circuit recovery.

AISC of \$1.86 per lb was \$0.14 per lb higher than the same period in 2016, driven mainly by higher C1 cash cost and partially offset by lower deferred stripping costs. The increase in C1 cash cost was due to lower copper production volume, lower gold by-product credit and higher costs relating to increased ore mining in cutback 3, mining consumables and contractor costs.

Sales revenues were 19% higher than the same period last year, reflecting higher realized copper prices excluding the corporate sales hedge program, partially offset by lower copper and gold sales volumes.

Gross profit of \$11 million reflects the flow-through of sales revenues.

Nine months

Copper production was 19% lower than the comparable period in 2016 due to a 15% decrease in tonnes milled and lower copper feed grades, partially offset by higher copper recovery.

Gold in concentrate production was 16% lower than the same period in 2016 due to lower tonnes milled as well as the impact of lower gold feed grade.

AISC of \$1.67 per lb was \$0.33 per lb higher than the same period in 2016, driven mainly by higher C1 cash costs. The increase in C1 cash cost reflects lower copper production volume, higher mining cost driven by increased volume mined, fuel prices, and plant processing costs due to the SAG mill complete reline and one-off crusher refurbishment.

Sales revenues were 9% lower than the same period in 2016, driven by lower copper and gold sales volumes, partially offset by higher realized copper prices excluding the corporate sales hedge program. Gross profit of \$29 million reflects the flow-through of lower sales revenues.

Outlook

Copper production in 2017 is expected to be approximately 32,000 tonnes. Gold in copper concentrate production is expected to be 50,000 ounces.

Cost-saving initiatives continue to focus on productivity and efficiencies. Mining equipment productivity and efficiency has improved through collaboration with the technical expertise of suppliers, including maintenance and operator training. To further improve mining productivity, work has been initiated to address drill and blast procedures to increase fragmentation, with the expectation of improvements in loading and hauling activities as well as throughput. Maintenance processes are being streamlined by merging planned maintenance activities, which is expected to increase equipment utilization and productivity.

Ravensthorpe	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Beneficiated ore tonnes processed (000's)	792	563	2,211	1,810
Beneficiated ore grade processed (%)	1.1	1.2	1.1	1.3
Nickel recovery (%)	76	79	79	81
Nickel production (contained tonnes)	6,325	5,330	17,837	17,418
Nickel sales (contained tonnes)	7,099	5,454	17,818	19,809
Nickel production (payable tonnes)	4,866	3,974	13,694	12,980
Nickel sales (payable tonnes)	5,455	4,083	13,664	14,997
All-in sustaining cost (AISC) (per lb) ¹	\$4.67	\$5.90	\$5.32	\$5.39
Cash costs (C1) (per lb) ¹	\$4.16	\$5.01	\$4.46	\$4.72
Total costs (C3) (per lb) ¹	\$5.77	\$6.71	\$6.12	\$6.40
Sales revenues	65	45	154	143
Gross loss	(13)	(17)	(52)	(64)
Comparative EBITDA ¹	6	(4)	(15)	(26)

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

Third quarter

The third quarter of 2017 reflected a full quarter of operation preceding Ravensthorpe's placement on care and maintenance effective October 1, 2017. Nickel production was 19% higher than the comparable period in 2016, despite lower beneficiated grade and nickel recovery. Higher production was attributable to higher tonnes processed due to better equipment availability during the third quarter as well as the cancellation of HPAL shut downs as the plant moved into care and maintenance. Production in 2016 was impacted by two successive quarters of downtime in the HPAL circuits.

AISC of \$4.67 per lb was 21% lower than the comparable period of 2016, reflecting lower C1 cash cost, as well as decreased deferred stripping and sustaining capital expenditure due to the planned suspension of normal operations in October. The decrease in C1 cash cost was primarily attributable to higher nickel production and by-product credits, partially offset by higher production costs.

Sales revenue of \$65 million was 44% higher than the comparable period in 2016 due to increased sales volumes and improved realized nickel prices. The average LME nickel price was \$4.78 per lb for the third quarter of 2017 compared to \$4.66 per lb in same period in 2016.

Gross loss of \$13 million was 24% lower than the comparable periods in 2016, driven by higher sales revenue, partially offset by higher cost of production and \$6 million in costs relating to care and maintenance that were recognized in the quarter.

Nine months

Nickel production was 2% higher compared to the same period in 2016.

AISC of \$5.32 per lb was \$0.07 per lb lower than the same period in 2016, primarily due to lower C1 cash cost reflecting higher production volume and by-product credits.

Sales revenues of \$154 million were 8% higher than the comparable period in 2016 driven by the improved realized nickel prices partially offset by lower sales volume. The average LME nickel price was \$4.56 per lb compared to \$4.18 per lb in 2016.

Gross loss of \$52 million was 19% lower than in 2016, driven by higher sales revenue and partially offset by higher cost of production.

Comparative EBITDA for the third quarter and nine months ended September 30, 2017 excludes \$7 million in costs associated with the move into care and maintenance.

Outlook

Ravensthorpe nickel operation entered care and maintenance on October 1, 2017. The Company considered this to be an indicator of impairment and has performed an impairment test as at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs to sell. A long-term nickel price of \$7.00 per lb and a real post-tax

discount rate of 8% were used by management, with the nickel price being within the range of current market consensus observed during the third quarter of 2017. Based on the results of discounted cash flow analysis, no impairment has been recognized as at September 30, 2017. A change in these key assumptions would have a material impact on the recoverable value.

The permitting process for the Shoemaker Levy deposit will continue along with a regular review of market conditions for the potential restart of operations. Restart costs, should favourable conditions prevail, is estimated at \$10 million.

Çayeli	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Ore tonnes milled (000's)	274	313	731	965
Copper ore grade processed (%)	2.2	2.3	2.0	2.3
Copper recovery (%)	90	87	89	87
Zinc ore grade processed (%)	0.9	1.8	1.1	1.7
Zinc recovery (%)	27	41	36	39
Copper production (tonnes)	5,492	6,335	13,239	19,589
Copper sales (tonnes)	6,462	6,510	13,450	19,538
Zinc production (tonnes)	653	2,338	2,947	6,452
Zinc sales (tonnes)	1,944	2,376	4,435	4,438
All-in sustaining cost (AISC) (per lb) ¹	\$1.41	\$1.24	\$1.56	\$1.36
Cash cost (C1) (per lb) ¹	\$1.21	\$1.11	\$1.35	\$1.18
Total cost (C3) (per lb) ¹	\$2.50	\$1.76	\$2.44	\$1.84
Sales revenues	39	28	75	77
Gross profit (loss)	4	5	5	8
Comparative EBITDA ¹	20	13	33	32

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

Third quarter

Copper production decreased by 13% compared to the same period in 2016, impacted by lower throughput. Poor ground conditions, a high underground void volume impacting mine sequencing, issues with the pastefill distribution system and ore handling facilities as well as lower copper grade all contributed to the lower production volume. Shaft hoisting was fully operational in the third quarter. Zinc production was 72% lower than the comparable period in 2016 due to processing of zinc-poor stockwork zone ore. In many cases, the zinc circuit was bypassed, contributing to the decline in zinc recovery.

AISC increased by \$0.17 per lb due to an increase in C1 cash cost for the quarter. C1 cash cost increased by \$0.10 per lb compared to the same period in 2016, as a result of lower copper production and higher operating costs. AISC was further impacted by higher royalties and deferred development costs.

Sales revenues were 39% higher than the comparable period in 2016, benefiting from higher realized metal prices excluding the corporate sale hedge program. Gross profit of \$4 million was positively impacted by higher sales revenues, offset by an increase in operating costs.

Nine months

Copper production decreased by 32% compared to the same period in 2016 due to the impact of the shaft hoisting incident and an underground fatality early in the year, ongoing poor ground conditions, pastefilling and ore handling infrastructure issues, and a budgeted reduction in throughput. In addition, a backlog of areas requiring renewed ground support has necessitated the reallocation of limited resources in 2017. Zinc production was 54% lower than the comparable period in 2016 due to lower throughput, zinc grade and recovery.

AISC increased by \$0.20 per lb, mainly due to an increase in C1 cash cost. C1 cash cost increased \$0.17 per lb compared to 2016, primarily due to lower copper production.

Sales revenues were 3% lower than 2016. The decrease in sales revenues reflects lower copper sales volumes, partially offset by higher realized metals prices excluding the corporate sales hedge program. Gross profit of \$5 million reflects the lower sales revenues for the same period.

Outlook

Production in 2017 is expected to be approximately 19,000 tonnes of copper and approximately 5,000 tonnes of zinc.

The annual throughput was reduced by 6% in the 2017 budget compared to 2016, in line with a declining number of work areas as the mine reserves approach depletion. Annual throughput was further reduced during the quarter as a result of the shaft hoisting incident and the ongoing backlog of work areas needing rehabilitation and unfavorable definition drilling results. Production is expected to continue to be impacted by poor ground conditions and falls of ground, and aging infrastructure, particularly the pastefill distribution system, which has resulted in an increased underground void volume.

	Three months ended September 30		Nine months ended September 30	
Pyhäsalmi	2017	2016	2017	2016
Ore tonnes milled (000's)	315	352	954	1,030
Copper ore grade processed (%)	1.1	1.0	1.1	1.1
Copper recovery (%)	96	95	97	97
Zinc ore grade processed (%)	1.3	0.9	1.7	1.2
Zinc recovery (%)	88	86	89	88
Copper production (tonnes)	3,401	3,399	10,311	11,404
Copper sales (tonnes)	3,452	3,799	10,507	11,594
Zinc production (tonnes)	3,725	2,726	14,221	11,326
Zinc sales (tonnes)	3,434	2,277	14,134	10,952
Pyrite production (tonnes)	184,486	112,882	537,269	485,710
Pyrite sales (tonnes)	91,569	89,118	304,031	406,649
All-in sustaining cost (AISC) (per lb) ¹	\$0.03	\$0.64	(\$0.31)	\$0.42
Cash cost (C1) (per lb) ¹	\$0.03	\$0.61	(\$0.32)	\$0.35
Total cost (C3) (per lb) ¹	\$2.43	\$2.59	\$1.97	\$2.29
Sales revenues	34	27	105	85
Gross profit	4	-	18	-
Comparative EBITDA ¹	21	14	67	46

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

Third quarter

Copper production was slightly higher than the same period in 2016 despite lower throughput, driven by higher grade and recovery. Zinc production was 37% above the same period in 2016 driven by higher grade and recovery.

AISC was \$0.61 per lb lower compared to the same period in 2016 due to lower C1 cash costs. The lower C1 cash costs were driven by a higher zinc credit due to the improved metal price and higher zinc sales volumes and the favourable impact of the US dollar against the euro.

Sales revenues increased by 26% compared to the same period in 2016, reflecting higher zinc sales volumes from higher production and higher realized metal prices. Gross profit of \$4 million exceeded the comparative period, mainly driven by the increase in sales revenues.

Nine months

Copper production decreased by 10% compared to the same period in 2016 due to lower throughput and grades. Zinc production was 26% above the same periods in 2016 driven by higher grade and recovery. The lower throughput and fluctuation in copper and zinc grades reflect the near depletion of economic ore and the constraint on available work areas at this stage in the mine life.

AISC was \$0.73 per lb lower compared to 2016 due to lower C1 cash costs, partially offset by the impact of the reduction in copper production against the same period in 2016.

Sales revenues increased by 24% compared to 2016, reflecting higher realized metal prices. Gross profit \$18 million also exceeded 2016, driven by the increase in sales revenues.

Outlook

Production in 2017 is expected to be approximately 13,000 tonnes of copper, 5,000 ounces of gold, 15,000 tonnes of zinc and 700,000 tonnes of pyrite.

Although somewhat reduced in the final few years of the mine life, throughput is expected to be consistent despite more challenging mining conditions in mostly secondary or remnant stoping areas. The emphasis continues on maintaining a low underground void ratio and higher volumes of tailings backfill.

A shutdown for approximately eight days is planned in the fourth quarter of 2017, with three days of mill shutdown in October to manage lower mining volumes and five days expected in November for routine maintenance.

SALES REVENUES

Sales Revenues by Segment		Three months ended September 30		Nine months ended September 30	
		2017	2016	2017	2016
Kansanshi	- copper	379	293	1,086	927
	- gold	46	51	129	153
Sentinel	- copper	300	-	745	-
Las Cruces	- copper	109	93	339	276
Guelb Moghrein	- copper	37	27	111	115
	- gold	13	15	47	59
Ravensthorpe	- nickel	58	42	138	135
	- cobalt	7	3	16	8
Çayeli	- copper	33	24	64	68
	- zinc, gold and silver	6	4	11	9
Pyhäsalmi	- copper	18	15	54	46
	- zinc	7	3	29	14
	- pyrite, gold and silver	9	9	22	25
Corporate ¹		(145)	26	(366)	149
Sales revenues	- continuing operations	877	605	2,425	1,984
	Copper	719	478	2,017	1,573
	Nickel	58	43	140	137
	Gold	63	70	183	221
	Zinc and other	37	14	85	53
		877	605	2,425	1,984

¹ Corporate sales include sales hedges (see “Hedging Programs” for further discussion).

Three month review of sales revenues

Sales revenues of \$877 million increased by \$272 million compared to 2016 with copper sales revenue \$241 million higher. The increase in copper sales revenue was due mainly to sales from Sentinel being in commercial production since November 2016, which contributed revenues of \$300 million for the quarter, as well as slightly higher net realized copper prices. Total copper sales volumes for the Company were 9% higher in 2017 compared to 2016 due to a 43% increase in copper sales volumes attributable to Sentinel. Excluding Sentinel, copper sales revenues were 12% lower in the third quarter of 2017 compared with 2016 with a 2% reduction in copper sales volumes due to lower sales by Las Cruces in line with lower production as well as a change in the Kansanshi sales mix resulting from the planned maintenance shutdown of the Kansanshi smelter.

Nine month review of sales revenues

Sales revenues increased by \$441 million compared to 2016 with copper sales revenue \$444 million higher. The increase in copper sales revenue was due mainly to sales from Sentinel being in commercial production, which contributed revenues of \$745 million for the period. Total copper sales volumes for the Company were 7% higher in 2017 than in 2016 due to a 74% increase in copper sales volumes attributable to Sentinel. Excluding Sentinel, copper sales revenues were 19% lower in 2017 compared with 2016 reflecting an 8% reduction in copper sales volumes arising principally from Kansanshi, Çayeli and Guelb Moghrein, in line with lower copper production at those operations.

Realized Prices

Copper selling price (per lb) – continuing operations	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Average LME cash price	\$2.88	\$2.16	\$2.70	\$2.14
Realized copper price	\$2.37	\$2.23	\$2.28	\$2.27
Treatment/refining charges (“TC/RC”) and freight charges	(\$0.18)	(\$0.11)	(\$0.15)	(\$0.13)
Net realized copper price	\$2.19	\$2.12	\$2.13	\$2.14

The copper sales hedging program, initiated in 2015 to ensure stability of cash flows, reduced sales revenues by \$157 million and \$382 million for the quarter and the nine months, respectively. The impact on net realized copper price was a reduction of \$0.48 per lb and \$0.40 per lb for the quarter and the nine months, respectively.

As at September 30, 2017, the Company had unsettled and unmargined sales hedges for 224,500 tonnes with maturities to September 2018 at an average price of \$2.49 per lb. Further to the above unmargined sales hedges the Company had zero cost collar unmargined sales hedges for 100,000 tonnes at an average price range of \$2.57 - \$2.93 per lb with maturities to August 2018.

Given the volatility in copper prices, significant variances can arise between average LME and net realized prices due to the timing of sales during the period.

Nickel selling price (per payable lb) – continuing operations	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Average LME cash price	\$4.78	\$4.66	\$4.56	\$4.18
Realized nickel price	\$4.77	\$4.68	\$4.63	\$4.17
TC/RC and freight charges	-	\$0.01	-	(\$0.04)
Net realized nickel price	\$4.77	\$4.69	\$4.63	\$4.13

The Company closed the nickel sales hedge position in January 2017. The impact on sales revenue for the nine months of the nickel sales hedging program was an increase of \$2 million and an increase to the net realized nickel price of \$0.08 per lb.

As at September 30, 2017, the Company did not have any open nickel sales hedges.

Given the volatility in nickel prices, significant variances can arise between average LME and net realized prices due to the timing of sales during the period.

SUMMARY FINANCIAL RESULTS

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Gross profit (loss):				
Kansanshi	166	44	418	123
Sentinel	51	-	115	-
Las Cruces	24	18	80	44
Guelb Moghrein	11	4	29	43
Ravensthorpe	(13)	(17)	(52)	(64)
Çayeli	4	5	5	8
Pyhäsalmi	4	-	18	-
Corporate ¹	(164)	26	(395)	133
Total gross profit – continuing operations	83	80	218	287
Exploration	(4)	(4)	(10)	(10)
General and administrative	(20)	(17)	(55)	(51)
Other income (expense)	(22)	14	(19)	11
Net finance expense	(5)	(4)	(15)	(10)
Loss on extinguishment of senior notes	-	-	(84)	-
Income tax credit (expense)	(69)	(30)	(181)	2
Net earnings (loss) for the period:				
– continuing operations	(37)	39	(146)	229
– discontinued operations	-	-	-	(267)
– including discontinued operations	(37)	39	(146)	(38)
Net earnings (loss) for the period from continuing operations attributable to:				
Non-controlling interests	15	3	55	19
Shareholders of the Company	(52)	36	(201)	210
Comparative earnings (loss)	(28)	37	(75)	138
Earnings (loss) per share – continuing operations:				
Basic	(\$0.08)	\$0.05	(\$0.29)	\$0.31
Diluted	(\$0.08)	\$0.05	(\$0.29)	\$0.30
Comparative	(\$0.04)	\$0.05	(\$0.11)	\$0.20
Basic weighted average number of shares (in 000's)	686,323	685,594	685,935	685,746

¹ Corporate gross profit (loss) relates primarily to sales hedge revenue (loss)

Three month review of financial results

Gross profit was \$3 million higher compared with the same period in 2016 due to a 9% increase in sales volumes, mostly attributable to Sentinel. Increased gross profit at Kansanshi and gross profit contribution from Sentinel of \$51 million were offset by a \$157 million loss realized in the quarter on the copper sales hedge program.

Depreciation was \$74 million higher this quarter compared with the same period in 2016, mainly driven by declaration of commercial production at Sentinel.

Other expense includes a foreign exchange loss of \$21 million relating mainly to the revaluation of the outstanding Zambian kwacha denominated VAT receivable. The three months ended September 30, 2016 included a foreign exchange gain of \$12 million.

The net loss for the quarter of \$37 million includes a tax expense of \$69 million reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses of \$157 million realized under the Company's sales hedge program.

Nine month review of financial results

Despite a 7% increase in copper sales volumes, attributable to Sentinel, gross profit was 24% lower compared with the same period in 2016. Increased gross profit at the majority of operations was more than offset by a \$382 million loss realized in the period on copper sales hedges.

The net loss for the nine months ended September 30, 2017 of \$146 million includes \$84 million in costs relating to the early redemption of the senior notes in the first quarter of 2017 and losses of \$380 million incurred under the Company's sales hedge program, for which no tax credit is recognized.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Cash flows from continuing operating activities	267	263	711	821
Cash flows from (used by) continuing investing activities:				
Payments and deposits for property, plant and equipment	(480)	(269)	(1,154)	(833)
Capitalized borrowing costs paid in cash	(145)	(83)	(315)	(271)
Repayment and interest from ERG on promissory note	-	-	-	64
Initial proceeds from sale of Kevitsa	-	-	-	663
Other investing activities	3	-	13	(1)
Cash flows from (used by) continuing financing activities:				
Net movement in debt and trading facilities	306	(31)	536	(78)
Early redemption costs on senior notes	-	-	(54)	-
Other financing activities	64	36	144	103
Exchange gains (losses) on cash and cash equivalents	11	(1)	30	(19)
Net cash flows – continuing operations	26	(85)	(89)	449
Net cash flows – discontinued operations	-	-	-	(4)
Cash balance	476	810	476	810
Total assets	20,513	18,589	20,513	18,589
Total current liabilities	2,357	1,030	2,357	1,030
Total long-term liabilities	7,953	7,059	7,953	7,059
Net Debt ¹	5,059	4,188	5,059	4,188
Cash flows from continuing operating activities per share ¹	\$0.39	\$0.38	\$1.04	\$1.20

¹ Cash flows per share and Net Debt are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Cash flows from continuing operating activities for the third quarter of 2017 were marginally above the corresponding quarter in 2016. Higher cash generated from operations, and increased stream contributions offset unfavourable movements in working capital.

The total VAT amount accrued by the Company's Zambian operations at September 30, 2017, is \$297 million, of which \$246 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. VAT claims totaling Zambian Kwacha ("ZMW") 1,585 million (currently equivalent to \$164 million) made by Kansanshi prior to this date remain outstanding. Cash totalling \$99 million has been received for claims subsequent to February 2015. The accrual for historical VAT stems from the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. Management is in regular discussions with the relevant government authorities and continues to consider that the outstanding VAT claims are fully recoverable.

Capital expenditure, excluding capitalized interest, totaled \$480 million compared to \$269 million for the same period in 2016 and comprised primarily of \$350 million for the development of the Cobre Panama project and \$85 million for Kansanshi.

Cash flows from continuing financing activities of \$370 million includes \$72 million contributions from KPMC for the development of the Cobre Panama project, and proceeds from trading and other debt facilities of \$306 million during the quarter.

Liquidity outlook

At September 30, 2017, the Company had \$508 million of committed undrawn facilities, \$476 million in net unrestricted cash (includes overdrafts), working capital of \$1,101 million, as well as future cash flows which support its ability to meet current obligations as they become due. The Company was also in full compliance with all its debt covenants and expects to remain in compliance throughout the next 12 months.

On October 19, 2017 the Company signed a new Term Loan and Revolving Credit Facility replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility with its core relationship banks. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility, and a \$1.5 billion Revolving Credit Facility, maturing in December 2020. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019. Under the new Facility, the current Net Debt to EBITDA covenant ratio of 5.00x will be maintained until June 2018. The ratio will then reduce to 4.75x until June 2019, then to 4.5x until December 2019, then to 4.0x until June 2020, and then to 3.5x until final maturity.

The process to put in place project financing for Cobre Panama progressed well during the quarter. The Export Credit Agencies (“ECAs”) have continued their due diligence with specialist consultants and the Company is now in the final term sheet phase for launch to the commercial banking market.

Strong appetite for the transaction was demonstrated during recent market soundings with a group of leading banks. We expect to launch to the bank market in November with a full package of information and a deal structured and agreed by the ECAs.

We anticipate finalizing documentation around the end of the year with completion and drawdown in the first quarter of 2018.

At September 30, 2017, the Company had total commitments of \$852 million, of which approximately \$438 million relates to the twelve months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama. In addition, the Company’s Board of Directors has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

As at September 30, 2017, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cash flows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal repayments	5,371	5,465	351	941	1,973	2,200
Debt – finance charges	-	1,799	388	678	487	246
Trading facilities	165	165	165	-	-	-
Trade and other payables	571	571	571	-	-	-
Liability to related party ¹	817	1,523	-	361	164	998
Current taxes payable	77	77	77	-	-	-
Deferred payments	50	50	5	5	5	35
Finance leases	22	28	4	7	7	10
Commitments	-	852	438	400	8	6
Restoration provisions	572	953	7	9	7	930
Total	7,645	11,483	2,006	2,401	2,651	4,425

¹ Refers to distributions to KPMC, a related party that holds a 20% non-controlling interest, and not scheduled repayments.

Hedging programs

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

Commodity contracts:	September 30, 2017	December 31, 2016
Asset position	12	22
Liability position	(249)	(302)

The Company has entered into derivative contracts to ensure that the exposure to the price of copper and nickel on future sales is managed so as to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project while maintaining compliance with banking covenants. The Company will continue to protect downside copper price risk while retaining upside potential through the continued use of other financial instruments such as the zero cost collars or put options. As at September 30, 2017, 224,500 tonnes of unmargined copper forward sales contracts at an average price of \$2.49 per lb are outstanding with periods of maturity to September 2018. Additionally, the Company had zero cost collar unmargined sales contracts for 100,000 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.11 per lb with maturities to August 2018. The Company has elected to apply hedge accounting, with the hedges expected to be highly effective in offsetting changes in cash flows of future sales.

At October 26, 2017, 184,250 tonnes of unmargined copper forward sales contracts at an average price of \$2.51 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmargined sales contracts for 120,500 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.37 per lb with maturities to December 2018.

Approximately 95% of expected copper sales in the remainder of 2017 are hedged to unmargined forward and zero cost collar sales contracts at an average price of \$2.35 per lb and approximately 30% of the expected 2018 sales at an average of \$2.68 per lb.

During the nine-month period ended September 30, 2017, a loss for settled hedges of \$380 million was realized through sales revenues. Fair value losses on outstanding contracts of \$241 million have been recognized in other comprehensive income and as a derivative liability at September 30, 2017.

Commodity contracts:	Open Positions (tonnes)	Average Contract Price	Closing Market Price	Maturities Through
Copper forward	224,500	\$2.49/lb	\$2.94/lb	September 2018
Copper zero cost collar	100,000	\$2.57 - \$2.93/lb	\$2.94/lb	August 2018

Provisional pricing and derivative contracts

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

As at September 30, 2017, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ounces)	Average Contract Price	Closing Market Price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	84,471	\$2.95/lb	\$2.94/lb	January 2018
Nickel	1,210	\$5.05/lb	\$4.80/lb	October 2017
Gold	21,820	\$1,317/oz	\$1,285/oz	January 2018
Zinc	2,900	\$1.40/lb	\$1.25/lb	November 2017
Commodity contracts:				
Copper	83,604	\$2.95/lb	\$2.94/lb	January 2018
Nickel	1,210	\$5.05/lb	\$4.80/lb	October 2017
Gold	21,820	\$1,317/oz	\$1,285/oz	January 2018
Zinc	2,900	\$1.40/lb	\$1.25/lb	November 2017

As at September 30, 2017, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 689,384,334 shares outstanding.

SUMMARY OF RESULTS

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

Consolidated continuing operations	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Sales revenues</i>											
Copper	\$578	\$1,968	\$576	\$519	\$478	\$565	\$2,138	\$643	\$655	\$719	\$2,017
Nickel	61	234	57	37	43	45	182	43	39	58	140
Gold	61	225	69	82	70	50	271	54	66	63	183
Zinc and other elements	19	84	18	21	14	29	82	26	22	37	85
Total sales revenues	719	2,511	720	659	605	689	2,673	766	782	877	2,425
Gross profit	110	287	105	102	80	52	339	69	66	83	218
EBITDA	229	637	254	276	233	216	979	264	265	271	800
Comparative EBITDA	224	732	269	257	220	218	964	265	267	304	836
Net earnings (loss) attributable to shareholders of the Company	111	(501)	49	125	36	12	222	(114)	(35)	(52)	(201)
Comparative earnings (loss)	182	256	63	38	37	27	165	(29)	(18)	(28)	(75)
Basic earnings (loss) per share	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.29)
Comparative earnings (loss) per share	\$0.27	\$0.40	\$0.09	\$0.06	\$0.05	\$0.04	\$0.24	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.11)
Diluted earnings (loss) per share	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.29)
Dividends declared per common share (\$CDN per share)	-	\$0.0817	\$0.0100	-	\$0.0050	-	\$0.0150	\$0.0050	-	\$0.0050	\$0.0100
Basic weighted average # shares ('000's) ¹	684,652	646,823	685,795	685,783	685,594	685,739	685,746	685,827	685,845	686,323	685,935
<i>Cash flows per share from operating activities</i>											
	\$1.09	\$1.69	\$0.37	\$0.44	\$0.38	\$0.14	\$1.33	\$0.35	\$0.30	\$0.39	\$1.04
<i>Copper statistics</i>											
Total copper production (tonnes)	115,886	411,025	119,287	131,349	142,721	146,101	539,458	132,356	141,912	145,376	419,644
Total copper sales (tonnes)	119,534	391,653	131,267	132,030	136,051	136,265	535,613	139,810	139,521	148,894	428,225
Realized copper price (per lb)	\$2.40	\$2.49	\$2.38	\$2.21	\$2.23	\$2.18	\$2.26	\$2.20	\$2.24	\$2.37	\$2.28
TC/RC (per lb)	(0.10)	(0.15)	(0.11)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)	(0.09)	(0.12)	(0.11)
Freight charges (per lb)	(0.02)	(0.06)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)	(0.03)	(0.06)	(0.04)
Net realized copper price (per lb)	\$2.28	\$2.28	\$2.26	\$2.08	\$2.12	\$2.04	\$2.13	\$2.08	\$2.12	\$2.19	\$2.13
Cash cost – copper (C1) (per lb)	\$1.06	\$1.21	\$1.03	\$0.98	\$0.97	\$1.22	\$1.06	\$1.26	\$1.12	\$1.21	\$1.20
All-in sustaining cost (AISC) (per lb)	\$1.51	\$1.85	\$1.36	\$1.32	\$1.36	\$1.71	\$1.46	\$1.59	\$1.50	\$1.75	\$1.62
Total cost – copper (C3) (per lb)	\$1.85	\$2.14	\$1.86	\$1.80	\$1.74	\$1.91	\$1.83	\$2.05	\$1.95	\$2.03	\$2.01
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	17,837
Nickel sales (contained tonnes)	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	17,818
Nickel produced (payable tonnes)	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	4,866	13,694
Nickel sales (payable tonnes)	6,716	21,073	6,813	4,101	4,082	4,539	19,535	3,981	4,228	5,455	13,664
Realized nickel price (per payable lb)	\$4.29	\$5.18	\$3.88	\$4.15	\$4.68	\$4.50	\$4.25	\$4.93	\$4.17	\$4.77	\$4.63
TC/RC (per payable lb)	(0.15)	(0.14)	(0.09)	-	0.01	-	(0.03)	-	-	-	-
Net realized nickel price (per payable lb)	\$4.14	\$5.04	\$3.79	\$4.15	\$4.69	\$4.50	\$4.22	\$4.93	\$4.17	\$4.77	\$4.63
Cash cost – nickel (C1) (per payable lb)	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$4.46
All-in sustaining cost (AISC) (per lb)	\$4.95	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$5.32
Total cost – nickel (C3) (per payable lb)	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$6.12
<i>Gold statistics</i>											
Total gold production (ounces)	53,889	211,067	56,191	50,630	52,957	54,234	214,012	50,579	50,040	47,213	147,832
Total gold sales (ounces)	57,958	213,927	63,141	69,898	54,124	45,620	232,783	46,904	52,020	51,729	150,653
Net realized gold price (per ounce)	\$1,047	\$1,050	\$1,097	\$1,180	\$1,282	\$1,097	\$1,165	\$1,161	\$1,268	\$1,209	\$1,214
<i>Zinc statistics</i>											
Zinc production (tonnes)	9,605	41,139	6,223	6,491	5,064	11,084	28,862	6,253	6,538	4,376	17,167
Zinc sales (tonnes)	11,036	41,618	5,997	4,740	4,653	11,971	27,361	7,956	5,234	5,379	18,569

¹ Fluctuations in average weighted shares between quarters reflects shares issued and changes in levels of treasury shares held for performance share units.

Kansanshi statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	19,751	70,729	15,957	22,210	21,710	15,058	74,935	13,656	17,028	15,864	46,548
Ore mined (000's tonnes)	9,044	34,105	7,940	7,790	8,318	7,631	31,679	7,008	10,078	9,039	26,125
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,926	8,296	2,888	2,860	2,973	3,267	11,988	3,291	3,202	3,179	9,672
Sulphide ore grade processed (%)	0.7	0.8	0.7	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.7
Sulphide ore recovery (%)	92	91	88	92	93	93	92	93	90	88	90
Sulphide concentrate grade (%)	19.6	21.1	19.9	22.6	20.6	22.3	21.4	22.8	22.4	21.7	22.3
Mixed ore processed (000's tonnes)	1,960	10,949	1,990	1,984	1,986	1,993	7,953	2,010	1,992	1,983	5,985
Mixed ore grade processed (%)	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1
Mixed ore recovery (%)	73	72	88	83	80	79	84	87	86	81	85
Mixed concentrate grade (%)	23.9	24.8	23.4	26.0	24.6	27.2	25.2	31.1	33.4	29.9	31.4
Oxide ore processed (000's tonnes)	1,895	6,795	1,637	1,747	1,881	1,811	7,076	1,650	1,750	1,705	5,105
Oxide ore grade processed (%)	1.7	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.6	1.5	1.5
Oxide ore recovery (%)	83	80	92	89	94	95	94	93	87	80	86
Oxide concentrate grade (%)	28.4	23.6	25.5	26.7	32.0	29.2	28.6	32.6	32.8	30.0	31.8
Copper cathode produced (tonnes)	20,643	80,986	19,394	19,213	20,194	20,867	79,668	17,882	19,858	17,128	54,868
Copper in concentrate produced (tonnes)	40,957	145,688	38,681	43,145	46,695	45,083	173,604	45,316	44,239	41,578	131,133
Total copper production (tonnes)	61,600	226,674	58,075	62,358	66,889	65,950	253,272	63,198	64,097	58,706	186,001
Gold produced (ounces)	34,009	136,257	35,743	34,313	37,833	40,331	148,220	36,017	34,918	33,297	104,232
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	228,427	709,188	244,144	309,063	276,368	314,399	1,143,974	327,095	334,269	202,093	863,457
Copper anodes produced (tonnes) ¹	46,493	150,292	52,506	69,210	62,984	72,630	257,330	83,070	82,383	48,819	214,272
Smelter copper recovery (%)	97	98	98	97	97	95	97	97	95	94	96
Acid tonnes produced (000's)	214	645	239	309	266	295	1,109	307	307	189	803
<i>Cash Costs (per lb)</i>											
Mining	\$0.60	\$0.62	\$0.70	\$0.67	\$0.58	\$0.68	\$0.65	\$0.66	\$0.46	\$0.55	\$0.55
Processing	0.43	0.65	0.52	0.49	0.49	0.46	0.49	0.50	0.50	0.51	0.50
Site administration	0.04	0.06	0.06	0.06	0.06	0.09	0.07	0.07	(0.10) ²	(0.06) ²	(0.03)
TC/RC and freight charges	0.12	0.29	0.07	0.06	0.14	0.15	0.11	0.16	0.15	0.23	0.18
Gold credit	(0.21)	(0.26)	(0.30)	(0.34)	(0.35)	(0.22)	(0.30)	(0.25)	(0.34)	(0.32)	(0.30)
Total smelter costs	0.11	0.02	0.13	0.13	0.13	0.14	0.13	0.14	0.08	0.08	0.11
Cash cost (C1) (per lb)	\$1.09	\$1.38	\$1.18	\$1.07	\$1.05	\$1.30	\$1.15	\$1.28	\$0.75	\$0.99	\$1.01
All-in sustaining cost (AISC) (per lb)	\$1.57	\$2.22	\$1.59	\$1.49	\$1.48	\$1.76	\$1.57	\$1.59	\$1.18	\$1.79	\$1.53
Total cost (C3) (per lb)	\$1.82	\$2.28	\$1.94	\$1.76	\$1.68	\$1.81	\$1.78	\$1.89	\$1.41	\$1.64	\$1.66
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$95	\$464	\$74	\$91	\$99	\$110	\$374	\$101	\$115	\$101	\$317
Copper anode	248	403	239	208	185	209	841	285	183	201	669
Copper in concentrates	9	279	10	12	9	17	48	14	9	77	100
Gold	41	139	50	52	51	33	186	40	43	46	129
Total sales revenues	\$393	\$1,285	\$373	\$363	\$344	\$369	\$1,449	\$440	\$350	\$425	\$1,215
Copper cathode sales (tonnes)	22,238	81,848	15,892	18,772	21,219	21,201	77,084	17,903	20,661	16,511	55,075
Copper anode sales (tonnes)	52,635	83,022	52,866	44,631	40,107	39,291	176,895	51,299	33,250	32,531	117,080
Copper in concentrate sales (tonnes)	2,972	65,323	3,464	3,813	2,791	4,412	14,480	3,074	2,228	15,269	20,571
Gold sales (ounces)	38,664	131,972	44,132	43,220	38,896	30,592	156,840	33,732	33,039	37,054	103,825

¹ Quarterly statistics are presented from the date of commercial production. Annual statistics are inclusive of pre-commercial production. Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel concentrate processed.

² Includes movements in previously recognized operational provisions in the second and third quarters that are not expected to continue in future periods.

Sentinel statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
						Pre-Commercial production	Post-Commercial production					
<i>Mining</i>												
Waste mined (000's tonnes)	25,492	95,181	18,530	20,617	23,022	7,864	12,065	82,098	16,006	24,382	26,254	66,642
Ore mined (000's tonnes)	5,936	13,907	8,635	9,352	9,185	3,519	7,269	37,960	9,272	10,641	12,692	32,605
<i>Processing</i>												
Copper ore processed (000's tonnes)	5,329	14,016	8,281	8,860	8,831	3,397	7,000	36,369	8,800	10,019	11,434	30,253
Copper ore grade processed (%)	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.5	0.5
Recovery (%)	52	41	44	64	76	75	88	68	81	84	89	85
Copper concentrate produced (tonnes)	15,190	32,971	20,902	31,987	38,926	12,652	35,133	139,600	36,274	43,686	53,533	133,493
Concentrate grade (%)	-	-	-	-	-	-	26.4	26.4	26.4	24.0	23.5	24.4
<i>Cash Costs (per lb)</i>												
Mining	-	-	-	-	-	-	\$0.51	\$0.51	\$0.72	\$0.72	\$0.59	\$0.67
Processing	-	-	-	-	-	-	0.45	0.45	0.70	0.66	0.60	0.64
Site administration	-	-	-	-	-	-	0.13	0.13	(0.09) ¹	0.12	0.09	0.05
TC/RC and freight charges	-	-	-	-	-	-	0.25	0.25	0.20	0.19	0.22	0.21
Total smelter costs	-	-	-	-	-	-	0.13	0.13	0.14	0.17	0.12	0.14
Cash cost (C1) (per lb)	-	-	-	-	-	-	\$1.47	\$1.47	\$1.67	\$1.86	\$1.62	\$1.71
All-in sustaining cost (AISC) (per lb)	-	-	-	-	-	-	\$2.13	\$2.13	\$2.07	\$2.29	\$2.05	\$2.13
Total cost (C3) (per lb)	-	-	-	-	-	-	\$2.16	\$2.16	\$2.45	\$2.61	\$2.30	\$2.44
<i>Revenues (\$ millions)</i>												
Copper anode	-	-	-	-	-	-	\$110	\$110	\$170	\$239	\$229	\$638
Copper in concentrates	-	-	-	-	-	-	\$43	\$43	\$19	\$17	\$71	\$107
Total sales revenues	-	-	-	-	-	-	\$153	\$153	\$189	\$256	\$300	\$745
Copper anode sales (tonnes)	-	-	-	-	-	-	20,294	20,294	29,929	43,705	36,734	110,368
Copper concentrate sales (tonnes)	-	-	-	-	-	-	10,034	10,034	4,362	3,742	14,121	22,225

¹ Includes movements in previously recognized operational provisions in the first quarter that is not expected to continue in future periods.

Las Cruces statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	2,500	15,459	1,737	2,310	7,478	2,119	13,644	1,870	4,383	5,067	11,320
Ore mined (000's tonnes)	197	1,537	267	340	442	281	1,330	371	381	802	1,554
<i>Processing</i>											
Copper ore processed (000's tonnes)	380	1,500	378	389	409	362	1,538	398	409	392	1,199
Copper ore grade processed (%)	5.3	5.2	5.2	5.2	5.2	5.1	5.2	5.2	5.1	5.0	5.1
Recovery (%)	93	90	92	92	94	93	92	91	90	88	90
Copper cathode produced (tonnes)	18,608	70,029	18,045	18,426	20,016	17,156	73,643	18,793	18,683	17,488	54,964
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$1.03	\$0.90	\$0.84	\$0.80	\$0.67	\$0.94	\$0.81	\$0.78	\$0.79	\$0.93	\$0.83
All-in sustaining cost (AISC) (per lb)	\$1.36	\$1.18	\$0.96	\$0.94	\$0.98	\$1.20	\$1.01	\$0.93	\$1.00	\$1.20	\$1.04
Total cost (C3) (per lb)	\$1.90	\$1.93	\$1.82	\$1.85	\$1.72	\$1.93	\$1.83	\$1.89	\$2.09	\$2.25	\$2.07
<i>Revenues (\$ millions)</i>											
Copper cathode	\$83	\$394	\$89	\$94	\$93	\$82	\$358	\$119	\$111	\$109	\$339
Copper cathode sales (tonnes)	16,884	70,566	18,972	19,708	19,203	15,656	73,539	20,228	19,484	17,049	56,761

Guelb Moghrein statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	4,130	17,545	3,823	2,529	2,249	3,465	12,066	4,041	3,349	3,055	10,445
Ore mined (000's tonnes)	498	2,918	693	731	559	717	2,700	810	983	792	2,585
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	1,021	4,015	1,014	971	986	927	3,898	863	820	832	2,515
Sulphide ore grade processed (%)	1.3	1.2	1.2	1.0	0.8	0.7	0.9	1.0	1.0	0.90	0.90
Recovery (%)	91	92	93	90	91	91	91	92	92	92	92
Copper in concentrate produced (tonnes)	11,845	45,001	11,062	8,522	7,156	6,078	32,818	7,533	7,347	6,756	21,636
Gold produced (ounces)	17,145	64,007	17,240	13,363	12,208	11,140	53,951	12,133	12,375	11,435	35,943
<i>Cash Costs (per lb)</i>											
Mining	\$0.38	\$0.38	\$0.30	\$0.41	\$0.45	\$0.70	\$0.44	\$0.57	\$0.61	\$0.70	\$0.62
Processing	0.60	0.67	0.60	0.78	0.92	1.05	0.80	0.80	1.01	0.93	0.91
Site administration	0.12	0.16	0.14	0.19	0.26	0.25	0.20	0.16	0.17	0.20	0.17
TC/RC and freight charges	0.48	0.57	0.46	0.45	0.56	0.32	0.45	0.49	0.50	0.51	0.50
Gold credit	(0.75)	(0.77)	(0.82)	(0.94)	(1.05)	(1.13)	(0.96)	(0.88)	(1.05)	(0.91)	(0.95)
Cash cost (C1) (per lb)	\$0.83	\$1.01	\$0.68	\$0.89	\$1.14	\$1.19	\$0.93	\$1.14	\$1.24	\$1.43	\$1.25
All-in sustaining cost (AISC) (per lb)	\$1.28	\$1.45	\$1.13	\$1.34	\$1.72	\$2.21	\$1.51	\$1.67	\$1.53	\$1.86	\$1.67
Total cost (C3) (per lb)	\$1.49	\$1.67	\$1.31	\$1.61	\$1.96	\$2.18	\$1.68	\$1.93	\$2.08	\$2.30	\$2.08
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$45	\$209	\$35	\$53	\$27	\$25	\$140	\$30	\$44	\$37	\$111
Gold	17	76	16	28	15	14	73	11	23	13	47
Total sales revenues	\$62	\$285	\$51	\$81	\$42	\$39	\$213	\$41	\$67	\$50	\$158
Copper in concentrate sales (tonnes)	11,228	47,322	9,622	13,998	6,870	5,840	36,330	6,122	9,301	6,765	22,188
Gold sales (ounces)	16,667	70,680	15,573	23,765	12,038	11,959	63,335	10,293	16,160	11,616	38,069

Ravensthorpe statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Processing</i>											
Beneficiated ore (000's tonnes)	750	2,334	709	538	563	700	2,510	619	800	792	2,211
Beneficiated ore grade (%)	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.1	1.1	1.1	1.1
Nickel recovery – leach feed to NI produced (%)	84	88	84	80	79	80	81	82	79	76	79
Nickel produced (contained tonnes)	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	17,837
Nickel produced (payable tonnes)	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	4,866	13,694
<i>Cash Costs (per lb)</i>											
Mining	\$0.96	\$0.87	\$0.99	\$0.91	\$1.06	\$1.00	\$0.99	\$1.17	\$1.19	\$1.01	\$1.12
Processing	2.94	3.12	2.97	3.32	3.56	3.10	3.21	3.41	3.20	3.17	3.26
Site administration	0.31	0.36	0.27	0.41	0.42	0.38	0.36	0.38	0.36	0.34	0.36
TC/RC and freight charges	0.53	0.51	0.46	0.30	0.22	0.24	0.33	0.34	0.24	0.26	0.28
Cobalt credit	(0.25)	(0.26)	(0.21)	(0.21)	(0.25)	(0.26)	(0.23)	(0.46)	(0.56)	(0.62)	(0.56)
Cash cost (C1) (per lb)	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$4.46
All-in sustaining cost (AISC) (per lb)	\$4.95	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$5.32
Total cost (C3) (per lb)	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$6.12
<i>Revenues (\$ millions)</i>											
Nickel	\$61	\$234	\$57	\$36	\$42	\$50	\$185	\$41	\$39	\$58	\$138
Cobalt	4	12	3	2	3	2	10	4	5	7	16
Total sales revenues	\$65	\$246	\$60	\$38	\$45	\$52	\$195	\$45	\$44	\$65	\$154
Nickel sales (contained tonnes)	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	17,818
Nickel sales (payable tonnes)	6,716	21,073	6,813	4,101	4,083	4,539	19,536	3,981	4,228	5,455	13,664

Çayeli statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	290	1,233	328	303	323	313	1,267	207	253	279	739
<i>Processing</i>											
Ore milled (000's tonnes)	270	1,229	326	326	313	320	1,285	204	253	274	731
Copper ore grade processed (%)	2.6	2.5	2.5	2.2	2.3	2.0	2.3	1.7	2.1	2.2	2.0
Copper ore recovery (%)	81	81	86	87	87	89	87	89	88	90	89
Zinc ore grade processed (%)	2.8	3.0	1.7	1.6	1.8	1.3	1.6	1.1	1.4	0.9	1.1
Zinc ore recovery (%)	51	54	39	37	41	39	39	39	40	27	36
Copper produced (tonnes)	5,606	24,304	6,878	6,376	6,335	5,741	25,330	3,115	4,632	5,492	13,239
Zinc produced (tonnes)	3,778	19,808	2,170	1,944	2,338	1,610	8,062	867	1,427	653	2,947
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.41	\$1.29	\$1.18	\$1.26	\$1.11	\$1.25	\$1.20	\$1.52	\$1.44	\$1.21	\$1.35
All-in sustaining cost (AISC) (per lb)	\$1.65	\$1.70	\$1.36	\$1.48	\$1.24	\$1.42	\$1.37	\$1.64	\$1.73	\$1.41	\$1.56
Total cost – Copper (C3) (per lb)	\$1.79	\$2.15	\$1.83	\$1.95	\$1.76	\$1.90	\$1.86	\$2.53	\$2.34	\$2.50	\$2.44
<i>Revenues (\$ millions)</i>											
Copper	\$16	\$92	\$26	\$18	\$24	\$29	\$97	\$15	\$16	\$33	\$64
Zinc	3	18	2	-	3	3	8	4	-	5	9
Other	2	6	1	2	1	1	5	1	-	1	2
Total sales revenues	\$21	\$116	\$29	\$20	\$28	\$33	\$110	\$20	\$16	\$39	\$75
Copper sales (tonnes)	4,262	22,401	7,295	5,733	6,510	7,257	26,795	3,392	3,596	6,462	13,450
Zinc sales (tonnes)	4,847	19,479	2,062	-	2,376	2,387	6,825	2,491	-	1,944	4,435

Pyhäsalmi statistics	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	352	1,384	320	349	379	382	1,430	345	335	319	999
<i>Processing</i>											
Ore milled (000's tonnes)	345	1,379	343	335	352	350	1,380	328	311	315	954
Copper ore grade processed (%)	0.9	0.9	1.3	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1
Copper ore recovery (%)	97	97	98	97	95	97	97	97	97	96	97
Zinc ore grade processed (%)	1.9	1.7	1.3	1.5	0.9	2.9	1.7	1.8	1.8	1.3	1.7
Zinc ore recovery (%)	90	91	88	89	86	93	90	90	90	88	89
Copper produced (tonnes)	3,037	12,046	4,325	3,680	3,399	3,391	14,795	3,443	3,467	3,401	10,311
Zinc produced (tonnes)	5,827	21,331	4,053	4,547	2,726	9,474	20,800	5,385	5,111	3,725	14,221
Pyrite produced (tonnes)	216,031	839,706	177,149	195,679	112,882	4,770	490,480	184,464	168,319	184,486	537,269
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$0.42	\$0.30	\$0.14	\$0.33	\$0.61	(\$1.14)	\$0.04	(\$0.59)	(\$0.39)	\$0.03	(\$0.32)
All-in sustaining cost (AISC) (per lb)	\$0.75	\$0.48	\$0.22	\$0.41	\$0.64	(\$1.18)	\$0.07	(\$0.59)	(\$0.39)	\$0.03	(\$0.31)
Total cost – Copper (C3) (per lb)	\$2.53	\$2.42	\$2.04	\$2.28	\$2.59	\$0.84	\$1.99	\$1.57	\$1.92	\$2.43	\$1.97
<i>Revenues (\$ millions)</i>											
Copper	\$11	\$56	\$17	\$14	\$15	\$15	\$61	\$18	\$18	\$18	\$54
Zinc	5	25	4	7	3	16	30	10	12	7	29
Pyrite	6	21	7	3	3	3	16	4	3	3	10
Other	2	12	4	2	6	4	16	4	2	6	12
Total sales revenues	\$24	\$114	\$32	\$26	\$27	\$38	\$123	\$36	\$35	\$34	\$105
Copper sales (tonnes)	2,893	12,275	4,360	3,435	3,799	3,114	14,708	3,501	3,554	3,452	10,507
Zinc sales (tonnes)	6,188	22,139	3,935	4,740	2,277	9,584	20,536	5,466	5,234	3,434	14,134
Pyrite sales (tonnes)	218,233	750,729	210,183	107,348	89,118	111,273	517,922	105,449	107,013	91,569	304,031

REGULATORY DISCLOSURES

Seasonality

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

Off-balance sheet arrangements

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

Non-GAAP financial measures

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

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

Calculation of cash cost, total cost and all-in sustaining cost

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

C1 cash cost includes all mining and processing costs less any profits from by-products such as gold, zinc, pyrite or cobalt. TC/RC and freight deductions on metal sales, which are typically recognized as a component of sales revenues, are added to C1 cash cost to arrive at an approximate cost of finished metal. AISC is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping and royalties. C3 total cost is defined as AISC less sustaining capital expenditure, deferred stripping and general and administrative expenses net of insurance, plus depreciation and exploration.

The following tables provide a reconciliation of C1, C3 and AISC to the consolidated financial statements:

For the three months ended September 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(259)	(249)	(85)	(39)	(35)	(30)	(697)	(19)	(78)	(794)
Adjustments:										
Depreciation	69	62	47	10	16	17	221	-	13	234
By-product credits	46	-	-	13	5	14	78	-	7	85
Royalties	21	14	2	2	-	-	39	-	3	42
Treatment and refining charges	(15)	(14)	-	(4)	(4)	(3)	(40)	-	-	(40)
Freight costs	(12)	(7)	-	-	(1)	-	(20)	-	-	(20)
Finished goods	27	10	(1)	(2)	4	(1)	37	-	4	41
Other	(1)	2	-	-	-	3	4	19	6	29
Cash cost (C1)	(124)	(182)	(37)	(20)	(15)	-	(378)	-	(45)	(423)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(61)	(61)	(48)	(11)	(15)	(17)	(213)		(14)	(227)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)		(3)	(42)
Other	(2)	(1)	-	-	-	-	(3)		(1)	(4)
Total cost (C3)	(208)	(258)	(87)	(33)	(30)	(17)	(633)		(63)	(696)
Cash cost (C1)	(124)	(182)	(37)	(20)	(15)	-	(378)		(45)	(423)
Adjustments:										
General and administrative expenses	(6)	(9)	(2)	(1)	(1)	-	(19)		(2)	(21)
Sustaining capital expenditure and deferred stripping	(75)	(25)	(6)	(4)	(1)	-	(111)		-	(111)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)		(3)	(42)
AISC	(226)	(230)	(47)	(27)	(17)	-	(547)		(50)	(597)
AISC (per lb)	\$1.79	\$2.05	\$1.20	\$1.86	\$1.41	\$0.03	\$1.75		\$4.67	
Cash cost – (C1) (per lb)	\$0.99	\$1.62	\$0.93	\$1.43	\$1.21	\$0.03	\$1.21		\$4.16	
Total cost – (C3) (per lb)	\$1.64	\$2.30	\$2.25	\$2.30	\$2.50	\$2.43	\$2.03		\$5.77	

For the nine months ended September 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(797)	(630)	(259)	(129)	(70)	(87)	(1,972)	(29)	(206)	(2,207)
Adjustments:										
Depreciation	212	163	147	34	30	50	636	1	29	666
By-product credits	129	-	-	47	11	51	238	-	16	254
Royalties	62	40	5	5	1	-	113	-	8	121
Treatment and refining charges	(32)	(32)	-	(14)	(9)	(8)	(95)	-	-	(95)
Freight costs	(24)	(10)	-	-	(3)	(1)	(38)	-	-	(38)
Finished goods	39	(15)	3	-	2	(1)	28	-	9	37
Other	8	(2)	2	-	-	4	12	28	9	49
Cash cost (C1)	(403)	(486)	(102)	(57)	(38)	8	(1,078)	-	(135)	(1,213)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(192)	(163)	(145)	(33)	(29)	(50)	(612)		(40)	(652)
Royalties	(62)	(40)	(5)	(5)	(1)	-	(113)		(8)	(121)
Other	(5)	(3)	-	-	-	-	(8)		(3)	(11)
Total cost (C3)	(662)	(692)	(252)	(95)	(68)	(42)	(1,811)		(186)	(1,997)
Cash cost (C1)	(403)	(486)	(102)	(57)	(38)	8	(1,078)		(135)	(1,213)
Adjustments:										
General and administrative expenses	(18)	(22)	(5)	(3)	(2)	-	(50)		(6)	(56)
Sustaining capital expenditure and deferred stripping	(128)	(57)	(15)	(12)	(3)	-	(215)		(12)	(227)
Royalties	(62)	(40)	(5)	(5)	(1)	-	(113)		(8)	(121)
AISC	(611)	(605)	(127)	(77)	(44)	8	(1,456)		(161)	(1,617)
AISC (per lb)	\$1.53	\$2.13	\$1.04	\$1.67	\$1.56	(\$0.31)	\$1.62		\$5.32	
Cash cost – (C1) (per lb)	\$1.01	\$1.71	\$0.83	\$1.25	\$1.35	(\$0.32)	\$1.20		\$4.46	
Total cost – (C3) (per lb)	\$1.66	\$2.44	\$2.07	\$2.08	\$2.44	\$1.97	\$2.01		\$6.12	

For the three months ended September 30, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(300)	-	(75)	(38)	(23)	(27)	(463)	-	(62)	(525)
Adjustments:										
Depreciation	73	-	41	10	9	14	147	-	13	160
By-product credits	51	-	-	15	5	12	83	-	2	85
Royalties	18	-	1	1	-	-	20	-	2	22
Treatment and refining charges	(8)	-	1	(5)	(5)	(3)	(20)	-	-	(20)
Freight costs	(4)	-	-	-	(1)	-	(5)	-	-	(5)
Finished goods	16	-	2	(1)	-	-	17	-	-	17
Other	2	-	-	-	-	1	3	-	1	4
Cash cost (C1)	(152)	-	(30)	(18)	(15)	(3)	(218)	-	(44)	(262)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(71)	-	(45)	(11)	(9)	(14)	(150)		(12)	(162)
Royalties	(18)	-	(1)	(1)	-	-	(20)		(2)	(22)
Other	(1)	-	-	-	-	-	(1)		(1)	(2)
Total cost (C3)	(242)	-	(76)	(30)	(24)	(17)	(389)		(59)	(448)
Cash cost (C1)	(152)	-	(30)	(18)	(15)	(3)	(218)		(44)	(262)
Adjustments:										
General and administrative expenses	(10)	-	(2)	(1)	(1)	-	(14)		(3)	(17)
Sustaining capital expenditure and deferred stripping	(35)	-	(10)	(6)	(1)	-	(52)		(2)	(54)
Royalties	(18)	-	(1)	(1)	-	-	(20)		(2)	(22)
AISC	(215)	-	(43)	(26)	(17)	(3)	(304)		(51)	(355)
AISC (per lb)	\$1.48	-	\$0.98	\$1.72	\$1.24	\$0.64	\$1.36		\$5.90	
Cash cost – (C1) (per lb)	\$1.05	-	\$0.67	\$1.14	\$1.11	\$0.61	\$0.97		\$5.01	
Total cost – (C3) (per lb)	\$1.68	-	\$1.72	\$1.96	\$1.76	\$2.59	\$1.74		\$6.71	

For the nine months ended September 30, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(957)	-	(232)	(131)	(69)	(85)	(1,474)	(16)	(207)	(1,697)
Adjustments:										
Depreciation	254	-	124	36	26	47	487	-	38	525
By-product credits	152	-	-	59	11	41	263	-	7	270
Royalties	78	-	4	6	-	-	88	-	6	94
Treatment and refining charges	(50)	-	2	(22)	(14)	(8)	(92)	-	(1)	(93)
Freight costs	(7)	-	-	-	(4)	(1)	(12)	-	-	(12)
Finished goods	80	-	5	5	-	(2)	88	-	19	107
Other	13	-	2	1	2	-	18	16	2	36
Cash cost (C1)	(437)	-	(95)	(46)	(48)	(8)	(634)	-	(136)	(770)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(203)	-	(124)	(31)	(26)	(47)	(431)		(38)	(469)
Royalties	(78)	-	(4)	(6)	-	-	(88)		(6)	(94)
Other	(8)	-	-	(3)	(1)	-	(12)		(5)	(17)
Total cost (C3)	(726)	-	(223)	(86)	(75)	(55)	(1,165)		(185)	(1,350)
Cash cost (C1)	(437)	-	(95)	(46)	(48)	(8)	(634)		(136)	(770)
Adjustments:										
General and administrative expenses	(29)	-	(6)	(3)	(3)	(1)	(42)		(9)	(51)
Sustaining capital expenditure and deferred stripping	(77)	-	(11)	(18)	(4)	(1)	(111)		(5)	(116)
Royalties	(78)	-	(4)	(6)	-	-	(88)		(6)	(94)
AISC	(621)	-	(116)	(73)	(55)	(10)	(875)		(156)	(1,031)
AISC (per lb)	\$1.51	-	\$0.96	\$1.34	\$1.36	\$0.42	\$1.35		\$5.39	
Cash cost – (C1) (per lb)	\$1.10	-	\$0.77	\$0.86	\$1.18	\$0.35	\$0.99		\$4.72	
Total cost – (C3) (per lb)	\$1.77	-	\$1.80	\$1.56	\$1.84	\$2.29	\$1.80		\$6.40	

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

In calculating the operating cash flow per share, the operating cash flow calculated for IFRS purposes is divided by the basic weighted average common shares outstanding for the respective period.

EBITDA, Comparative EBITDA, comparative earnings and comparative earnings per share are non-GAAP measures which measure the performance of the Company.

Comparative EBITDA, comparative earnings and comparative earnings per share exclude certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period. These include foreign exchange gains and losses, fair value adjustments for the time value of options, gains and losses on disposal of assets, one-time costs related to acquisitions, dispositions, restructuring and other transactions and revisions in estimates of restoration provisions at closed sites.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Operating profit from continuing operations	37	73	134	237
Add back:				
Depreciation	234	160	666	526
EBITDA	271	233	800	763
Adjustments:				
Foreign exchange (gain) loss and changes in fair value relating to option time value	26	(12)	24	(20)
(Gain) loss on disposal of assets	(2)	-	1	-
Costs associated with moving Ravensthorpe into care and maintenance	7	-	7	-
Revisions in estimates of restoration provisions at closed sites	2	(1)	4	3
Total adjustments to EBITDA	33	(13)	36	(17)
Comparative EBITDA	304	220	836	746

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(52)	36	(201)	210
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of senior notes	-	-	84	-
Total adjustments to EBITDA including impairment	33	(13)	36	(17)
Comparative tax adjustments	(3)	17	9	(50)
Tax and minority interest on comparative adjustments	(6)	(3)	(3)	(5)
Comparative earnings (loss)	(28)	37	(75)	138
Earnings (loss) per share as reported	(\$0.08)	\$0.05	(\$0.29)	\$0.31
Comparative earnings (loss) per share	(\$0.04)	\$0.05	(\$0.11)	\$0.20

Significant judgments, estimates and assumptions in applying accounting policies

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. References to notes in the text below refer to the notes to the consolidated financial statements.

(i) Significant judgments

- Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Changes in the judgments surrounding proven and probable reserves may impact the carrying value of property, plant and equipment, restoration provisions, recognition of deferred income tax amounts and depreciation.

- Achievement of commercial production

Once a mine or smelter reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain of the Company's assets reach this level; management consider several factors including: completion of a reasonable period of commissioning; consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue; mineral recoveries at or near expected levels; and the transfer of operations from development personnel to operational personnel has been completed.

Commercial production was declared from November 1, 2016, for the Sentinel mine with management having concluded that the mine was operating in a manner intended by management.

- Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. The Company provides for potential differences in interpretation based on a best estimate of the probable outcome of these matters. Changes in these estimates could result in material adjustments to the Company's current and deferred income taxes.

- Precious metal stream arrangement

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

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

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

- Assessment of impairment indicators

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

any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views.

(ii) Significant accounting estimates and assumptions

Estimates are inherently uncertain and therefore actual results may differ from the amounts included in the financial statements, potentially having a material future effect on the Company's consolidated financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

The majority of the Company's property, plant and equipment are depreciated over the estimated lives of the assets on a units-of-production basis. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

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

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

- Review of asset carrying values and impairment charges

The Company reviews the carrying value of assets each reporting period to determine whether there is any indication of impairment using both internal and external sources of information. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings. The Company has determined that each mining operation and smelter is a cash-generating unit. Goodwill is not amortized, but rather the cash-generating-unit ("CGU") to which the goodwill has been allocated is tested for impairment on an annual basis to ensure that the recoverable amount exceeds the carrying value.

External sources of information regarding indications of impairment include considering the changes in market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of, or the timing of economic benefits from mining assets. Internal sources of information include changes to the life of mine plans and economic performance of the assets.

Management's determination of recoverable amounts including estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The calculation of the recoverable amount can also include assumptions regarding the appropriate discount rate and inflation and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

The Company's most significant CGUs are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators.

- Estimation of the amount and timing of restoration and remediation costs

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates and assumptions relating to probabilities of alternative estimates of future cash outflows. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for restoration.

The provision represents management's best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet.

- Taxes

The Company operates in a specialized industry and in a number of tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity and interpretation of tax regulations require assessments of uncertainties and estimates of the taxes that the Company will ultimately pay. Final taxes payable and receivable are dependent on many factors, including negotiations with tax authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets on unutilized tax losses. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Forecast cash flows are based on life of mine projections.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets.

- Inventory

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

Financial instruments risk exposure

The Company's activities expose it to a variety of risks arising from financial instruments. These risks, and management's objectives, policies and procedures for managing these risks are disclosed as follows:

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below "BBB-" are reported to, and approved by, the Audit Committee. As at September 30, 2017, the majority of cash was held with "AAA" money market funds and all short-term deposits are with counterparties of investment grade.

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

Liquidity risk

The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the three and nine months ended September 30, 2017, and the years ended December 31, 2016 and December 31, 2015. If the

Company breaches a covenant in its financing agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc and other elements.

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the quarter ended September 30, 2017, a fair value loss of \$241 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$157 million has been recognized through sales revenues. As at September 30, 2017, 224,500 tonnes of unmargined copper forward sales contracts at a price of \$2.49 per lb remain outstanding with periods of maturity to September 2018. Additionally, the Company had zero-cost collar unmargined sales contracts for 100,000 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.11 per lb with maturities to August 2018.

The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments. As at September 30, 2017, and December 31, 2016, the Company had not entered into any diesel or sulphur derivatives.

The Company's commodity price risk related to changes in fair value of embedded derivatives in accounts receivable reflecting copper, nickel, gold and zinc sales provisionally priced based on the forward price curve at the end of each quarter.

Interest rate risk

The Company's interest rate risk arises from interest paid on floating rate debt and the interest received on cash and short-term deposits. The Company currently capitalizes the majority of interest charges, and therefore the risk exposure is primarily on cash, and net earnings in relation to the depreciation of capitalized interest charges.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest rate management products, such as swaps, are used in relation to deposits.

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at September 30, 2017, and December 31 2016, the Company held no floating-to-fixed interest rate swaps.

Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("ZMW"), Australian dollar ("A\$") Mauritanian ouguiya ("MRO"), the euro ("EUR"), the Turkish lira ("TRY") and the Argentine peso ("ARS"); and to the local currencies of suppliers who provide capital equipment for project development, principally the A\$, EUR and the South African rand ("ZAR").

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

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2016, under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in the securities legislation.

Since the December 31, 2016 evaluation, there have been no adverse changes to the Company's controls and procedures and they continue to remain effective.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2016 by the Company's management, including the Chief Executive Officer and Chief Financial Officer based on the Control - Integrated Framework (2013) established by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

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

Cautionary statement on forward-looking information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. These forward-looking statements are principally included in the Development activities section and are also disclosed in other sections of the document. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at Cobre Panama and Enterprise and are subject to the impact of ore grades on future production, the potential of production disruptions, capital expenditure and mine production costs, the outcome of mine permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, nickel, zinc, pyrite, cobalt and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about continuing production at all operating facilities, the price of copper, gold, nickel, zinc, pyrite, cobalt and sulphuric acid, anticipated costs and expenditures and the ability to achieve the Company's

goals. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, the temporary or permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Mauritania and Panama, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

See the Company's Annual Information Form for additional information on risks, uncertainties and other factors relating to the forward-looking statements and information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of these factors are beyond First Quantum's control. Accordingly, readers should not place undue reliance on forward-looking statements or information. The Company undertakes no obligation to reissue or update forward-looking statements or information as a result of new information or events after the date hereof except as may be required by law. All forward-looking statements and information made herein are qualified by this cautionary statement.