Condensed Interim Consolidated Financial Statements

Second Quarter – June 30, 2018

(unaudited)

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

First Quantum Minerals Ltd.

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 June 30		Six months ended June 30	
	Note	**2018**	**2017**	**2018**	**2017**
Sales revenues	12	1,049	782	1,934	1,548
Cost of sales	13	(778)	(716)	(1,482)	(1,413)
Gross profit		271	66	452	135
Exploration		(6)	(3)	(13)	(6)
General and administrative		(17)	(18)	(35)	(35)
Other income (loss)		(3)	1	4	3
Operating profit		245	46	408	97
Finance income		4	1	9	2
Finance costs	14	(6)	(6)	(16)	(12)
Loss on extinguishment of borrowings		-	-	-	(84)
Earnings (loss) before income taxes		243	41	401	3
Income tax expense	15	(90)	(56)	(176)	(112)
Net earnings (loss)		153	(15)	225	(109)
Net earnings (loss) attributable to:					
Non-controlling interests		18	20	43	40
Shareholders of the Company	11b	135	(35)	182	(149)
Earnings (loss) per common share attributable to the shareholders of the Company					
Net earnings (loss) ($ per share)					
Basic	11b	0.20	(0.05)	0.27	(0.22)
Diluted	11b	0.20	(0.05)	0.26	(0.22)
Weighted average shares outstanding (000's)					
Basic	11b	686,423	685,845	686,413	685,844
Diluted	11b	689,385	685,845	689,385	685,844
Total shares issued and outstanding (000's)	11a	689,386	689,380	689,386	689,380

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

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

(expressed in millions of U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings (loss) for the period	153	(15)	225	(109)
Other comprehensive income (loss)				
Items that have been/may be subsequently reclassified to net earnings:				
Cash flow hedges reclassified to net earnings	46	83	218	170
Gains (losses) on cash flow hedges arising during the period	23	7	56	(106)
Loss on termination of Pebble framework agreement	(38)	-	(38)	-
Unrealized gain on available-for-sale investments	-	-	-	1
Total comprehensive income (loss) for the period	184	75	461	(44)
Total comprehensive income (loss) for the period				
Non-controlling interests	18	20	43	40
Shareholders of the Company	166	55	418	(84)
Total comprehensive income (loss) for the period	184	75	461	(44)

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Cash from operating activities					
Net earnings (loss) from operations		153	(15)	225	(109)
Adjustments for					
Depreciation	13	224	219	429	432
Income tax expense	15	90	56	176	112
Share-based compensation expense		4	5	9	11
Net finance expense		2	5	7	10
Unrealized foreign exchange gain (loss)		18	(13)	10	(13)
Loss on extinguishment of borrowings		-	-	-	84
Other		2	10	10	10
		493	267	866	537
Taxes paid		(102)	(85)	(150)	(130)
Precious metal stream agreements	10	89	53	515	103
Movements in non-cash operating working capital		(73)	(30)	(28)	(66)
Net cash from operating activities of operations		407	205	1,203	444
Cash flows used by investing activities					
Purchase and deposits on property, plant and equipment	5	(575)	(363)	(1,014)	(674)
Acquisition of Korea Panama Mining Corp ("KPMC")		-	-	(105)	-
Interest paid and capitalized to property, plant and equipment	5	(122)	(46)	(194)	(170)
Other		-	-	5	10
Net cash used by investing activities of operations		(697)	(409)	(1,308)	(834)
Cash flows from financing activities					
Net movement in trading facility		(7)	8	(15)	44
Proceeds from debt		169	100	2,346	2,276
Repayments of debt		(5)	(5)	(2,114)	(2,090)
Early redemption costs on senior notes		-	-	-	(54)
Amounts received from (paid to) joint venture (KPMC shareholder loan)	9	(45)	-	98	-
Proceeds from (payments to) joint venture (KPMC)	9	89	53	(197)	103
Dividends paid to shareholders of the Company		(3)	(3)	(3)	(3)
Dividends paid to non-controlling interest		(16)	-	(16)	-
Other		5	34	-	(20)
Net cash from financing activities of operations		187	187	99	256
Increase (decrease) in cash and cash equivalents and bank overdrafts		(103)	(17)	(6)	(134)
Cash and cash equivalents and bank overdrafts – beginning of period		810	449	702	565
Exchange gains (loss) on cash and cash equivalents		(25)	18	(14)	19
Cash and cash equivalents and bank overdrafts – end of period		682	450	682	450
Cash and cash equivalents and bank overdrafts comprising:					
Cash and cash equivalents		1,458	1,407	1,458	1,407
Bank overdrafts		(776)	(957)	(776)	(957)

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

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

(expressed in millions of U.S. dollars)

	Note	June 30, 2018	December 31, 2017 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,458	1,296
Trade and other receivables	3	595	652
Inventories	4	1,135	1,082
Current portion of other assets	7	226	159
		3,414	3,189
Cash and cash equivalents - restricted cash		80	90
Non-current VAT receivable	3	139	140
Property, plant and equipment	5	18,080	17,173
Goodwill		237	237
Investment in joint venture		600	600
Other assets	7	111	194
Total assets		**22,661**	**21,623**
Liabilities			
Current liabilities			
Bank overdraft		776	594
Trade and other payables		675	713
Current taxes payable		172	139
Current debt	8	181	316
Current portion of provisions and other liabilities	9	88	306
		1,892	2,068
Debt	8	6,366	5,961
Provisions and other liabilities	9	1,787	1,911
Deferred revenue	10	1,342	726
Deferred income tax liabilities		822	829
Total liabilities		**12,209**	**11,495**
Equity			
Share capital	11	5,585	5,575
Retained earnings		3,685	3,612
Accumulated other comprehensive loss		(13)	(227)
Total equity attributable to shareholders of the Company		9,257	8,960
Non-controlling interests		1,195	1,168
Total equity		**10,452**	**10,128**
Total liabilities and equity		**22,661**	**21,623**
Commitments & contingencies	18		

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in millions of U.S. dollars)

	Share capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interests
Balance at December 31, 2016	5,553	3,933	(292)	1,091
Share-based compensation expense for the period[1]	12	-	-	-
Total comprehensive income (loss) for the period	-	(149)	65	40
Dividends	-	(3)	-	-
Balance at June 30, 2017	5,565	3,781	(227)	1,131
Share-based compensation expense for the period[1]	10	-	-	-
Total comprehensive income (loss) for the period	-	(167)	-	37
Dividends	-	(2)	-	-
Balance at December 31, 2017	5,575	3,612	(227)	1,168
Share-based compensation expense for the period[1]	10	-	-	-
IFRS 9 and IFRS 15 transition adjustments	-	(106)	(22)	-
Total comprehensive income for the period	-	182	236	43
Dividends	-	(3)	-	(16)
Balance at June 30, 2018	**5,585**	**3,685**	**(13)**	**1,195**

[1] Inclusive of capitalized amounts

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

1 Nature of operations

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, gold, zinc, acid, and related activities including exploration and development. The Company has operating mines located in Zambia, Finland, Turkey, Spain and Mauritania. The Company's Ravensthorpe nickel mine was placed under care and maintenance in October 2017. 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.

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 accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") have been condensed or omitted. 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, 2017.

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

The Company has adopted *IFRS 9 Financial Instruments* as of January 1, 2018. The requirements of *IFRS 9* represent a significant change from *IAS 39 Financial Instruments*: *Recognition and Measurement*. Additionally, the Company adopted consequential amendments to *IFRS 7 Financial Instruments*: *Disclosures*.

The details and quantitative impact of the changes in accounting policies are disclosed below.

- *IFRS 9* contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under *IFRS 9*, financial asset derivatives are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Refer to the table below for a summary of the classification changes upon transition to *IFRS 9*.
- Non-substantial modifications of financial liabilities are required to have a modification gain or loss recognized. This has resulted in an increase in the carrying value of senior debt on transition of $44 million.
- The Company has elected to present all subsequent changes in the fair value of an investment in an equity instrument within other comprehensive income ("OCI"). These investments were previously held at cost or fair value through profit and loss. A fair value adjustment of $10 million was recognized within accumulated other comprehensive loss.
- *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 was performed to determine the expected credit loss of financial assets. 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 have determined the expected credit loss to be not material (December 31, 2017: no impairment recognized). The Company has also adopted consequential amendments to *IAS 1 Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include any impairment of trade receivables in other expenses.
- *IFRS 9* marks a revised approach to hedge accounting, however this has not significantly impacted the 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 are recognized in OCI. On transition, $12 million has been reclassified between retained earnings and accumulated other comprehensive loss.

(expressed in millions of U.S. dollars)

The following table shows the original measurement categories under *IAS 39* and the new measurement categories under *IFRS 9* for each class of the Group's financial assets as at January 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Trade and other receivables	Loans and receivables	Amortized cost
Derivative instruments in designated hedge relationships	FVTPL	FVTPL
Other derivative instruments	FVTPL	FVTPL
Investments		
At cost	Available-for-sale	FVOCI
At fair value	Available-for-sale	FVOCI
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Derivative instruments in designated hedge relationships	FVTPL	FVTPL
Other derivative instruments	FVTPL	FVTPL
Finance leases	Other financial liabilities	Amortized cost
Liability to joint venture	Other financial liabilities	Amortized cost
Debt	Other financial liabilities	Amortized cost

IFRS 15 Revenue from Contracts with Customers

The Company has adopted *IFRS 15 Revenue from Contracts with Customers* as of January 1, 2018. In accordance with the transition provisions in *IFRS 15*, the Company has elected to apply the new rules retrospectively whereby the transitional adjustment is recognized in retained earnings with no adjustment of comparatives. Therefore, the comparative information continues to be reported under *IAS 18*. The changes have only been applied to contracts that remained in force at the transition date.

The details and quantitative impact of the changes in accounting policies are disclosed below.

- The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangements were previously accounted for and classified as deferred revenue. As the timing of the transfer of goods does not match the receipt of consideration, *IFRS 15* requires the transaction price to be adjusted to reflect the significant financing component. In accordance with the requirements of *IFRS 15*, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue of $74 million on transition.
- The Company sells a significant proportion of its products on terms whereby the Company is responsible for providing shipping services after the date at which control of the goods passes to the customer. Under *IAS 18*, the Company recognizes such shipping and other freight revenue and accrues the associated costs in full on loading. The impact of treating freight, where applicable, as a separate performance obligation and therefore recognizing revenue over time would not have materially impacted revenue, costs or earnings as at June 30, 2018 or at December 31, 2017.
- The Company's sales are made under pricing arrangements where final prices are set at a specified date based on market prices. Under *IFRS 15*, variable consideration should be estimated by method of expected value or most likely amount, and included in the transaction price, to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur. The changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices is recognized as an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales. The adoption of *IFRS 15* has not changed the assessment or treatment of the existence of embedded derivatives in these financial statements.

The Company has elected to make use of the following practical expedients:

- Completed contracts under *IAS 18* before the date of transition have not been reassessed.
- The Company applies the practical expedient in paragraph 121 of *IFRS 15* and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

(expressed in millions of U.S. dollars)

The following table summarizes the impacts of adopting *IFRS 9* and *IFRS 15* on the Company's consolidated financial statements on January 1, 2018.

	Impact of changes in accounting policies		
	As reported December 31, 2017	Transition adjustments	At January 1, 2018
Balance sheet			
Other assets	353	(10)	343
Debt	(6,277)	(44)	(6,321)
Deferred revenue	(726)	(74)	(800)
Retained earnings	3,612	106	3,718
Accumulated other comprehensive loss	(227)	22	(205)

Accounting standards issued but not yet effective

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 process of reviewing and evaluating contracts for the impact of IFRS 16 on the financial statements is ongoing. 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. Fewer leases will qualify for operating lease accounting through cost of sales as is the case under the current standard, and more leases are accounted for in line with current finance lease accounting.

(expressed in millions of U.S. dollars)

3 VAT receivable

	June 30, 2018	December 31, 2017
Kansanshi Mining PLC	287	240
Kalumbila Minerals Limited	99	54
First Quantum Mining and Operations (Zambia)	25	19
VAT receivable from the Company's Zambian operations	411	313
Cobre Las Cruces SA	10	10
Çayeli Bakır İşletmeleri A.Ş.	3	6
Other	1	1
Total VAT receivable	425	330
Less: current portion, included within trade and other receivables	(286)	(190)
Non-current VAT receivable	139	140

VAT receivable by the Company's Zambian operations	June 30, 2018	December 31, 2017
Receivable at date of claim	534	435
Impact of depreciation of Zambian Kwacha against U.S. dollars	(103)	(102)
	431	333
Impact of discounting non-current portion	(20)	(20)
Total receivable	411	313
Consisting:		
Current portion, included within trade and other receivables	272	173
Non-current VAT receivable	139	140

4 Inventories

	June 30, 2018	December 31, 2017
Ore in stockpiles	258	256
Work-in-progress	28	25
Finished product	262	270
Total product inventory	548	551
Consumable stores	587	531
	1,135	1,082

(expressed in millions of U.S. dollars)

5 Property, plant and equipment

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs: Operating mines	Mineral properties and mine development costs: Development projects	Total
Net book value, as at January 1, 2018	4,686	7,881	2,374	2,232	17,173
Additions	-	1,038	-	-	1,038
Disposals	(5)	-	-	-	(5)
Transfers between categories	238	(249)	8	3	-
Restoration provision	-	-	(12)	1	(11)
Capitalized interest (note 14)	-	316	-	-	316
Depreciation charge (note 13)	(297)	-	(134)	-	(431)
Net book value, as at June 30, 2018	4,622	8,986	2,236	2,236	18,080
Cost	8,361	8,986	3,667	2,236	23,250
Accumulated depreciation	(3,739)	-	(1,431)	-	(5,170)

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs: Operating mines	Mineral properties and mine development costs: Development projects	Total
Net book value, as at January 1, 2017	4,996	6,361	2,254	2,200	15,811
Additions	-	1,745	-	-	1,745
Disposals	(17)	(1)	-	-	(18)
Impairments	(18)	(6)	-	-	(24)
Transfers between categories	365	(703)	319	19	-
Restoration provision	-	-	59	13	72
Capitalized interest	-	485	-	-	485
Depreciation charge	(640)	-	(258)	-	(898)
Net book value, as at December 31, 2017	4,686	7,881	2,374	2,232	17,173
Cost	8,058	7,881	3,662	2,232	21,833
Accumulated depreciation	(3,372)	-	(1,288)	-	(4,660)

During the six months ended June 30, 2018, $316 million of interest (six months ended June 30, 2017: $228 million) was capitalized relating to the development of qualifying assets. The amount capitalized to June 30, 2018 was determined by applying the weighted average cost of borrowings of 7.2% (six months ended June 30, 2017: 7.6%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at June 30, 2018, is an amount of $630 million related to capitalized deferred stripping costs (December 31, 2017: $638 million).

6 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 and an impairment test was performed at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs to sell. Economically recoverable reserves and resources, operating costs and future capital expenditure were used to determine the fair value and represents management's assessment at the time of completing the impairment testing. A long-term nickel price of $7.00 per pound and a nominal post tax rate of 10.5% (real post-tax rate of 8%) were used by management. Nickel prices used in the cash flow projections were within the range of current market consensus observed at June 30, 2018. Based on the results of discounted cash flow analysis, no impairment was recognized.

(expressed in millions of U.S. dollars)

An updated trigger assessment was performed at the reporting date with no material movements in the assumptions observed from the date of the initial impairment test. No impairment was noted.

As at June 30, 2018, based on the updated model, using the above 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 $90 million.

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

7 Other assets

	June 30, 2018	December 31, 2017
Prepaid expenses	190	218
Investments	22	68
Deferred income tax assets	54	54
Derivative instruments (note 17)	71	13
Total other assets	337	353
Less: current portion of other assets	(226)	(159)
	111	194

In May 2018, the Company and Northern Dynasty Minerals elected to terminate their framework agreement, announced on December 15, 2017, in accordance with its terms after being unable to reach agreement on the contemplated option and partnership transaction on the Pebble project. A $38 million fair value loss on the investment has been recognized in other comprehensive income.

Included within prepaid expenses is $31 million (December 31, 2017: $48 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.

(expressed in millions of U.S. dollars)

8 Debt

		June 30, 2018	December 31, 2017
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.00% due February 2021		1,100	1,095
First Quantum Minerals Ltd. 7.25% due May 2022		844	843
First Quantum Minerals Ltd. 7.25% due April 2023		1,089	1,088
First Quantum Minerals Ltd. 6.50% due 2024	(a)	841	-
First Quantum Minerals Ltd. 7.50% due April 2025		1,088	1,087
First Quantum Minerals Ltd. 6.875% due 2026	(b)	989	-
Kansanshi senior term loan	(c)	-	174
First Quantum Minerals Ltd. senior debt facility	(d)	-	1,767
Trading facilities	(e)	165	180
Equipment financing	(f)	33	43
Kalumbila term loan	(g)	398	-
Total debt		6,547	6,277
Less: current maturities and short term debt		(181)	(316)
		6,366	5,961
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(d)	1,500	390
Trading facilities	(e)	170	140

a) First Quantum Minerals Ltd. 6.50% due February 2024.

In February 2018, the Company issued $850 million in senior notes due in 2024, bearing interest at an annual rate of 6.50%. These senior notes have certain restrictions on the Company and its subsidiaries. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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 September 1, 2020, at redemption prices ranging from 103.25% in the first year to 100% from 2022, plus accrued interest. In addition, until September 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 106.50% plus accrued interest.

b) First Quantum Minerals Ltd. 6.875% due February 2026.

In February 2018, the Company issued $1 billion in senior notes due in 2026, bearing interest at an annual rate of 6.875%. These senior notes have certain restrictions on the Company and its subsidiaries. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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 March 1, 2021, at redemption prices ranging from 105.156% in the first year to 100% from 2024, plus accrued interest. In addition, until March 1, 2021, 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 106.875% plus accrued interest.

c) Kansanshi senior term loan

In February 2018, the term loan was repaid and the facility cancelled.

d) First Quantum Minerals Ltd. senior debt facility

In October 2017, the Company signed a Term Loan and Revolving Credit Facility (“RCF”) replacing the previous $1.875 billion Term Loan and RCF with its core relationship banks. The Facility of $2.2 billion comprised of a $0.7 billion Term Loan Facility, and a $1.5 billion RCF, maturing in December 2020 with repayment beginning in December 2019. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. Interest is charged at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

(expressed in millions of U.S. dollars)

On February 27, 2018, the Company repaid and extinguished the $0.7 billion Term loan and repaid the outstanding balance on the RCF. The RCF remains fully available for the Company to draw.

e) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totaling $335 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus a margin. The loans are collateralized by physical inventories.

f) Equipment financing

In April 2014, Sentinel entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to $102 million. The agreement is secured by equipment that was purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2020. Of the amount outstanding at June 30, 2018, $16 million (December 31, 2017: $20 million) is due within twelve months of the balance sheet date.

g) Kalumbila term loan

On February 5, 2018, Kalumbila Minerals Limited, the owner of the Sentinel copper mine, signed a $230 million unsecured term loan facility (the "Kalumbila Facility") with an initial termination date of December 31, 2020 (with the right of Kalumbila Minerals Limited to request an extension of one or two years subject to lender consent), the facility was upsized to $400 million in March 2018 in accordance with the accordion feature of the facility agreement and is fully drawn. Repayments on the facility commence in December 2019.

9 Provisions and other liabilities

	June 30, 2018	December 31, 2017
Restoration provisions	601	618
Amount owed to joint venture	763	925
Derivative instruments (note 17)	14	288
Non-current consideration for acquisition of joint venture[1]	254	244
Other	243	142
Total other liabilities	1,875	2,217
Less: current portion	(88)	(306)
	1,787	1,911

[1] The current portion of the consideration for acquisition of joint venture of $80 million (December 31, 2017: $176 million) has been included in trade and other payables.

Amount owed to joint venture

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%. In November 2017, the Company acquired a 50% interest in KPMC from LS-Nikko Copper Inc. inclusive of the above shareholder loans.

	June 30, 2018	December 31, 2017
Balance at the beginning of the period	925	596
Repayment of shareholder loans	(356)	-
Cash calls paid to MPSA for the development of Cobre Panama	159	264
Interest accrued	35	65
Balance at end of period due to KPMC	763	925

Following completion of the additional precious metal streaming agreement with Franco Nevada, the receipt of $356 million proceeds by MPSA was used entirely to repay shareholder loans by MPSA to KPMC. Of this $356 million shareholder loan repayment, $178 million was received by the Company. At June 30, 2018: $35 million is due from the Company to KPMC and is included within non-current provisions and other liabilities (December 31, 2017: $45 million non-current receivable).

(expressed in millions of U.S. dollars)

The cash received by the Company from KPMC in the period is presented net of cash calls of $80 million paid by the Company to KPMC in the six months ending June 30, 2018.

As at June 30, 2018, the accrual for interest payable is $186 million (December 31, 2017: $151 million) and is included in the carrying value of the amount owed to joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

10 Deferred revenue

	June 30, 2018	December 31, 2017
Balance at the beginning of the period	726	462
Change in accounting policy - IFRS 15 (note 2)	74	-
Balance at the beginning of the period, as adjusted	800	462
Cash deposits received from Franco Nevada – Tranche 1	159	264
Cash deposits received from Franco Nevada – Tranche 2	356	-
Accretion of finance costs	27	-
Balance at the end of the period	1,342	726

On March 16, 2018 the Company completed an additional precious metal streaming agreement with a subsidiary of Franco Nevada Corporation. $356 million was received on completion.

11 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2017	689,384
Shares issued through Dividend Reinvestment Plan	2
Balance as at June 30, 2018	689,386

b) Earnings (loss) per share

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Basic and diluted (loss) earnings attributable to shareholders	135	(35)	182	(149)
Basic weighted average number of shares outstanding (000's of shares)	686,423	685,845	686,413	685,844
Effect of potential dilutive securities:				
Treasury shares	2,962	3,532	2,972	3,540
Diluted weighted average number of shares outstanding	689,385	685,845	689,385	685,844
Earnings (loss) per share – basic (expressed in $ per share)	0.20	(0.05)	0.27	(0.22)
Earnings (loss) per share – diluted (expressed in $ per share)	0.20	(0.05)	0.26	(0.22)

(expressed in millions of U.S. dollars)

c) Dividends

On February 12, 2018, the Company declared a final dividend of CDN$0.005 per share, or $3 million, in respect of the financial year ended December 31, 2017 (February 16, 2017: CDN$0.005 per share or $3 million) to be paid to shareholders of record on May 8, 2018.

On July 30, 2018, the Company declared an interim dividend of CDN$0.005 per share, in respect of the financial year ended December 31, 2018 (July 27, 2017: CDN$0.005 per share or $3 million) to be paid on September 19, 2018 to shareholders of record on August 28, 2018.

12 Sales revenues by nature

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Copper	951	655	1,749	1,298
Gold	59	66	120	120
Zinc	16	11	28	26
Other[1]	23	11	37	22
Nickel	-	39	-	82
	1,049	782	1,934	1,548

[1] Other revenues include magnetite, acid, pyrite, silver and, in 2017, cobalt.

13 Cost of sales

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Costs of production	(535)	(504)	(1,051)	(991)
Depreciation	(206)	(223)	(431)	(422)
Movement in inventory	(19)	7	(2)	10
Movement in depreciation in inventory	(18)	4	2	(10)
	(778)	(716)	(1,482)	(1,413)

14 Finance costs

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Interest expense on financial liabilities measured at amortized cost	(163)	(118)	(325)	(234)
Accretion on restoration provision	(3)	(3)	(7)	(6)
Total finance costs	(166)	(121)	(332)	(240)
Less: interest capitalized (note 5)	160	115	316	228
	(6)	(6)	(16)	(12)

15 Income tax expense

A tax expense of $176 million was recorded for the six months ended June 30, 2018, (six months ended June 30, 2017: $112 million tax expense) 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 repayment of borrowings.

(expressed in millions of U.S. dollars)

16 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 December, 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 June 30, 2018, 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]	428	(186)	(61)	(17)	164	(59)
Sentinel	392	(250)	(74)	(7)	61	(13)
Las Cruces	133	(38)	(51)	5	49	(12)
Guelb Moghrein	64	(40)	(11)	(2)	11	(3)
Çayeli	36	(16)	(10)	2	12	(7)
Pyhäsalmi	38	(13)	(15)	10	20	(1)
Ravensthorpe	-	(2)	(2)	-	(4)	2
Corporate & other[3]	(42)	(9)	-	(17)	(68)	3
Total	1,049	(554)	(224)	(26)	245	(90)

[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 June 30, 2017, segmented information for the statement of earnings is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	350	(152)	(57)	7	148	(54)
Sentinel	256	(182)	(62)	(3)	9	-
Las Cruces	111	(36)	(53)	(4)	18	1
Guelb Moghrein	67	(41)	(15)	(1)	10	2
Çayeli	16	(9)	(8)	-	(1)	-
Pyhäsalmi	35	(13)	(17)	(3)	2	-
Ravensthorpe	44	(58)	(7)	-	(21)	6
Corporate & other[3]	(97)	(6)	-	(16)	(119)	(11)
Total	782	(497)	(219)	(20)	46	(56)

[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.

(expressed in millions of U.S. dollars)

For the six-month period ended June 30, 2018, 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]	821	(363)	(121)	(13)	324	(98)
Sentinel	777	(474)	(142)	(8)	153	(36)
Las Cruces	264	(76)	(102)	3	89	(23)
Guelb Moghrein	124	(75)	(21)	(4)	24	(6)
Çayeli	35	(18)	(13)	2	6	(5)
Pyhäsalmi	76	(27)	(27)	5	27	(3)
Ravensthorpe	-	(4)	(3)	-	(7)	3
Corporate & other[3]	(163)	(16)	-	(29)	(208)	(8)
Total	1,934	(1,053)	(429)	(44)	408	(176)

[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 six-month period ended June 30, 2017, segmented information for the statement of earnings is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	790	(395)	(143)	7	259	(91)
Sentinel	445	(280)	(101)	(4)	60	(10)
Las Cruces	230	(74)	(100)	(4)	52	(7)
Guelb Moghrein	108	(66)	(24)	(1)	17	(4)
Çayeli	36	(21)	(14)	-	1	(1)
Pyhäsalmi	71	(24)	(33)	(4)	10	(3)
Ravensthorpe	89	(112)	(16)	-	(39)	12
Corporate & other[3]	(221)	(9)	(1)	(32)	(263)	(8)
Total	1,548	(981)	(432)	(38)	97	(112)

[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.

(expressed in millions of U.S. dollars)

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2018			December 31, 2017		
	Non-current assets[1]	Total assets	Total liabilities	Non-current assets[1]	Total assets	Total liabilities
Kansanshi[2]	2,874	4,383	940	2,789	4,326	1,075
Sentinel	3,145	3,597	660	3,162	3,627	226
Las Cruces	575	1,166	359	668	1,186	369
Guelb Moghrein	152	286	71	160	297	75
Çayeli	118	361	40	129	386	68
Pyhäsalmi	61	220	72	90	208	70
Ravensthorpe	708	790	160	718	798	168
Cobre Panama[3]	9,453	9,758	2,374	8,322	8,619	1,881
Corporate & other[4]	1,167	2,100	7,533	1,193	2,176	7,563
Total	18,253	22,661	12,209	17,231	21,623	11,495

[1] Non-current assets include $18,080 million of property plant and equipment (December 31, 2017: $17,209 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 joint venture.

[4] Included within the corporate segment are assets relating to the Haquira project, $681 million (December 31, 2017: $678 million), and to the Taca Taca project, $431 million (December 31, 2017: $430 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 June 30		Six months ended June 30	
	2018	2017	2018	2017
Kansanshi	54	43	82	69
Sentinel	59	32	114	56
Las Cruces	10	6	15	9
Guelb Moghrein	3	2	11	8
Çayeli	2	1	4	2
Pyhäsalmi	-	-	-	-
Cobre Panama	443	272	781	515
Ravensthorpe	-	7	-	12
Corporate & other	4	-	7	3
Total	575	363	1,014	674

(expressed in millions of U.S. dollars)

17 Financial instruments

The Company classifies its financial assets as amortized cost, fair value through profit or loss, fair value through OCI or other financial liabilities.

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables[1]	309	-	-	309
Derivative instruments in designated hedge relationships	-	34	-	34
Other derivative instruments[2]	-	37	-	37
Investments[3]	-	-	22	22
Financial liabilities				
Trade and other payables	675	-	-	675
Other derivative instruments[2]	-	14	-	14
Finance leases	19	-	-	19
Liability to joint venture	763	-	-	763
Debt	6,547	-	-	6,547

[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] Investments held by the Company are held at fair value through other comprehensive income.

The following provides a comparison of carrying and fair values of each classification of financial instruments at December 31, 2017 on the same classification basis as above (original measurement categories under IAS 39 are presented in note 2):

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables[1]	461	-	-	461
Other derivative instruments[2]	-	13	-	13
Investments[3]	-	-	68	68
Financial liabilities				
Trade and other payables	713	-	-	713
Derivative instruments in designated hedge relationships	-	228	-	228
Other derivative instruments[2]	-	60	-	60
Finance leases	22	-	-	22
Liability to joint venture	925	-	-	925
Debt	6,277	-	-	6,277

[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 were measured at cost.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at June 30, 2018, in the fair value hierarchy as described in the annual consolidated financial statements for the year ended December 31, 2017:

(expressed in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts[1]	25	-	-	25
Derivative instruments – OTC contracts[2]	-	46	-	46
Investments[3]	9	-	13	22
Financial liabilities				
Derivative instruments – LME contracts[1]	14	-	-	14
Derivative instruments – OTC contracts[2]	-	-	-	-

[1] Futures for copper, 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.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2017, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts[1]	13	-	-	13
Investments[3]	9	-	-	9
Financial liabilities				
Derivative instruments – LME contracts[1]	45	-	-	45
Derivative instruments – OTC contracts[2]	-	243	-	243

[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 June 30, 2018, were as follows:

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	25,000	$3.15/lb	$3.01/lb	December 2018
Copper zero cost collar	98,000	$3.04 - 3.45/lb	$3.01/lb	June 2019

(expressed in millions of U.S. dollars)

Other derivatives

As at June 30, 2018, the Company had entered into the following derivative contracts for copper, gold 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 June 30, 2018, 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	50,402	\$3.21/lb	\$3.01/lb	October 2018
Gold	16,382	\$1,259/oz	\$1,250/oz	August 2018
Zinc	3,550	\$1.39/lb	\$1.34/lb	September 2018
Commodity contracts:				
Copper	51,375	\$3.21/lb	\$3.01/lb	October 2018
Gold	16,382	\$1,259/oz	\$1,250/oz	August 2018
Zinc	3,550	\$1.39/lb	\$1.34/lb	September 2018

As at December 31, 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	81,785	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.50/lb	February 2018
Commodity contracts:				
Copper	82,703	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.50/lb	February 2018

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

	June 30, 2018	December 31, 2017
Commodity contracts:		
Asset position	71	13
Liability position	(14)	(288)

18 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to $624 million (December 31, 2017: $628 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.

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, 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 were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

Settlement discussions took place in May 2017 in Lusaka with the Government of the Republic of Zambia ("GRZ") and ZCCM. A comprehensive package of information was furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume in due course once the information has been analyzed and responded to.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company's treasury entity FQM Finance between 2007 and 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 disputed that interest rate paid to KMP on the deposits was sufficient.

Several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court has since granted leave to appeal against this judgment and the litigants have agreed to a stay pending the appeal. The Court of Appeal proceedings have been scheduled for August 24, 2018.

A panel of arbitrators was appointed in the Arbitration. The Arbitration required ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing in the Arbitration on whether permission is granted or denied took place in January 2018. The Arbitral Tribunal heard arguments from both sides for three days. On February 22, 2018, the Arbitral Tribunal issued a ruling denying ZCCM permission to continue the proceedings. On March 21, 2018 ZCCM served an application seeking to challenge the Arbitral Tribunal's ruling through the English court. On June 1, 2018, despite being severely out of time, ZCCM sought to amend its application for additional grounds on which to challenge the Arbitral Tribunal's ruling, to which KMP objected. A hearing on ZCCM's application is expected to take place in the first quarter of 2019.

Management's Discussion and Analysis
Second quarter ended June 30, 2018

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 six months ended June 30, 2018. 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 *"Cautionary statement on forward-looking information"* 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 July 30, 2018.

SECOND QUARTER 2018 HIGHLIGHTS

Operational and Financial

- The Company achieved copper production of 150,950 tonnes, 6% higher than the comparable period of 2017, reflecting higher output from Sentinel. Sentinel copper production of 56,080 tonnes compared to 43,686 tonnes in the comparable period of 2017, driven by higher throughput and recovery as a result of continued operational improvements.

- The Kansanshi smelter achieved quarterly production of 80,097 tonnes of copper anode and treated 326,187 dry metric tonnes ("DMT") of concentrate in the quarter.

- Gold production of 46,467 ounces was 7% lower than the same period of 2017, reflecting lower gold production at Kansanshi and Guelb Moghrein mainly due to lower gold feed grade.

- Gross profit of $271 million and comparative EBITDA of $466 million were 311% and 75% higher, respectively, than the comparable period of 2017, mainly reflecting higher sales revenues driven by higher copper sales volumes and realized prices as the Company benefited from the increased average LME copper price.

- Comparative earnings of $128 million ($0.19 per share), net earnings attributable to shareholders of the Company of $135 million ($0.20 per share), and cash flows from operating activities of $407 million ($0.59 per share). These results include a $45 million loss realized on the corporate sales hedge program.

- Copper all-in sustaining cost ("AISC") was $1.76 per lb and cash cost of copper production ("C1") $1.28 per lb for the quarter. In 2017, the second quarter benefited from the impact of a review of previously recognized operational provisions. Excluding this impact, AISC and C1 cash cost were $0.18 per lb and $0.08 per lb higher, respectively, than the comparable period of 2017. The increase in underlying AISC reflects higher Zambian royalties and sustaining capital expenditure as well as the change in C1. Underlying C1 was impacted by an increased weighting of Sentinel contribution as well as phasing of maintenance expenditure and increased fuel prices.

- The Cobre Panama project was 76% complete at the end of the quarter with several key milestones achieved, including the successful synchronization and generation of power into the Panamanian grid for set 1, the first full Panamax coal vessel docking and unloading at the port, commenced first commissioning activities at the process plant, and strong progress on overland conveyors and pipelines between the port and mine site. In addition, during the quarter, the project achieved 10 million continuous site hours without a Lost Time Injury.

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

- Declared an interim dividend of CDN$0.005 per share in respect of the financial year ended December 31, 2018. The dividend will be paid on September 19, 2018 to shareholders of record on August 28, 2018.

	Three months ended June 30		Six months ended June 30	
Consolidated Operating Information[1]	**2018**	**2017**	**2018**	**2017**
Copper production (tonnes)[2]	150,950	141,912	296,308	274,268
Copper sales (tonnes)	152,403	139,521	290,424	279,331
Cash cost of copper production (C1)(per lb)[3]	$1.28	$1.12	$1.28	$1.19
Total cost of copper production (C3)(per lb)[3]	$2.11	$1.95	$2.13	$2.00
All-in sustaining cost (AISC)(per lb)[3]	$1.76	$1.50	$1.74	$1.54
Realized copper price (per lb)	$2.95	$2.24	$2.85	$2.22
Gold production (ounces)	46,467	50,040	92,396	100,619
Gold sales (ounces)	48,172	52,020	96,987	98,924

	Three months ended June 30		Six months ended June 30	
Consolidated Financial Information	**2018**	**2017**	**2018**	**2017**
Sales revenues	1,049	782	1,934	1,548
Gross profit	271	66	452	135
Net earnings (loss) attributable to shareholders of the Company	135	(35)	182	(149)
Basic earnings (loss) per share	$0.20	($0.05)	$0.27	($0.22)
Diluted earnings (loss) per share	$0.20	($0.05)	$0.26	($0.22)
Comparative EBITDA[1]	466	267	829	532
Comparative earnings (loss)[1]	128	(18)	177	(47)
Comparative earnings (loss) per share[1]	$0.19	($0.03)	$0.26	($0.07)

[1] Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss). 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*" on pages 33-39 for a reconciliation of comparative EBITDA and comparative earnings. The use of comparative earnings and comparative EBITDA represents the Company's adjusted earnings metrics.

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings (loss) attributable to shareholders of the Company	135	(35)	182	(149)
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of debt	-	-	-	84
Total adjustments to comparative EBITDA excluding depreciation	(3)	2	(8)	3
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(4)	15	3	15
Comparative earnings (loss)	128	(18)	177	(47)

[2] Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.
[3] C1 cash cost, C3 total cost, AISC are not recognized under IFRS. See "*Regulatory disclosures*" on page 33 for further information.

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

FINANCIAL SUMMARY

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

- Sales revenues of $1,049 million in the second quarter increased by $267 million compared to 2017, due to an increase in copper revenues of $296 million reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe. The increase in copper sales volumes is mainly from Sentinel, which contributed revenues of $392 million in the quarter reflecting increased copper sales volumes and realized copper price, and the resumption of shipments at Çayeli.
- The realized price for copper of $2.95 per lb for the quarter was $0.71 per lb higher than the same period of 2017, however below the average LME price on account of the Company's copper sales hedge program, which reduced revenues by $45 million in the quarter and lowered the net realized copper price by $0.14 per lb. The average LME price of copper increased by 21% in the quarter compared to the comparative period of 2017 to $3.12 per lb.

Comparative EBITDA $199 million higher than Q2 2017

- Comparative EBITDA of $466 million compared to $267 million in the same period of 2017. Comparative EBITDA excludes $7 million of foreign exchange losses, a $9 million gain on disposal of assets, and $1 million for closed site restoration provisions.

Gross profit of $271 million higher than Q2 2017 from higher realized metal prices and sales volumes

Gross profit in Q2 2017	66
Higher realized metal prices (net of hedges)	243
Higher sales volumes	18
Higher cash costs (excluding royalties)	(11)
Higher by-product sales	10
Increase in treatment and refining charges ("TC/RCs")	(6)
Increase in depreciation	(10)
Increase in royalty rate and volume	(17)
Movement in previously recognized operational provisions in 2017[1]	(22)
Gross profit in Q2 2018[2]	271

[1]The movement in previously recognized operational provisions in the comparable quarter of 2017 resulted in a reduction to C1 of $0.08 per lb.
[2]Gross profit is reconciled to comparative EBITDA by including exploration costs of $6 million, general and administrative costs of $17 million, other expense of $3 million, adding back depreciation of $224 million, and excluding a foreign exchange loss of $7 million, gain on disposal of assets of $9 million and revisions in estimates of restoration provisions at closed sites of $1 million *(a reconciliation of comparative EBITDA is included on page 39).*

Increase in comparative earnings to $128 million

- Comparative earnings of $128 million in the second quarter of 2018 compares to comparative loss of $18 million in the comparable period of 2017. A reconciliation of comparative metrics is included on pages 39.
- Net earnings attributable to shareholders of $135 million in the second quarter of 2018 compared to a net loss attributable to shareholders of $35 million for the same period in 2017. The 2018 result includes $45 million in sales hedge losses, $7 million in foreign exchange losses, a $9 million gain on disposal of assets, $1 million for closed site restoration provisions, and $4 million in tax expense and minority interest relating to foreign exchange revaluation and comparative adjustments.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the quarter with $682 million of net unrestricted cash and cash equivalents in addition to $1,500 million of committed undrawn facilities and was in compliance with all financial covenants.

- At June 30, 2018 25,000 tonnes of unmargined copper forward sales contracts at an average price of $3.15 per lb were outstanding with periods of maturity to December 2018. The Company also has unmargined zero cost collar sales contracts for 98,000 tonnes at weighted average prices of $3.04 to $3.45 per lb with maturities to June 2019.

- 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 June 30, 2018, was $411 million, of which $287 million related 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. See additional disclosure *Liquidity and Capital Resources page 24*.

OTHER DEVELOPMENTS

Assessment by Zambia Revenue Authority

On March 19, 2018, Kalumbila Minerals Ltd ("KML") (a subsidiary of the Company) received a letter of preliminary findings following an audit by the Zambia Revenue Authority ("ZRA") for ZMW 76.5 billion (approximately $7.6 billion, comprising $5.5 billion in interest and $2.0 billion in penalties on the $150 million assessment claim on duties). The preliminary findings letter covers circa 22,700 import transactions relating to the import of capital items, consumables, and spare parts for use at Sentinel from January 2013 to December 2017.

A process for provision of relevant documentation was agreed between KML and the ZRA. KML, an external international accounting firm and a shipping agent have been engaged in an initial review of the documentation relating to the audited areas over the relevant period, which has been substantially completed. KML's initial internal findings and relevant supporting documentation, which was voluminous, were provided to the ZRA. These initial findings have not altered KML's position in refuting the preliminary assessment and the Company's view on the final value of the claim remains unchanged from that disclosed in the first quarter. KML remains engaged with the ZRA and committed to ensuring transparency in all discussions between the parties to bring the matter to a just and prompt resolution.

Power in Zambia

In July, the Company received a notice from the state-run power company ("ZESCO") of its plans to reduce power supply to the Kansanshi complex and to the Sentinel mine in order to perform maintenance and upgrade work to the network from late July for a period of up to 31 days. Whilst copper production may be lower than planned at Sentinel during this period, it is expected that annual production guidance will be achieved.

Framework agreement relating to the Pebble project

In May 2018, the Company and Northern Dynasty Minerals elected to terminate their framework agreement, announced on December 15, 2017, in accordance with its terms after being unable to reach agreement on the contemplated option and partnership transaction on the Pebble project. The $38 million Early Option Price Instalment was recognized as a fair value loss in other comprehensive income ("OCI") in the quarter. The Company has no further obligation in regard to this agreement.

Legal proceedings

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, 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 were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

Settlement discussions took place in May 2017 in Lusaka with the Government of the Republic of Zambia ("GRZ") and ZCCM. A comprehensive package of information was furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume in due course once the information has been analyzed and responded to.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company's treasury entity FQM Finance between 2007 and 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 disputed that interest rate paid to KMP on the deposits was sufficient.

Several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court has since granted leave to appeal against this judgment and the litigants have agreed to a stay pending the appeal. The Court of Appeal proceedings have been scheduled for August 24, 2018.

A panel of arbitrators was appointed in the Arbitration. The Arbitration required ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing in the Arbitration on whether permission is granted or denied took place in January 2018. The Arbitral Tribunal heard arguments from both sides for three days. On February 22, 2018, the Arbitral Tribunal issued a ruling denying ZCCM permission to continue the proceedings. On March 21, 2018 ZCCM served an application seeking to challenge the Arbitral Tribunal's ruling through the English court. On June 1, 2018, despite being severely out of time, ZCCM sought to amend its application for additional grounds on which to challenge the Arbitral Tribunal's ruling, to which KMP objected. A hearing on ZCCM's application is expected to take place in the first quarter of 2019.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Cobre Panama development returned to peak activity during the second quarter of 2018, with overall project progress at the end of the second quarter 76% complete.

The advancement of the power station continued and is now 92% complete overall. Commissioning of the 150MW set 1 power and utility systems have progressed to the extent that power is being generated into the Panamanian grid with set 1 being subjected to various load tests. The set 2 power commissioning has progressed to 14% at the end of the quarter and is expected to generate power in the fourth quarter of this year.

The process plant and mine site were 65% complete at the end of the second quarter, and peak construction levels are planned to continue through the third and into the fourth quarter. Once construction is sufficiently progressed, the process plant development transitions to the commissioning team for a number of tests, which include energization of electrical systems, bumping of drives, dry running and ultimately the running of systems. The first sections of the process plant have been handed over to the commissioning team, and this includes air systems and milling electrical, both of which are now undergoing active testing. The first water circuits will follow shortly.

Engineering is 96% complete and the remaining focus is on closing final vendor deliverables along with electrical, instrumentation and controls design.

Procurement is now effectively 100% committed, and the focus is on completion of manufacturing and delivering to site with the overall procurement effort being 82% complete.

Some key additional milestones achieved through the quarter include the first full Panamax coal vessel received at the port and successfully unloaded, and strong progress on overland conveyors and pipelines between port and mine site. In addition the project achieved, in the quarter, 10 million continuous site hours without a Lost Time Injury.

Key status for the construction of the project at the end of the quarter includes the mine pre-strip at 82% complete, and the tailings management facility earthworks at 70% completion, which continues to receive strong focus. There are 1,791 long-term operations personnel currently engaged and focused on recruitment, training and the development of operating procedures in support of operational readiness. The project remains scheduled for phased commissioning during 2018 with continued ramp-up over 2019 and 2020.

The project capital expenditure for the six months ended June 30, 2018, was $781 million (First Quantum's share $547 million), against the full year guidance of $1,180 million (First Quantum's share $826 million). Project spending to date amounts to $5.5 billion, including $1.9 billion contributed by third parties.

EXPLORATION

The Company's exploration strategy includes work at advanced stage exploration projects at Haquira in Peru and Taca Taca in Argentina, near-mine resource expansion around Las Cruces, Pyhäsalmi and Kansanshi as well as an early stage exploration program concentrated on the search of high quality porphyry deposits in the Andean and Tethyan Cordilleras and sediment-hosted copper deposits in the basins of Central Africa and Australia.

At the Haquira project in Peru, the focus continues on the community and environmental aspects. The Environmental Impact Assessment ("EIA") studies continued. Various access agreements with communities to maintain activities have now been successfully renegotiated.

At Taca Taca, the EIA studies continued as planned. Communication with communities and relevant authorities and a detailed social baseline study are ongoing. Results of geophysical programs to aid water exploration near the project are being analyzed. A project description for the EIA is in an advanced stage of preparation.

During the second quarter, near-mine exploration programs were active at Las Cruces in Spain and on satellite targets in the Kansanshi district of Zambia. At Las Cruces, detailed ground geophysical surveys including 2D seismic and electromagnetics have defined some encouraging targets that may represent extensions of the primary massive sulphide bodies at depth. Drill testing of these targets is planned to continue throughout 2018.

Exploration activities have ramped up during 2018 capitalizing on the considerable pipeline of early stage targets generated from sustained investment in information gathering and reconnaissance over the last two years. During the quarter drill programs were active on grassroots copper porphyry prospects in Peru, Chile and Serbia as well as sediment hosted copper prospects in Zambia. The Company recently commenced reconnaissance exploration for copper porphyries in Ecuador, Columbia and Argentina through earn-in arrangements, investment and through its own project generation activities.

HEALTH & SAFETY

The Company is committed to 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 which is closely monitored. The Company's rolling 12-month LTIFR for the 12 months ended June 30, 2018, was 0.09 per 200,000 hours worked, reflecting improvement from the 2017 LTIFR of 0.11 per 200,000 hours worked.

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

MARKET GUIDANCE

Guidance is based on a number of assumptions and estimates as of June 30, 2018, 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.

Guidance provided in the prior quarter for total production, cash cost and all-in sustaining cost and capital expenditure are unchanged.

Production guidance

000's	2018	2019	2020
Copper (tonnes) – excluding Cobre Panama	590	595	610
Gold (ounces) – excluding Cobre Panama	200	200	195
Zinc (tonnes)	20	17	5
Nickel (contained tonnes)	-	-	-
Cobre Panama – copper (tonnes)	-	150+	270 - 300

Production guidance by operation (excluding Cobre Panama)

Copper

000's tonnes	2018	2019	2020
Kansanshi	240	235	235
Sentinel	220	235	255
Las Cruces	72	70	70
Guelb Moghrein	28	30	30
Çayeli	20	20	20
Pyhäsalmi	10	5	-

Gold

000's ounces	2018	2019	2020
Kansanshi	145	145	145
Guelb Moghrein	50	50	50
Pyhäsalmi	5	5	-

Zinc

000's tonnes	2018	2019	2020
Çayeli	5	5	5
Pyhäsalmi	15	12	-

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

Cash cost and all-in sustaining cost

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

Copper

	2018	2019	2020
C1 (per lb):	$1.20 - $1.40	$1.20 - $1.40	$1.20 - $1.40
AISC (per lb):	$1.65 - $1.85	$1.65 - $1.80	$1.65 - $1.80

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

During 2020 as Cobre Panama continues ramp-up C1 unit cost is expected to be approximately $1.50 per lb with production of 270,000 to 300,000 tonnes of contained copper concentrate.

Once Cobre Panama, including the eighth mill, has completed ramp-up in 2021, production is expected to be 330,000 to 350,000 tonnes of contained copper and the C1 unit cost is expected to be approximately $1.20 per lb (which includes an assumed by-product credit, principally gold as well as some molybdenum and silver, of approximately $0.25 per lb at current consensus prices), with AISC unit cost expected to be approximately $1.50 per lb.

Capital expenditure[1]

	2018	2019	2020
Total Cobre Panama[2]	1,180	382	-
Third-party contribution[3]	(354)	(89)	-
First Quantum's share of Cobre Panama[4]	826	293	-
Capitalized stripping	200	200	200
Sustaining capital and other projects	360	400	400
Total net capital expenditure	1,386	893	600

[1] Excludes capitalization of any net pre-commercial production costs, revenue and interest.
[2] Reflects total capital expenditure estimate of $6.3 billion.
[3] Third-party contributions are from the pro-rata funding under a $1 billion precious metals stream agreement and KORES' 10% indirect interest in the project.
[4] Based on the current 90% ownership.

Guidance for the Company's sustaining capital and other projects includes expenditure relating to Cobre Panama. Included in 2019 and 2020 is expenditure relating to other development projects. Underlying sustaining capital expenditure typically averages approximately $200 million per annum over the three years.

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

OPERATING REVIEW

	Three months ended June 30		Six months ended June 30	
Production Summary[1]	**2018**	**2017**	**2018**	**2017**
Copper production (tonnes) [2]				
Kansanshi	62,470	64,097	126,055	127,295
Sentinel	56,080	43,686	106,390	79,960
Las Cruces	18,849	18,683	37,087	37,476
Guelb Moghrein	5,781	7,347	11,916	14,880
Çayeli	4,684	4,632	8,909	7,747
Pyhäsalmi	3,086	3,467	5,951	6,910
Total copper production (tonnes)	150,950	141,912	296,308	274,268
Total gold production (ounces)	46,467	50,040	92,396	100,619
Total zinc production (tonnes)	6,545	6,538	11,772	12,791
Total nickel production (contained tonnes)	-	5,920	-	11,512

[1] Operating performance measures for 2017 include Ravensthorpe. On October 1, 2017, Ravensthorpe was placed on care and maintenance.
[2] Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

Copper production of 150,950 tonnes in the second quarter was 6% higher than the comparable period of 2017, reflecting strong production at Sentinel, which produced an additional 12,394 tonnes of copper in the quarter. This increase was partially offset by lower copper production at Kansanshi, due to lower grade on the mixed ore circuit and overall throughput, and Guelb Moghrein due to the processing of lower grade ore from stockpiles while waste stripping progressed.

The Kansanshi smelter produced 80,097 tonnes of copper anode, a decrease of 3% from the comparable quarter of 2017, reflecting lower throughput. The smelter achieved a copper recovery of 97% and produced 291,000 tonnes of sulphuric acid this quarter.

Gold production of 46,467 ounces was 7% lower than the same period of 2017, reflecting lower gold production at Kansanshi and Guelb Moghrein, which decreased by 4% and 16%, respectively, from the comparable quarter of 2017. Lower gold feed grade at both Kansanshi and Guelb Moghrein negatively impacted gold production, as well as lower gold circuit recovery at Guelb Moghrein.

Copper production for the six months ended June 30, 2018, of 296,308 tonnes was 8% higher than the same period in 2017, reflecting mainly higher production at Sentinel.

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

	Three months ended June 30		Six months ended June 30	
Sales Volume Summary[1]	**2018**	**2017**	**2018**	**2017**
Copper sales volume (tonnes)				
Kansanshi	57,000	56,139	108,684	128,415
Sentinel	60,543	47,447	118,885	81,738
Las Cruces	19,269	19,484	38,040	39,712
Guelb Moghrein	6,772	9,301	13,159	15,423
Çayeli	5,491	3,596	5,491	6,988
Pyhäsalmi	3,328	3,554	6,165	7,055
Total copper sales volume (tonnes)	152,403	139,521	290,424	279,331
Total gold sales volume (ounces)	48,172	52,020	96,987	98,924
Total zinc sales volume (tonnes)	6,856	5,234	11,666	13,190
Total nickel sales volume (contained tonnes)	-	5,522	-	10,719

[1] Operating performance measures for 2017 include Ravensthorpe. On October 1, 2017, Ravensthorpe was placed on care and maintenance.

Copper sales volumes for the quarter of 152,403 tonnes were 9% higher than the comparable period of 2017, mainly reflecting increased sales volumes at Sentinel and Çayeli, partially offset by lower sales at Guelb Moghrein. Shipments resumed at Çayeli in the second quarter following the absence of sales in the first quarter. At Guelb Moghrein, lower sales volumes reflected the decrease in copper production volumes in the quarter.

For the six months ended June 30, 2018, copper sales volumes were 4% higher than the comparable period of 2017, reflecting higher sales volumes at Sentinel partially offset by a decrease in sales volumes across the other sites. Kansanshi sales volumes in the first six months of the year lagged production volumes due to the timing of the sales of copper anode and were 15% lower than the same period in 2017.

Unit Cost

	Three months ended June 30		Six months ended June 30	
Unit Cost Summary	**2018**	**2017**	**2018**	**2017**
Copper C1 cash cost ($ per lb)				
Kansanshi	$1.02	$0.75	$1.01	$1.02
Sentinel	$1.74	$1.86	$1.78	$1.77
Las Cruces	$0.83	$0.79	$0.84	$0.79
Other sites[1]	$1.21	$0.88	$0.81	$0.83
Total copper C1 cash cost ($ per lb)	$1.28	$1.12	$1.28	$1.19
Copper AISC ($ per lb)				
Kansanshi	$1.55	$1.18	$1.50	$1.41
Sentinel	$2.29	$2.29	$2.32	$2.19
Las Cruces	$1.09	$1.00	$1.06	$0.96
Other sites[1]	$1.50	$1.12	$1.21	$1.10
Total copper AISC ($ per lb)	$1.76	$1.50	$1.74	$1.54

[1] Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

Second quarter

Copper C1 cash cost for the second quarter of 2017 benefited from the impact of a review of operational provisions at Kansanshi which reduced site administration costs by $0.08 per lb. Excluding the impact of this, copper C1 cash cost for the second quarter of $1.28 per lb was higher than the comparable period of 2017 by $0.08 per lb. Underlying C1 was impacted by $0.04 per lb for an increased weighting of Sentinel contribution, as well as, by $0.04 per lb for the phasing of maintenance and an increase in fuel prices. Excluding the impact of the review of operational provisions on the prior year period, Kansanshi C1 cash cost increased by $0.10 per lb reflecting higher fuel costs and smelter maintenance. Guelb Moghrein C1 cash cost was higher by $0.51 per lb due to the impact of lower copper production volumes as well as higher mining and processing costs. Sentinel C1 cash cost decreased by $0.12 per lb in the same period, reflecting higher copper production volume as well as lower mining, site administration and refining costs.

Copper AISC of $1.76 per lb was $0.26 per lb higher than the same period in 2017. As well as the movement in C1 cash cost, AISC for the quarter was impacted by higher royalty costs at the Company's Zambian operations due to the increased royalty rate payable on the higher copper LME prices in the current quarter compared with the same quarter of 2017, as well as increased sustaining capital expenditure.

Six months

Copper C1 cash cost for the six months ended June 30, 2017 was lower by $0.07 per lb due to the review of operational provisions at Sentinel and Kansanshi. Excluding this impact, C1 cash cost was $0.02 per lb higher in the six months ended June 30, 2018, as it was impacted by $0.07 per lb increased weighting of Sentinel, as well as, $0.03 per lb higher fuel costs offset by other cost savings and increased production. AISC for the six months ended June 30, 2018, was $0.20 per lb higher than the comparable period in 2017, due to movement in C1 and higher royalty costs, which reflect the higher royalty rate payable by the Company's Zambian operations on the higher copper LME prices in the period, and higher sustaining capital expenditure.

Excluding the impact of movements in operational provisions at Sentinel and Kansanshi, the C1 cash cost for the first, second and third quarters of 2017 were $1.32, $1.20 and $1.27 per lb, respectively.

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

OPERATIONS

Kansanshi	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Sulphide ore tonnes milled (000's)	3,105	3,202	6,287	6,493
Sulphide ore grade processed (%)	0.81	0.76	0.80	0.75
Sulphide copper recovery (%)	91	90	90	91
Mixed ore tonnes milled (000's)	1,930	1,992	3,939	4,002
Mixed ore grade processed (%)	0.93	1.08	1.05	1.06
Mixed copper recovery (%)	87	86	83	86
Oxide ore tonnes milled (000's)	1,708	1,750	3,499	3,400
Oxide ore grade processed (%)	1.53	1.57	1.56	1.52
Oxide copper recovery (%)	92	87	86	90
Copper production (tonnes)[1]	62,470	64,097	126,055	127,295
Copper smelter				
Concentrate processed (DMT)[2]	326,187	334,269	676,778	661,364
Copper anodes produced (tonnes)[2]	80,097	82,383	166,874	165,453
Smelter copper recovery (%)	97	95	97	96
Acid tonnes produced (000's)	291	307	616	614
Copper sales (tonnes)[3]	57,000	56,139	108,684	128,415
Gold production (ounces)	33,536	34,918	65,616	70,935
Gold sales (ounces)	32,902	33,039	66,568	66,771
All-in sustaining cost (AISC) (per lb)[4]	$1.55	$1.18	$1.50	$1.41
Cash costs (C1) (per lb)[4]	$1.02	$0.75	$1.01	$1.02
Total costs (C3) (per lb)[4]	$1.70	$1.41	$1.76	$1.66
Sales revenues	428	350	821	790
Gross profit	181	141	337	252
Comparative EBITDA[4]	239	196	451	391

[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

Second quarter

Copper production for the second quarter of 2018 was 3% lower than the same period in 2017 due primarily to lower milling volumes and lower grade on the mixed circuit. Ore processed through the mixed circuit was mainly tarnished sulphide. This was partially offset by higher recovery across all three circuits. Plant recovery is higher due to improved leach efficiency and float recoveries. No ore was processed through the high pressure leach ("HPL") plant in the quarter due to the planned maintenance and extended shutdown for relining both claves.

Gold production for the quarter of 33,536 ounces was 4% lower than the same period of 2017, resulting from lower gold feed grade and processing constraints in the gold plant. The processing constraints are expected to be rectified in Q3 2018.

AISC of $1.55 per lb was $0.37 per lb higher than the comparable period in 2017, reflecting the impact of a review of operational provisions in the second quarter of 2017 and higher C1 cash cost and royalty costs in the second quarter of 2018. Excluding the impact of a review of operational provisions which reduced C1 by $0.17 per lb in the comparable period of 2017, C1 cash cost was higher due to an increase in fuel costs and timing of smelter maintenance, partially offset by increased by-product credits due to the sale of acid.

Sales revenues of $428 million were 22% higher compared to the same period in 2017, reflecting higher copper sales volumes and higher realized metal prices, excluding the impact of the corporate sales hedge program. Gross profit increased by 28% compared to the same period in 2017, reflecting the higher revenue partially offset by increased operating costs.

Six months

Copper production for the first six months of the year was 1% lower due primarily to lower grade on the mixed circuit, ore processed through the mixed circuit was mainly tarnished sulphide ore in the quarter and lower recoveries in the first quarter of the year.

AISC of $1.50 per lb for the first six months of the year was $0.09 per lb higher than the comparable period in 2017, reflecting higher royalty costs. Both AISC and C1 cash cost in 2017 benefitted from a review of operational provisions, which reduced C1 by $0.08 per lb in the comparable period of 2017. Excluding this impact, C1 cash cost was $0.09 per lb lower due to power costs in the first quarter in comparison to the comparable quarter of 2017 and improved by-product credits due to the commencement of external acid sales.

For the six months ended June 30, 2018, sales revenues were 4% higher than the comparable period in 2017 despite a decrease in sales volumes, resulting from higher realized metals prices, excluding the impact of the corporate sales hedge program. Gross profit of $337 million was 34% higher than the comparable period of 2017, reflecting the increase in sales revenues and movement in inventoried costs, partially offset by higher operating and royalty costs.

Kansanshi Copper Smelter

In the second quarter of 2018, the smelter treated 326,187 DMT of concentrate, in excess of nameplate capacity but 2% lower than the second quarter of 2017, and produced 80,097 tonnes of copper in anode and 291,000 tonnes of sulphuric acid. Throughput was lower than the comparable quarter of 2017 due principally to maintenance shutdowns which lasted a total of four days and were previously planned for September. The quality of concentrate treated was 25% copper in concentrate grade for the current quarter. The smelter achieved an overall copper recovery rate of 97%.

In the first six months of 2018, the smelter treated 676,778 tonnes of concentrate, representing an increase of 2% from the first half of 2017, and produced 166,874 tonnes of copper in anode and 616,000 tonnes of sulphuric acid.

Outlook

Production in 2018 is expected to be approximately 240,000 tonnes of copper, and approximately 145,000 ounces of gold.

In July, the Company received a request from ZESCO to reduce power supply to the Kansanshi complex in order to perform maintenance to the network from late July, for a period of up to 31 days. It is not expected that this will have an impact to annual production.

Projects at the Kansanshi complex in the second half of the year are expected to focus on the installation and commissioning of an isaconvert furnace, designed to produce anode copper, consolidation of light vehicle and belt splice workshops and canteen services into centralized facilities, and the installation of processes to improve the recoveries in tarnished material as well as the addition of a sixth acid storage facility.

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

Sentinel	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Copper ore processed (000's tonnes)	11,979	10,019	23,714	18,819
Copper ore grade processed (%)	0.51	0.52	0.49	0.51
Copper recovery (%)	92	84	91	83
Copper production (tonnes)	56,080	43,686	106,390	79,960
Copper sales (tonnes)	60,543	47,447	118,885	81,738
All-in sustaining cost (AISC) (per lb)[1]	$2.29	$2.29	$2.32	$2.19
Cash cost (C1) (per lb)[1]	$1.74	$1.86	$1.78	$1.77
Total cost (C3) (per lb)[1]	$2.46	$2.61	$2.53	$2.54
Sales revenues	392	256	777	445
Gross profit	68	12	161	64
Comparative EBITDA[1]	137	72	296	162

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

Second quarter

Copper production of 56,080 tonnes was 28% higher than the comparable period in 2017. The increase in production was achieved due to improved ore supply from the mine with 13% higher ore volumes mined, as well as improved process performance. This strong performance was driven by higher mill throughput and recoveries compared to the same period last year, attributable to mining of fresher ore, optimized milling and flotation circuits and more reliable power supply when compared to the comparative period in 2017.

Optimization of the reagent suite used for the treatment of transition ore resulted in improved plant performance. Screening of several iron sulphide selective collectors was successfully completed targeting better concentrate quality. Instances of opportunistic plant maintenance taken on low crushed ore stockpile levels were frequent and represent an opportunity for further production improvement as ore supply improves.

AISC of $2.29 per lb was in line with the same period in 2017. Lower C1 cash cost in the quarter was offset by higher sustaining capital expenditure and royalty costs. C1 cash cost benefited from lower mining, site administration and refining costs, and the impact of higher copper production volume. Higher copper LME prices in the quarter compared with the same quarter of 2017 resulted in increased royalty costs due to a higher applicable royalty rate payable.

Sales revenues of $392 million were 53% higher than the same period in 2017, reflecting higher copper sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode.

Six months

Copper production for the six months ended June 30, 2018, increased by 33% compared to the same period in 2017, reflecting higher throughput and copper recoveries partially offset by lower copper grade.

Excluding the impact of a review of operational provisions which reduced C1 by $0.10 per lb in the comparable period of 2017, C1 cash cost in the period was $0.09 per lb lower due to improved production. On the same basis, AISC of $2.32 per lb was $0.03 per lb higher than the comparable period of 2017, reflecting higher royalty costs and sustaining capital expenditure. The increase in royalties reflects the higher royalty rate payable on the higher copper LME price to date in 2018.

Sales revenues of $777 million were 75% higher than the same period of 2017 due to higher copper sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. The increase in sales revenues flowed through to gross profit.

Outlook

Production in 2018 is expected to be approximately 220,000 tonnes of copper.

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

Continued improved mining performance is expected along with optimization of drilling and blasting practices, wet season preparedness planning as well as a focus on the expansion of the trolley-assist program. Additional waste stripping in the main pit is planned to continue until the fourth quarter with an increased focus on development towards the position of a new crusher. The advancement of waste stripping in the first major push-back toward the eastern side of the main pit will be ongoing for the remainder of the year.

The increase in the trolley-assist program and additional haul truck capacity with the introduction of new haul trucks (two in the second quarter and four in the second half of this year) is expected to augment waste mining. The addition of a second new wheel loader and operational improvements are expected to reduce the disruptions of feed to the primary crushers, which is expected to increase ore throughput.

Copper production is expected to continue to benefit from consistent ore supply and higher feed grades.

In July, the Company received a request from ZESCO to reduce power supply to the Sentinel mine in order to perform maintenance to the network from late July, for a period of up to 31 days. It is expected that Sentinel will reduce throughput through both trains during the power reduction, as management seeks to minimize the impact of the power reduction on production. Whilst copper production may be lower than planned during this period, it is expected that annual production guidance will be achieved.

Forthcoming projects at Sentinel this year are expected to include additions to the secondary crusher and pebble conveying circuits to enhance operational flexibility and efficiency, and expansion of the trolley assist lines to further augment mining productivity. The secondary crusher upgrades are expected to be completed in the first quarter of 2019. The addition of a fourth primary crusher, required for expansion of the pit, is expected to commence this year with engineering work and procurement of long-lead items, ahead of anticipated completion at the end of 2019.

	Three months ended June 30		**Six months ended June 30**	
Las Cruces	**2018**	**2017**	**2018**	**2017**
Ore tonnes processed (000's)	416	409	806	807
Copper ore grade processed (%)	4.87	5.10	4.97	5.14
Copper recovery (%)	93	90	93	90
Copper cathode production (tonnes)	18,849	18,683	37,087	37,476
Copper cathode sales (tonnes)	19,269	19,484	38,040	39,712
All-in sustaining cost (AISC) (per lb)[1]	$1.09	$1.00	$1.06	$0.96
Cash cost (C1) (per lb)[1]	$0.83	$0.79	$0.84	$0.79
Total cost (C3) (per lb)[1]	$2.11	$2.09	$2.13	$1.99
Sales revenues	133	111	264	230
Gross profit	44	22	86	56
Comparative EBITDA[1]	96	73	190	154

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

Second quarter

Copper production increased by 1% compared to the same period in 2017 due to an increase in throughput and overall recoveries, partially offset by lower copper grade. Copper recoveries were higher due to lower levels of lead and zinc in the ore processed.

AISC of $1.09 per lb was $0.09 per lb higher compared to the same period in 2017, mainly due to strengthening of the euro against the US dollar as well as higher processing costs, royalties, deferred development costs and sustaining capital expenditures.

Sales revenues increased by 20% compared to the same period in 2017 due to higher realized copper prices, excluding the impact of the corporate sales hedge program, partially offset by lower sales volumes. The increase in revenue flowed through to gross profit, resulting in a $22 million increase over the same period last year.

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

Six months

Copper production for the six months ended June 30, 2018, decreased by 1% due to lower grade, partially offset by higher copper recovery.

AISC of $1.06 per lb was $0.10 per lb higher compared to the same period in 2017, mainly due to strengthening of the euro against the US dollar, as well as higher processing costs, royalties and deferred stripping costs.

Sales revenues of $264 million increased by 15% compared to the comparable period of 2017 mainly due to higher realized copper prices, excluding the impact of the corporate sales hedge program, partially offset by lower copper sales volumes. The increase in sales revenues flowed through to gross profit, resulting in a 54% increase over the same period last year.

Outlook

Copper production for 2018 is expected to be approximately 72,000 tonnes. Stockpiles are planned to be used to blend ore in an effort to provide a consistent feed grade to the plant.

Cost optimization and capital expenditure management efforts are expected to continue throughout 2018.

Research on the technical and economic feasibility of the polymetallic refinery project is expected to continue as well as targeted completion of the exploration ramp and drilling to upgrade knowledge of the primary ore resources.

A seven-day planned maintenance shutdown originally planned for June has been rescheduled to September.

	Three months ended June 30		**Six months ended June 30**	
Guelb Moghrein	**2018**	**2017**	**2018**	**2017**
Sulphide ore tonnes milled (000's)	938	820	1,799	1,683
Sulphide ore grade processed (%)	0.73	0.97	0.76	0.96
Sulphide copper recovery (%)	85	92	87	92
Copper production (tonnes)	5,781	7,347	11,916	14,880
Copper sales (tonnes)	6,772	9,301	13,159	15,423
Gold production (ounces)	10,354	12,375	22,094	24,508
Gold sales (ounces)	12,863	16,160	25,871	26,453
Magnetite concentrate production (WMT)[1]	123,100	-	216,572	-
Magnetite concentrate sales (WMT)[1]	150,167	-	229,727	-
All-in sustaining cost (AISC) (per lb)[1]	$2.16	$1.53	$2.00	$1.58
Cash costs (C1) (per lb)[1]	$1.75	$1.24	$1.36	$1.17
Total costs (C3) (per lb)[1]	$2.84	$2.08	$2.33	$1.99
Sales revenues	64	67	124	108
Gross profit	13	11	28	18
Comparative EBITDA[1]	22	25	46	41

[1] Magnetite concentrate production and sales volumes are measured in wet metric tonnes ("WMT").

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

Second quarter

Copper production was 21% lower than the same period in 2017, mainly due to a 25% decrease in feed grade as a result of the treatment of low-grade ore from stockpiles while waste stripping progressed in Cut 3, and lower copper recovery. The impact of lower feed grade and recovery was partially offset by a 14% increase in throughput compared to the comparable period in 2017, reflecting higher availability of the crushing and milling plant this quarter.

Gold in concentrate production was 16% lower than the same period in 2017, due to lower gold circuit recovery resulting from the unavailability of gravity circuits and lower feed grade.

The magnetite plant produced 123,100 WMT of magnetite concentrate this quarter, representing a 32% increase from first quarter production volume and reflecting successes achieved in the plant debottlenecking program.

AISC of $2.16 per lb was $0.63 per lb higher than the same period in 2017, reflecting a $0.51 per lb increase in C1 cash cost as well as higher deferred stripping and royalty costs. C1 cash cost was higher in the quarter due to the impact of lower copper production volume, and higher fuel prices, mining drilling contractor costs, partially offset by lower maintenance costs and consumables and higher by-product credits.

Sales revenues of $64 million were 4% lower than the comparable period of 2017 due to lower copper and gold sales volumes, partially offset by higher realized metals prices, excluding the impact of the corporate sales hedge program, and the resumption of magnetite sales. Gross profit was 18% higher than the comparative period of 2017, reflecting lower depreciation partially offset by the decrease in sales revenues.

Six months

Copper production for the six months ended June 30, 2018, decreased by 20% compared to the same period in 2017 due to lower feed grade and copper recovery, partially offset by a 7% increase in mill throughput. The lower feed grade is a function of processing low-grade ore from stockpiles while waste mining progressed.

Gold in concentrate production for the six months ended June 30, 2018, decreased by 10% compared to the same period in 2017, due to lower feed grade and concentrate produced.

AISC of $2.00 per lb was $0.42 per lb higher than the same period in 2017, reflecting higher C1 cash cost and deferred stripping costs, partially offset by lower sustaining capital expenditures. The increase in C1 cash cost reflected higher fuel, maintenance, and labour costs, partially offset by higher by-product credits.

Sales revenues of $124 million were 15% higher than the comparable period of 2017 due to higher realized metals prices, excluding the impact of the corporate sales hedge program, partially offset by lower copper and gold sales volumes. Gross profit of $28 million was 56% higher than the comparative period of 2017, reflecting the increase in sales revenues.

Outlook

Production in 2018 is expected to be approximately 28,000 tonnes of copper and 50,000 ounces of gold.

The focus for the third quarter of 2018 is advancing into ore in Cut 3. Ongoing work on establishing a new waste area is anticipated to improve load and haul fleet productivities, and is expected to be completed in Q3 2018.

A 27-hour shutdown is planned for July, combining both the crusher and mill; thereafter, five shutdown days are planned for the remainder of 2018. With all major relines completed, the focus will be to increase mill and crusher availability through proactively merging and controlling the duration of maintenance shutdowns.

Management intend to pursue further magnetite sales opportunities with a focus on debottlenecking the magnetite plant and increasing production together with maximizing realized market price through production of high iron content magnetite. Magnetite concentrate sales of 483,000 tonnes are expected in 2018.

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

Çayeli	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Ore tonnes milled (000’s)	255	253	512	457
Copper ore grade processed (%)	2.13	2.07	2.00	1.91
Copper recovery (%)	86	88	87	89
Zinc ore grade processed (%)	1.37	1.41	1.21	1.27
Zinc recovery (%)	30	40	28	40
Copper production (tonnes)	4,684	4,632	8,909	7,747
Copper sales (tonnes)	5,491	3,596	5,491	6,988
Zinc production (tonnes)	1,051	1,427	1,752	2,294
Zinc sales (tonnes)	2,159	-	2,159	2,491
All-in sustaining cost (AISC) (per lb)[1]	\$1.59	\$1.73	\$1.63	\$1.67
Cash cost (C1) (per lb)[1]	\$1.29	\$1.44	\$1.27	\$1.45
Total cost (C3) (per lb)[1]	\$2.15	\$2.34	\$2.20	\$2.39
Sales revenues	36	16	35	36
Gross profit (loss)	10	(1)	4	1
Comparative EBITDA[1]	20	5	16	13

[1] AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See “*Regulatory Disclosures*” for further information.

Three and six months

Copper production for the three and six months ended June 30, 2018, was higher compared to the respective periods in 2017 due to higher throughput partially offset by lower copper recovery. Copper grade in the quarter was positively impacted by the opening of new work areas to increase mining flexibility for 2018. Zinc production was 26% and 24% lower than the comparable periods in 2017 for the three months and six months ended June 30, respectively, which reflected lower zinc recovery due to processing of high volumes of low grade zinc stockwork ore and frequent bypassing of the zinc circuit. Production in 2017 was negatively impacted by a shaft hoisting incident in the first quarter, which restricted hoisting activity until the end of May last year.

AISC for the three and six months ended June 30, 2018, decreased by \$0.14 lb and \$0.04 per lb, respectively, compared to the same period in 2017, mainly as a result of lower C1 cash cost. For the quarter, C1 cash cost benefited from higher by-product credits and lower operating expenditures attributable to the appreciation of US dollar against the Turkish lira, while C1 cash cost for the six month period benefited from the impact of higher copper production volume.

Sales revenues of \$36 million for the quarter and \$35 million for the six months ended June 30, 2018, benefited from higher realized metals prices, excluding the impact of the corporate sales hedge program, and higher copper and zinc sales volumes in the quarter following the resumption of sales, contributing to gross profit of \$10 million and \$4 million for the periods, respectively.

Outlook

Production for 2018 is forecast at 20,000 tonnes of copper and 5,000 tonnes of zinc, reflecting a declining number of work areas as the mine approaches reserve depletion in 2021. A ground stabilization issue may result in the deferral of approximately 2,000 tonnes of copper and 500 tonnes of zinc to 2019.

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

	Three months ended June 30		Six months ended June 30	
Pyhäsalmi	**2018**	**2017**	**2018**	**2017**
Ore tonnes milled (000's)	315	311	616	639
Copper ore grade processed (%)	1.02	1.15	1.00	1.11
Copper recovery (%)	96	97	96	97
Zinc ore grade processed (%)	1.94	1.83	1.80	1.83
Zinc recovery (%)	90	90	90	90
Copper production (tonnes)	3,086	3,467	5,951	6,910
Copper sales (tonnes)	3,328	3,554	6,165	7,055
Zinc production (tonnes)	5,494	5,111	10,020	10,497
Zinc sales (tonnes)	4,697	5,234	9,507	10,699
Pyrite production (tonnes)	159,674	168,319	305,649	352,783
Pyrite sales (tonnes)	99,606	107,013	220,178	212,462
All-in sustaining cost (AISC) (per lb)[1]	($0.02)	($0.39)	($0.38)	($0.49)
Cash cost (C1) (per lb)[1]	($0.02)	($0.39)	($0.38)	($0.49)
Total cost (C3) (per lb)[1]	$2.23	$1.92	$1.77	$1.74
Sales revenues	38	35	76	71
Gross profit	10	5	22	14
Comparative EBITDA[1]	25	22	49	46

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

Three and six months

Copper production was 11% and 14% lower in the three and six months ended June 30, 2018, respectively, due to lower copper grade and recovery. Zinc production in the quarter increased by 7% compared to the same period in 2017 due to higher throughput and zinc grade, while zinc production for the six months ended June 30, 2018, was 5% lower than the same period in 2017 driven by lower throughput.

AISC of ($0.02) per lb and ($0.38) per lb for the three and six months ended June 30, 2018, were higher than the comparable periods of 2017, with higher mining, processing and site administration costs and the impact of lower copper production partially offset by higher by-product credits. Sales revenues for the three and six months ended June 30, 2018, were 9% and 7% higher, respectively, than the comparable periods of 2017 reflecting higher realized metal prices, excluding the impact of the corporate sales hedge program, partially offset by lower copper and zinc sales volumes. Gross profit reflected higher sales revenues and lower depreciation, partially offset by higher operating costs.

Outlook

2018 is expected to be the operation's final full year of production. Production is forecast at 10,000 tonnes of copper, 5,000 ounces of gold, 15,000 tonnes of zinc and 700,000 tonnes of pyrite.

Planned shutdown periods for the remainder of 2018 include 11 days in the third quarter and 8 days in the fourth quarter.

Ravensthorpe

Ravensthorpe remained on care and maintenance activities during the quarter, with the mine at a level ready for a resumption of operations should market conditions improve. Care and maintenance costs in the quarter were $3 million. Contracting costs were higher than expected as a result of increased activity on descaling tanks within the hydrometallurgical plant as well as work on an acid storage tank.

Refurbishment of the leaching circuit's atmospheric reactors is underway, scheduled for completion over the coming months while the operation is on care and maintenance at an anticipated capital cost of $5 million. Evaporation of high salinity water in the ponds is progressing well, and improvements to site drainage and roadways is underway utilizing our care and maintenance personnel.

Outlook

A logical process of work including resource drilling of the Shoemaker Levy deposit and a capital works program for permitting, design and subsequent construction of the infrastructure requirements to bring Shoemaker Levy online is underway in anticipation of a sustained commodity pricing level. A sustained rise in the nickel price would initiate plans which have been developed for employee recruitment, contract mining arrangements, camp reinstatement as well as enhancements to identified process circuit opportunities. Restart costs, should favourable conditions prevail, are estimated at $10 million.

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

SALES REVENUES

		Three months ended June 30		Six months ended June 30	
		2018	2017	2018	2017
Kansanshi	- copper	379	307	728	707
	- gold	41	43	83	83
	- acid	8	-	10	-
Sentinel	- copper	392	256	777	445
Las Cruces	- copper	133	111	264	230
Guelb Moghrein	- copper	40	44	79	74
	- gold	16	23	32	34
	- magnetite	8	-	13	-
Çayeli	- copper	31	16	30	31
	- zinc, gold and silver	5	-	5	5
Pyhäsalmi	- copper	21	18	37	36
	- zinc	12	12	24	22
	- pyrite, gold and silver	5	5	15	13
Ravensthorpe	- nickel	-	39	-	80
	- cobalt	-	5	-	9
Corporate[1]		(42)	(97)	(163)	(221)
Sales revenues		1,049	782	1,934	1,548
	Copper	951	655	1,749	1,298
	Gold	59	66	120	120
	Zinc	16	11	28	26
	Other	23	11	37	22
	Nickel	-	39	-	82
		1,049	782	1,934	1,548

[1] Corporate sales include sales hedges (see "Hedging Programs" for further discussion).

Three month review of sales revenues

Sales revenues of $1,049 million in the second quarter increased by $267 million compared to 2017, due to an increase in copper revenues of $296 million reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe and lower gold revenues. The increase in copper sales revenues is mainly from Sentinel, which contributed $392 million in the quarter, reflecting increased copper sales volumes and a higher realized copper price, as well as the resumption of shipments at Çayeli, which contributed $31 million in the quarter. The copper sales hedging program reduced sales revenues by $45 million.

Six month review of sales revenues

Sales revenues of $1,934 million in the first half of 2018 increased by $386 million compared to 2017, due to an increase in copper revenues reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe. The increase in copper sales volumes is from Sentinel, which contributed revenues of $777 million in the six months, reflecting increased copper sales volumes and realized copper price. The copper sales hedging program reduced sales revenues by $166 million. The Kansanshi smelter continued with the sale of excess acid into the Copperbelt which commenced in the first quarter, generating $10 million of additional revenue in the six month period.

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

Realized Prices

	Three months ended June 30		Six months ended June 30	
Copper selling price (per lb)	**2018**	**2017**	**2018**	**2017**
Average LME cash price	$3.12	$2.57	$3.14	$2.61
Realized copper price	$2.95	$2.24	$2.85	$2.22
Treatment/refining charges (“TC/RC”) and freight charges	($0.12)	($0.12)	($0.12)	($0.12)
Net realized copper price	$2.83	$2.12	$2.73	$2.10

The copper sales hedging program reduced sales revenues by $45 million and $166 million for the quarter and the six months, respectively. The impact on net realized copper price was a reduction of $0.14 per lb and $0.26 per lb for the quarter and the six months, respectively.

Details of the Company’s hedging program at June 30, 2018, and July 30, 2018, are included on page 26.

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.

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

SUMMARY FINANCIAL RESULTS

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Gross profit (loss)				
Kansanshi	181	141	337	252
Sentinel	68	12	161	64
Las Cruces	44	22	86	56
Guelb Moghrein	13	11	28	18
Çayeli	10	(1)	4	1
Pyhäsalmi	10	5	22	14
Ravensthorpe	(4)	(21)	(7)	(39)
Corporate[1]	(51)	(103)	(179)	(231)
Total gross profit	271	66	452	135
Exploration	(6)	(3)	(13)	(6)
General and administrative	(17)	(18)	(35)	(35)
Other income (expense)	(3)	1	4	3
Net finance expense	(2)	(5)	(7)	(10)
Loss on extinguishment of senior notes	-	-	-	(84)
Income tax expense	(90)	(56)	(176)	(112)
Net earnings (loss)	153	(15)	225	(109)
Net earnings (loss) attributable to:				
Non-controlling interests	18	20	43	40
Shareholders of the Company	135	(35)	182	(149)
Comparative earnings (loss)	128	(18)	177	(47)
Earnings (loss) per share				
Basic	$0.20	($0.05)	$0.27	($0.22)
Diluted	$0.20	($0.05)	$0.26	($0.22)
Comparative	$0.19	($0.03)	$0.26	($0.07)
Basic weighted average number of shares (in 000's)	686,423	685,845	686,413	685,844

[1] Corporate gross loss relates primarily to sales hedge loss

Three month review of financial results

Gross profit of $271 million was $205 million higher compared with the same period in 2017 with all operations generating improved results due to higher realized metal prices. Kansanshi and Sentinel contributed gross profit of $181 million and $68 million respectively, a combined $96 million more than the same period of 2017, reflecting increased copper sales volumes and higher metal prices.

Exploration expense was $3 million higher than the second quarter of 2017. Other expense of $3 million included a foreign exchange loss of $7 million offset by a gain of $8 million realized on disposal of the asset retirement obligation associated with the Troilus closed property in April 2018.

Net earnings for the quarter of $153 million included a tax expense of $90 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 $45 million realized under the Company's copper sales hedge program. Excluding hedge losses, the underlying effective tax rate for the quarter was 31%.

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

Six month review of financial results

Gross profit of $452 million was $317 million higher compared with the same period in 2017 with all operations generating improved results due to higher realized metal prices. Kansanshi and Sentinel contributed gross profit of $337 million and $161 million respectively, a combined $182 million more than the same period of 2017 reflecting higher metal prices.

Exploration expense was $7 million higher than the same period of 2017. Other income of $4 million included a foreign exchange loss of $3 million offset by a gain of $8 million realized on disposal of the asset retirement obligation associated with the Troilus closed property in April 2018.

Net earnings for the six months of $225 million included a tax expense of $176 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 $166 million realized under the Company's copper sales hedge program. Excluding hedge losses, the underlying effective tax rate for the first six months was 31%. The six months ended June 30, 2017 included a loss on extinguishment of debt of $84 million.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Cash flows from operating activities	407	205	1,203	444
Cash flows from (used by) investing activities				
Payments and deposits for property, plant and equipment	(575)	(363)	(1,014)	(674)
Capitalized borrowing costs paid in cash	(122)	(46)	(194)	(170)
Acquisition of KPMC	-	-	(105)	-
Other investing activities	-	-	5	10
Cash flows from (used by) financing activities				
Net movement in debt and trading facilities	157	103	217	230
Early redemption costs on senior notes	-	-	-	(54)
Other financing activities	30	84	(118)	80
Exchange gains (losses) on cash and cash equivalents	(25)	18	(14)	19
Net cash inflow (outflow)	(128)	1	(20)	(115)
Cash balance	682	450	682	450
Total assets	22,661	20,053	22,661	20,053
Total current liabilities	1,892	2,344	1,892	2,344
Total long-term liabilities	10,317	7,459	10,317	7,459
Net Debt[1]	5,865	4,771	5,865	4,771
Cash flows from operating activities per share[1]	$0.59	$0.30	$1.75	$0.65

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

Cash flows from operating activities for the second quarter of 2018 were $202 million higher than the same period in 2017. Increased cash generated from operations and increased stream contributions from Franco-Nevada were partially offset by movements in working capital.

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

The total VAT receivable accrued by the Company's Zambian operations at June 30, 2018, was $411 million, of which $287 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. Claims totalling Zambian kwacha 1,585 million (currently equivalent to $139 million inclusive of a $20 million charge recognized in the year-ended December 31, 2017, to reflect the impact of discounting the balance over the expected timeframe to repayment) 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 receivables stems from the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. The Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding claims are fully recoverable.

Zambian VAT	**June 30, 2018**	**December 31, 2017**
Receivable at date of claim	534	435
Impact of depreciation of Zambian Kwacha against US$	(103)	(102)
	431	333
Impact of discounting non-current portion	(20)	(20)
Total receivable	411	313
Comprising:		
Current portion, included within trade and other receivables	272	173
Non-current VAT receivable	139	140

Capital expenditure for the second quarter of 2018, excluding capitalized interest, totaled $575 million compared to $363 million for the same period in 2017 and comprised primarily of $443 million for the development of the Cobre Panama project.

Cash flows from financing activities for the second quarter of 2018 of $187 million included $157 million net proceeds from trading and debt facilities and $44 million of net receipts from KPMC for the development of Cobre Panama, partially offset by dividends paid.

Liquidity outlook

At June 30, 2018, the Company had $1,500 million of committed undrawn facilities, $682 million in net unrestricted cash, and working capital of $1,012 million. These, together with expected future cash flows, support the Company's belief in its ability to meet current obligations as they become due. The Company was also in full compliance with all its financial covenants and expects to remain in compliance throughout the next 12 months.

At June 30, 2018, the Company had total commitments of $645 million, of which approximately $619 million related to the 12 months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment for the development of Cobre Panama.

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

As at June 30, 2018, 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	6,382	6,453	16	1,537	1,950	2,950
Debt – finance charges	-	2,448	472	915	634	427
Trading facilities	165	165	165	-	-	-
Trade and other payables	595	595	595	-	-	-
Derivative instruments	14	14	14	-	-	-
Liability to joint venture[1]	763	1,409	-	-	-	1,409
Joint venture consideration	327	380	80	200	100	-
Current taxes payable	172	172	172	-	-	-
Deferred payments	43	43	4	9	9	21
Finance leases	19	25	4	8	7	6
Commitments	-	645	619	18	5	3
Restoration provisions	601	1,015	6	44	84	881

[1] Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA of which the Company has joint control, and not scheduled repayments.

Hedging programs

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

Commodity contracts:	**June 30, 2018**	**December 31, 2017**
Asset position	71	13
Liability position	(14)	(288)

The Company has entered into derivative contracts to ensure that the exposure to the price of copper 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 financial covenants.

As at June 30, 2018, 25,000 tonnes of unmargined copper forward sales contracts at an average price of $3.15 per lb were outstanding with periods of maturity to December 2018. The Company also had unmargined zero cost collar sales contracts for 98,000 tonnes at weighted average prices of $3.04 per lb (protection) to $3.45 per lb (upside) with maturities to June 2019.

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.

Approximately 29% of remaining expected copper sales in 2018 are hedged to unmargined forward and zero cost collar sales contracts at an average floor price of $3.06 per lb.

During the six-month period ended June 30, 2018, a loss for settled hedges of $166 million was realized through sales revenues. Fair value gains on outstanding contracts of $34 million have been recognized as a derivative asset at June 30, 2018.

	Open Positions (tonnes)	**Average Contract price**	**Closing Market price**	**Maturities Through**
Commodity contracts:				
Copper forward	25,000	$3.15/lb	$3.01/lb	December 2018
Copper zero cost collar	98,000	$3.04-3.45/lb	$3.01/lb	June 2019

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

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 and gold embedded derivatives which are included within accounts receivable.

As at June 30, 2018, 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	50,402	$3.21/lb	$3.01/lb	October 2018
Gold	16,382	$1,259/oz	$1,250/oz	August 2018
Zinc	3,550	$1.39/lb	$1.34/lb	September 2018
Commodity contracts:				
Copper	51,375	$3.21/lb	$3.01/lb	October 2018
Gold	16,382	$1,259/oz	$1,250/oz	August 2018
Zinc	3,550	$1.39/lb	$1.34/lb	September 2018

As at June 30, 2018, 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 had 689,386,204 shares outstanding.

JOINT VENTURE

On November 8, 2017 the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation and holds a 20% interest in Cobre Panama. The purchase consideration was $664 million, of which the remaining $380 million has been discounted and is repayable in four instalments to November 2021.

The Company has recognized a $600 million investment in the joint venture, representing the discounted consideration value, against which the Company's proportionate share of the profit or loss in KPMC is recognized. The principal assets and liabilities of KPMC are an investment in MPSA, a subsidiary of the Company, and shareholder loans.

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

SUMMARY OF RESULTS

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

Consolidated operations	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Sales revenues											
Copper	$478	$565	**$2,138**	$643	$655	$719	$785	**$2,802**	$798	$951	$1,749
Nickel	43	45	**182**	43	39	58	8	**148**	-	-	-
Gold	70	50	**271**	54	66	63	53	**236**	61	59	120
Zinc and other elements	14	29	**82**	26	22	37	39	**124**	26	39	65
Total sales revenues	605	689	**2,673**	766	782	877	885	**3,310**	885	1,049	1,934
Gross profit	80	52	**339**	69	66	83	117	**335**	181	271	452
Comparative EBITDA	220	218	**964**	265	267	304	318	**1,154**	363	466	829
Net earnings (loss) attributable to shareholders of the Company	36	12	**222**	(114)	(35)	(52)	(115)	**(316)**	47	135	182
Comparative earnings (loss)	37	27	**165**	(29)	(18)	(28)	(36)	**(111)**	49	128	177
Basic earnings (loss) per share	$0.05	$0.02	**$0.32**	($0.17)	($0.05)	($0.08)	($0.17)	**($0.46)**	$0.07	$0.20	$0.27
Comparative earnings (loss) per share	$0.05	$0.04	**$0.24**	($0.04)	($0.03)	($0.04)	($0.05)	**($0.16)**	$0.07	$0.19	$0.26
Diluted earnings (loss) per share	$0.05	$0.02	**$0.32**	($0.17)	($0.05)	($0.08)	($0.17)	**($0.46)**	$0.07	$0.20	$0.26
Dividends declared per common share (CDN$ per share)	$0.0050	-	**$0.0150**	$0.0050	-	$0.0050	-	**$0.0100**	$0.0050	-	$0.0050
Basic weighted average # shares (000's)[1]	685,594	685,739	**685,746**	685,827	685,845	686,323	686,402	**685,936**	686,387	686,423	686,413
Cash flows per share from operating activities	$0.38	$0.14	**$1.33**	$0.35	$0.30	$0.39	$0.30	**$1.33**	$1.16	$0.59	$1.75
Copper statistics											
Total copper production (tonnes)	142,721	146,101	**539,458**	132,356	141,912	145,376	154,319	**573,963**	145,358	150,950	296,308
Total copper sales (tonnes)	136,051	136,265	**535,613**	139,810	139,521	148,894	151,905	**580,130**	138,021	152,403	290,424
Realized copper price (per lb)	$2.23	$2.18	**$2.26**	$2.20	$2.24	$2.37	$2.50	**$2.33**	$2.74	$2.95	$2.85
TC/RC (per lb)	(0.10)	(0.12)	**(0.12)**	(0.08)	(0.09)	(0.12)	(0.08)	**(0.09)**	(0.07)	(0.08)	(0.08)
Freight charges (per lb)	(0.01)	(0.02)	**(0.01)**	(0.04)	(0.03)	(0.06)	(0.08)	**(0.05)**	(0.05)	(0.04)	(0.04)
Net realized copper price (per lb)	$2.12	$2.04	**$2.13**	$2.08	$2.12	$2.19	$2.34	**$2.19**	$2.62	$2.83	$2.73
Cash cost – copper (C1) (per lb)	$0.97	$1.22	**$1.06**	$1.26	$1.12	$1.21	$1.30	**$1.23**	$1.27	$1.28	$1.28
All-in sustaining cost (AISC) (per lb)	$1.36	$1.71	**$1.46**	$1.59	$1.50	$1.75	$1.76	**$1.65**	$1.72	$1.76	$1.74
Total cost – copper (C3) (per lb)	$1.74	$1.91	**$1.83**	$2.05	$1.95	$2.03	$2.19	**$2.06**	$2.16	$2.11	$2.13
Nickel statistics											
Nickel produced (contained tonnes)	5,330	6,206	**23,624**	5,592	5,920	6,325	-	**17,837**	-	-	-
Nickel sales (contained tonnes)	5,454	6,073	**25,882**	5,197	5,522	7,099	865	**18,683**	-	-	-
Nickel produced (payable tonnes)	3,974	4,650	**17,630**	4,291	4,537	4,866	-	**13,694**	-	-	-
Nickel sales (payable tonnes)	4,082	4,539	**19,535**	3,981	4,228	5,455	674	**14,338**	-	-	-
Realized nickel price (per payable lb)	$4.68	$4.50	**$4.25**	$4.93	$4.17	$4.77	$5.37	**$4.67**	-	-	-
TC/RC (per payable lb)	0.01	-	**(0.03)**	-	-	-	-	**-**	-	-	-
Net realized nickel price (per payable lb)	$4.69	$4.50	**$4.22**	$4.93	$4.17	$4.77	$5.37	**$4.67**	-	-	-
Cash cost – nickel (C1) (per payable lb)	$5.01	$4.46	**$4.66**	$4.84	$4.43	$4.16	$(0.61)	**$4.45**	-	-	-
All-in sustaining cost (AISC) (per lb)	$5.90	$5.03	**$5.29**	$5.81	$5.60	$4.67	$(0.51)	**$5.29**	-	-	-
Total cost – nickel (C3) (per payable lb)	$6.71	$6.16	**$6.34**	$6.57	$6.09	$5.77	$(0.51)	**$6.17**	-	-	-
Gold statistics											
Total gold production (ounces)	52,957	54,234	**214,012**	50,579	50,040	47,213	51,904	**199,736**	45,929	46,467	92,396
Total gold sales (ounces)	54,124	45,620	**232,783**	46,904	52,020	51,729	50,723	**201,376**	48,815	48,172	96,987
Net realized gold price (per ounce)	$1,282	$1,097	**$1,165**	$1,161	$1,268	$1,209	$1,055	**$1,174**	$1,249	$1,227	$1,239
Zinc statistics											
Zinc production (tonnes)	5,064	11,084	**28,862**	6,253	6,538	4,376	3,556	**20,723**	5,227	6,545	11,772
Zinc sales (tonnes)	4,653	11,971	**27,361**	7,956	5,234	5,379	3,282	**21,851**	4,810	6,856	11,666

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

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

Kansanshi statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining											
Waste mined (000's tonnes)	21,710	15,058	**74,935**	13,656	17,028	15,864	8,707	**55,255**	10,941	14,692	25,633
Ore mined (000's tonnes)	8,318	7,631	**31,679**	7,008	10,078	9,039	10,478	**36,603**	9,846	10,082	19,928
Processing											
Sulphide ore processed (000's tonnes)	2,973	3,267	**11,988**	3,291	3,202	3,179	3,298	**12,970**	3,182	3,105	6,287
Sulphide ore grade processed (%)	0.79	0.79	**0.79**	0.74	0.76	0.74	0.76	**0.75**	0.79	0.81	0.80
Sulphide ore recovery (%)	93	93	**92**	93	90	88	94	**91**	88	91	90
Sulphide concentrate grade (%)	20.6	22.3	**21.4**	22.8	22.4	21.7	21.8	**22.2**	22.5	23.2	22.9
Mixed ore processed (000's tonnes)	1,986	1,993	**7,953**	2,010	1,992	1,983	2,012	**7,997**	2,009	1,930	3,939
Mixed ore grade processed (%)	1.03	0.99	**1.01**	1.05	1.08	1.09	0.99	**1.05**	1.16	0.93	1.05
Mixed ore recovery (%)	80	79	**84**	87	86	81	88	**85**	81	87	83
Mixed concentrate grade (%)	24.6	27.2	**25.2**	31.1	33.4	29.9	27.7	**30.4**	30.3	25.7	28.1
Oxide ore processed (000's tonnes)	1,881	1,811	**7,076**	1,650	1,750	1,705	1,811	**6,916**	1,791	1,708	3,499
Oxide ore grade processed (%)	1.62	1.44	**1.50**	1.46	1.57	1.49	1.51	**1.51**	1.59	1.53	1.56
Oxide ore recovery (%)	94	95	**94**	93	87	80	89	**87**	80	92	86
Oxide concentrate grade (%)	32.0	29.2	**28.6**	32.6	32.8	30.0	29.8	**31.3**	32.2	28.9	30.6
Copper cathode produced (tonnes)	20,194	20,867	**79,668**	17,882	19,858	17,128	23,874	**78,742**	22,514	18,528	41,042
Copper in concentrate produced (tonnes)	46,695	45,083	**173,604**	45,316	44,239	41,578	40,926	**172,059**	41,071	43,942	85,013
Total copper production (tonnes)	66,889	65,950	**253,272**	63,198	64,097	58,706	64,800	**250,801**	63,585	62,470	126,055
Gold produced (ounces)	37,833	40,331	**148,220**	36,017	34,918	33,297	36,363	**140,595**	32,080	33,536	65,616
Smelting[1]											
Concentrate processed (DMT) [1]	276,368	314,399	**1,143,974**	327,095	334,269	202,093	348,283	**1,211,740**	350,591	326,187	676,778
Copper anodes produced (tonnes) [1]	62,984	72,630	**257,330**	83,070	82,383	48,819	83,281	**297,553**	86,777	80,097	166,847
Smelter copper recovery (%)	97	95	**97**	97	95	94	97	**96**	97	97	97
Acid tonnes produced (000's)	266	295	**1,109**	307	307	189	325	**1,128**	325	291	616
Cash Costs (per lb)											
Mining	$0.58	$0.68	**$0.65**	$0.66	$0.46	$0.55	$0.54	**$0.54**	$0.56	$0.58	$0.58
Processing	0.49	0.46	**0.49**	0.50	0.50	0.51	0.46	**0.49**	0.49	0.49	0.49
Site administration	0.06	0.09	**0.07**	0.07	(0.10)[2]	(0.06)[2]	0.07	**-**	0.08	0.09	0.08
TC/RC and freight charges	0.14	0.15	**0.11**	0.16	0.15	0.23	0.18	**0.18**	0.14	0.14	0.14
By-product credits	(0.35)	(0.22)	**(0.30)**	(0.25)	(0.34)	(0.32)	(0.21)	**(0.27)**	(0.36)	(0.38)	(0.38)
Total smelter costs	0.13	0.14	**0.13**	0.14	0.08	0.08	0.12	**0.11**	0.09	0.10	0.10
Cash cost (C1) (per lb)	$1.05	$1.30	**$1.15**	$1.28	$0.75	$0.99	$1.16	**$1.05**	$1.00	$1.02	$1.01
All-in sustaining cost (AISC) (per lb)	$1.48	$1.76	**$1.57**	$1.59	$1.18	$1.79	$1.55	**$1.54**	$1.46	$1.55	$1.50
Total cost (C3) (per lb)	$1.68	$1.81	**$1.78**	$1.89	$1.41	$1.64	$1.86	**$1.71**	$1.82	$1.70	$1.76
Revenues ($ millions)											
Copper cathodes	$99	$110	**$374**	$101	$115	$101	$164	**$481**	$145	$128	$273
Copper anode	185	209	**841**	285	183	201	303	**972**	194	251	445
Copper in concentrates	9	17	**48**	14	9	77	21	**121**	10	-	10
Gold	51	33	**186**	40	43	46	37	**166**	42	41	83
Acid	-	-	**-**	-	-	-	-	**-**	2	8	10
Total sales revenues	$344	$369	**$1,449**	$440	$350	$425	$525	**$1,740**	$393	$428	$821
Copper cathode sales (tonnes)	21,219	21,201	**77,084**	17,903	20,661	16,511	24,660	**79,735**	21,334	19,172	40,506
Copper anode sales (tonnes)	40,107	39,291	**176,895**	51,299	33,250	32,531	46,480	**163,560**	28,846	37,828	66,674
Copper in concentrate sales (tonnes)	2,791	4,412	**14,480**	3,074	2,228	15,269	3,834	**24,405**	1,504	-	1,504
Gold sales (ounces)	38,896	30,592	**156,840**	33,732	33,039	37,054	35,910	**139,735**	33,666	32,902	66,568

[1] 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.

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

Sentinel statistics	Q3 16	Q4 16 Pre-Commercial production	Q4 16 Post-Commercial production	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining												
Waste mined (000's tonnes)	23,022	7,864	12,065	**82,098**	16,006	24,382	26,254	21,853	**88,495**	21,611	23,744	45,355
Ore mined (000's tonnes)	9,185	3,519	7,269	**37,960**	9,272	10,641	12,692	12,039	**44,644**	10,172	11,996	22,168
Processing												
Copper ore processed (000's tonnes)	8,831	3,397	7,000	**36,369**	8,800	10,019	11,434	11,834	**42,087**	11,735	11,979	23,714
Copper ore grade processed (%)	0.58	0.50	0.57	**0.57**	0.51	0.52	0.53	0.54	**0.52**	0.47	0.51	0.49
Recovery (%)	76	75	88	**68**	81	84	89	90	**87**	91	92	91
Copper concentrate produced (tonnes)	38,926	12,652	35,133	**139,600**	36,274	43,686	53,533	57,190	**190,683**	50,310	56,080	106,390
Concentrate grade (%)	-	-	26.4	**26.4**	26.4	24.0	23.5	24.2	**24.4**	24.9	25.6	25.2
Cash Costs (per lb)												
Mining	-	-	$0.51	**$0.51**	$0.72	$0.72	$0.59	$0.66	**$0.67**	$0.71	$0.62	$0.66
Processing	-	-	0.45	**0.45**	0.70	0.66	0.60	0.57	**0.62**	0.68	0.66	0.67
Site administration	-	-	0.13	**0.13**	(0.09) [1]	0.12	0.09	0.03	**0.05**	0.10	0.10	0.10
TC/RC and freight charges	-	-	0.25	**0.25**	0.20	0.19	0.22	0.27	**0.22**	0.21	0.23	0.22
Total smelter costs	-	-	0.13	**0.13**	0.14	0.17	0.12	0.14	**0.14**	0.13	0.13	0.13
Cash cost (C1) (per lb)	-	-	$1.47	**$1.47**	$1.67	$1.86	$1.62	$1.67	**$1.70**	$1.83	$1.74	$1.78
All-in sustaining cost (AISC) (per lb)	-	-	$2.13	**$2.13**	$2.07	$2.29	$2.05	$2.36	**$2.19**	$2.36	$2.29	$2.32
Total cost (C3) (per lb)	-	-	$2.16	**$2.16**	$2.45	$2.61	$2.30	$2.49	**$2.45**	$2.60	$2.46	$2.53
Revenues ($ millions)												
Copper anode	-	-	$110	**$110**	$170	$239	$229	$213	**$851**	$328	$321	$649
Copper in concentrates	-	-	$43	**$43**	$19	$17	$71	$68	**$175**	$57	$71	$128
Total sales revenues	-	-	$153	**$153**	$189	$256	$300	$281	**$1,026**	$385	$392	$777
Copper anode sales (tonnes)	-	-	20,294	**20,294**	29,929	43,705	36,734	32,026	**142,394**	48,227	47,947	96,174
Copper concentrate sales (tonnes)	-	-	10,034	**10,034**	4,362	3,742	14,121	12,741	**34,966**	10,115	12,596	22,711

[1] Includes movements in previously recognized operational provisions.

Las Cruces statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining											
Waste mined (000's tonnes)	7,478	2,119	**13,644**	1,870	4,383	5,067	3,269	**14,589**	1,631	4,835	6,466
Ore mined (000's tonnes)	442	281	**1,330**	371	381	802	868	**2,422**	648	368	1,016
Processing											
Copper ore processed (000's tonnes)	409	362	**1,538**	398	409	392	420	**1,619**	390	416	806
Copper ore grade processed (%)	5.23	5.12	**5.18**	5.17	5.10	5.04	4.99	**5.07**	5.07	4.87	4.97
Recovery (%)	94	93	**92**	91	90	88	89	**90**	92	93	93
Copper cathode produced (tonnes)	20,016	17,156	**73,643**	18,793	18,683	17,488	18,700	**73,664**	18,238	18,849	37,087
Cash Costs (per lb)											
Cash cost (C1) (per lb)	$0.67	$0.94	**$0.81**	$0.78	$0.79	$0.93	$0.93	**$0.86**	$0.86	$0.83	$0.84
All-in sustaining cost (AISC) (per lb)	$0.98	$1.20	**$1.01**	$0.93	$1.00	$1.20	$1.12	**$1.06**	$1.03	$1.09	$1.06
Total cost (C3) (per lb)	$1.72	$1.93	**$1.83**	$1.89	$2.09	$2.25	$2.40	**$2.15**	$2.15	$2.11	$2.13
Revenues ($ millions)											
Copper cathode	$93	$82	**$358**	$119	$111	$109	$122	**$461**	$131	$133	$264
Copper cathode sales (tonnes)	19,203	15,656	**73,539**	20,228	19,484	17,049	17,903	**74,664**	18,771	19,269	38,040

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

Guelb Moghrein statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining											
Waste mined (000's tonnes)	2,249	3,465	**12,066**	4,041	3,349	3,055	3,607	**14,052**	3,961	2,737	6,698
Ore mined (000's tonnes)	559	717	**2,700**	810	983	792	519	**3,104**	97	296	393
Processing											
Sulphide ore processed (000's tonnes)	986	927	**3,898**	863	820	832	874	**3,389**	861	938	1,799
Sulphide ore grade processed (%)	0.80	0.72	**0.92**	0.95	0.97	0.88	0.90	**0.93**	0.79	0.73	0.76
Recovery (%)	91	91	**91**	92	92	92	91	**92**	90	85	87
Copper in concentrate produced (tonnes)	7,156	6,078	**32,818**	7,533	7,347	6,756	7,155	**28,791**	6,135	5,781	11,916
Gold produced (ounces)	12,208	11,140	**53,951**	12,133	12,375	11,435	13,270	**49,213**	11,740	10,354	22,094
Magnetite concentrate produced (tonnes)	-	-	**-**	-	-	-	-	**-**	93,472	123,100	216,572
Cash Costs (per lb)											
Mining	$0.45	$0.70	**$0.44**	$0.57	$0.61	$0.70	$0.79	**$0.66**	$0.51	$1.11	$0.79
Processing	0.92	1.05	**0.80**	0.80	1.01	0.93	0.97	**0.93**	1.07	1.23	1.15
Site administration	0.26	0.25	**0.20**	0.16	0.17	0.20	0.19	**0.18**	0.19	0.24	0.22
TC/RC and freight charges	0.56	0.32	**0.45**	0.49	0.50	0.51	0.51	**0.51**	0.61	0.41	0.51
Gold and magnetite credit	(1.05)	(1.13)	**(0.96)**	(0.88)	(1.05)	(0.91)	(1.12)	**(1.00)**	(1.39)	(1.24)	(1.31)
Cash cost (C1) (per lb)	$1.14	$1.19	**$0.93**	$1.14	$1.24	$1.43	$1.34	**$1.28**	$0.99	$1.75	$1.36
All-in sustaining cost (AISC) (per lb)	$1.72	$2.21	**$1.51**	$1.67	$1.53	$1.86	$1.60	**$1.65**	$1.84	$2.16	$2.00
Total cost (C3) (per lb)	$1.96	$2.18	**$1.68**	$1.93	$2.08	$2.30	$2.25	**$2.13**	$1.86	$2.84	$2.33
Revenues ($ millions)											
Copper in concentrates	$27	$25	**$140**	$30	$44	$37	$39	**$150**	$39	$40	$79
Gold	15	14	**73**	11	23	13	13	**60**	16	16	32
Magnetite concentrate	-	-	**-**	-	-	-	7	**7**	5	8	13
Total sales revenues	$42	$39	**$213**	$41	$67	$50	$59	**$217**	$60	$64	$124
Copper in concentrate sales (tonnes)	6,870	5,840	**36,330**	6,122	9,301	6,765	6,811	**28,999**	6,387	6,772	13,159
Gold sales (ounces)	12,038	11,959	**63,335**	10,293	16,160	11,616	12,384	**50,453**	13,008	12,863	25,871
Magnetite concentrate sold (tonnes)	-	-	**-**	-	-	-	-	**-**	79,560	150,167	229,727

Çayeli statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining											
Ore mined (000's tonnes)	323	313	**1,267**	207	253	279	202	**941**	259	250	509
Processing											
Ore milled (000's tonnes)	313	320	**1,285**	204	253	274	212	**943**	257	255	512
Copper ore grade processed (%)	2.34	2.01	**2.26**	1.70	2.07	2.24	1.72	**1.96**	1.88	2.13	2.00
Copper ore recovery (%)	87	89	**87**	89	88	90	90	**89**	88	86	87
Zinc ore grade processed (%)	1.81	1.27	**1.60**	1.09	1.41	0.90	0.78	**1.05**	1.05	1.37	1.21
Zinc ore recovery (%)	41	39	**39**	39	40	27	23	**34**	26	30	28
Copper produced (tonnes)	6,335	5,741	**25,330**	3,115	4,632	5,492	3,284	**16,523**	4,225	4,684	8,909
Zinc produced (tonnes)	2,338	1,610	**8,062**	867	1,427	653	379	**3,326**	701	1,051	1,752
Cash Costs (per lb)											
Cash cost – Copper (C1) (per lb)	$1.11	$1.25	**$1.20**	$1.52	$1.44	$1.21	$2.05	**$1.50**	$1.31	$1.29	$1.27
All-in sustaining cost (AISC) (per lb)	$1.24	$1.42	**$1.37**	$1.64	$1.73	$1.41	$2.48	**$1.75**	$1.56	$1.59	$1.63
Total cost – Copper (C3) (per lb)	$1.76	$1.90	**$1.86**	$2.53	$2.34	$2.50	$2.06	**$2.37**	$2.14	$2.15	$2.20
Revenues ($ millions)											
Copper	$24	$29	**$97**	$15	$16	$33	$23	**$87**	($1)	$31	$30
Zinc	3	3	**8**	4	-	5	-	**9**	-	4	4
Other	1	1	**5**	1	-	1	-	**2**	-	1	1
Total sales revenues	$28	$33	**$110**	$20	$16	$39	$23	**$98**	($1)	$36	$35
Copper sales (tonnes)	6,510	7,257	**26,795**	3,392	3,596	6,462	4,266	**17,716**	-	5,491	5,491
Zinc sales (tonnes)	2,376	2,387	**6,825**	2,491	-	1,944	-	**4,435**	-	2,159	2,159

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

Pyhäsalmi statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Mining											
Ore mined (000's tonnes)	379	382	**1,430**	345	335	319	316	**1,315**	323	299	622
Processing											
Ore milled (000's tonnes)	352	350	**1,380**	328	311	315	306	**1,260**	301	315	616
Copper ore grade processed (%)	1.02	0.99	**1.11**	1.08	1.15	1.13	1.07	**1.11**	0.98	1.02	1.00
Copper ore recovery (%)	95	97	**97**	97	97	96	97	**97**	97	96	96
Zinc ore grade processed (%)	0.90	2.91	**1.67**	1.82	1.83	1.34	1.17	**1.55**	1.66	1.94	1.80
Zinc ore recovery (%)	86	93	**90**	90	90	88	89	**89**	91	90	90
Copper produced (tonnes)	3,399	3,391	**14,795**	3,443	3,467	3,401	3,190	**13,501**	2,865	3,086	5,951
Zinc produced (tonnes)	2,726	9,474	**20,800**	5,386	5,111	3,723	3,177	**17,397**	4,526	5,494	10,020
Pyrite produced (tonnes)	112,882	4,770	**490,480**	184,464	168,319	184,486	154,855	**692,124**	145,975	159,674	305,649
Cash Costs (per lb)											
Cash cost – Copper (C1) (per lb)	$0.61	($1.14)	**$0.04**	($0.59)	($0.39)	$0.03	($0.10)	**($0.26)**	($0.81)	($0.02)	($0.38)
All-in sustaining cost (AISC) (per lb)	$0.64	($1.18)	**$0.07**	($0.59)	($0.39)	$0.03	($0.09)	**($0.26)**	($0.81)	($0.02)	($0.38)
Total cost – Copper (C3) (per lb)	$2.59	$0.84	**$1.99**	$1.57	$1.92	$2.43	$2.35	**$2.06**	$1.24	$2.23	$1.77
Revenues ($ millions)											
Copper	$15	$15	**$61**	$18	$18	$18	$20	**$74**	$16	$21	$37
Zinc	3	16	**30**	10	12	7	8	**37**	12	12	24
Pyrite	3	3	**16**	4	3	3	6	**16**	6	3	9
Other	6	4	**16**	4	2	6	4	**16**	4	2	6
Total sales revenues	$27	$38	**$123**	$36	$35	$34	$38	**$143**	$38	$38	$76
Copper sales (tonnes)	3,799	3,114	**14,708**	3,501	3,554	3,452	3,184	**13,691**	2,837	3,328	6,165
Zinc sales (tonnes)	2,277	9,584	**20,536**	5,465	5,234	3,435	3,282	**17,416**	4,810	4,697	9,507
Pyrite sales (tonnes)	89,118	111,273	**517,922**	105,449	107,013	91,569	114,712	**418,743**	120,572	99,606	220,178

Ravensthorpe statistics	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	2018
Processing											
Beneficiated ore (000's tonnes)	563	700	**2,510**	619	800	792	-	**2,211**	-	-	-
Beneficiated ore grade (%)	1.22	1.22	**1.26**	1.13	1.10	1.10	-	**1.11**	-	-	-
Nickel recovery – leach feed to Nickel produced (%)	79	80	**81**	82	79	76	-	**79**	-	-	-
Nickel produced (contained tonnes)	5,330	6,206	**23,624**	5,592	5,920	6,325	-	**17,837**	-	-	-
Nickel produced (payable tonnes)	3,974	4,650	**17,630**	4,291	4,537	4,866	-	**13,694**	-	-	-
Cash Costs (per lb)											
Mining	$1.06	$1.00	**$0.99**	$1.17	$1.19	$1.01	-	**$1.12**	-	-	-
Processing	3.56	3.10	**3.21**	3.41	3.20	3.17	-	**3.25**	-	-	-
Site administration	0.42	0.38	**0.36**	0.38	0.36	0.34	-	**0.37**	-	-	-
TC/RC and freight charges	0.22	0.24	**0.33**	0.34	0.24	0.26	0.10	**0.27**	-	-	-
Cobalt credit	(0.25)	(0.26)	**(0.23)**	(0.46)	(0.56)	(0.62)	(0.71)	**(0.56)**	-	-	-
Cash cost (C1) (per lb)	$5.01	$4.46	**$4.66**	$4.84	$4.43	$4.16	$(0.61)	**$4.45**	-	-	-
All-in sustaining cost (AISC) (per lb)	$5.90	$5.03	**$5.29**	$5.81	$5.60	$4.67	$(0.51)	**$5.29**	-	-	-
Total cost (C3) (per lb)	$6.71	$6.16	**$6.34**	$6.57	$6.09	$5.77	$(0.51)	**$6.17**	-	-	-
Revenues ($ millions)											
Nickel	$42	$50	**$185**	$41	$39	$58	$8	**$146**	-	-	-
Cobalt	3	2	**10**	4	5	7	1	**17**	-	-	-
Total sales revenues	$45	$52	**$195**	$45	$44	$65	$9	**$163**	-	-	-
Nickel sales (contained tonnes)	5,454	6,073	**25,882**	5,197	5,522	7,099	865	**18,683**	-	-	-
Nickel sales (payable tonnes)	4,083	4,539	**19,536**	3,981	4,228	5,455	674	**14,338**	-	-	-

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 wet season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of December, January, February and March. As a result of the wet 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, do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers. These measures are used internally by management and serve to provide additional information and should not be considered in isolation to measures prepared under 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, all-in sustaining cost, total cost, sustaining capital expenditure and deferred stripping costs capitalized

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, AISC and C3 total cost 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, cobalt, sulphuric acid, or iron magnetite and is used by management to evaluate operating performance. 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 and is used by management to evaluate performance inclusive of sustaining expenditure required to maintain current production levels.

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. This metric is used by management to evaluate the operating performance inclusive of costs not classified as sustaining in nature such as exploration and depreciation.

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

Sustaining capital expenditure is defined as capital expenditure during the production phase, incurred to sustain and maintain the existing assets to achieve constant planned levels of production, from which future economic benefits will be derived. This includes expenditure for assets to retain their existing productive capacity, and to enhance assets to minimum reliability, environmental and safety standards.

Deferred stripping costs capitalized are defined as waste material stripping costs in excess of the strip ratio, for the production phase, and from which future economic benefits will be derived from future access to ore. Deferred stripping costs are capitalized to the mineral property, and will be depreciated on a units-of-production basis.

	Three months ended June 30		**Six months ended June 30**	
	2018	**2017**	**2018**	**2017**
Purchase and deposits on property, plant and equipment	575	363	1,014	674
Sustaining capital expenditure and deferred stripping	87	73	149	116
Project capital expenditure – Panama	443	272	781	515
Project capital expenditure – Other sites	45	18	84	43
Total capital expenditure	575	363	1,014	674

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

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

For the three months ended June 30, 2018	**Kansanshi**	**Sentinel**	**Las Cruces**	**Guelb Moghrein**	**Çayeli**	**Pyhäsalmi**	**Copper**	**Corporate & other**	**Ravensthorpe**	**Total**
Cost of sales	(247)	(324)	(89)	(51)	(26)	(28)	**(765)**	(9)	(4)	**(778)**
Adjustments:										
Depreciation	61	74	51	11	10	15	**222**	-	2	**224**
By-product credits	49	-	-	24	5	18	**96**	-	-	**96**
Royalties	26	22	2	2	-	-	**52**	-	-	**52**
Treatment and refining charges	(5)	(14)	-	(5)	(4)	(3)	**(31)**	-	-	**(31)**
Freight costs	(6)	(5)	-	-	(1)	-	**(12)**	-	-	**(12)**
Finished goods	(21)	36	1	-	4	(1)	**19**	-	-	**19**
Other	5	-	1	(1)	(1)	-	**4**	9	2	**15**
Cash cost (C1)	(138)	(211)	(34)	(20)	(13)	1	**(415)**	-	-	**(415)**
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(62)	(64)	(51)	(11)	(8)	(15)	**(211)**	-	(2)	**(213)**
Royalties	(26)	(22)	(2)	(2)	-	-	**(52)**	-	-	**(52)**
Other	(2)	(2)	-	-	-	-	**(4)**	-	(1)	**(5)**
Total cost (C3)	(228)	(299)	(87)	(33)	(21)	(14)	**(682)**	-	(3)	**(685)**
Cash cost (C1)	(138)	(211)	(34)	(20)	(13)	1	**(415)**	-	-	**(415)**
Adjustments:										
General and administrative expenses	(6)	(9)	(2)	-	-	-	**(17)**	-	-	**(17)**
Sustaining capital expenditure and deferred stripping	(37)	(37)	(8)	(3)	(2)	-	**(87)**	-	-	**(87)**
Royalties	(26)	(22)	(2)	(2)	-	-	**(52)**	-	-	**(52)**
AISC	(207)	(279)	(46)	(25)	(15)	1	**(571)**	-	-	**(571)**
AISC (per lb)	$1.55	$2.29	$1.09	$2.16	$1.59	($0.02)	**$1.76**	-	-	
Cash cost – (C1) (per lb)	$1.02	$1.74	$0.83	$1.75	$1.29	($0.02)	**$1.28**	-	-	
Total cost – (C3) (per lb)	$1.70	$2.46	$2.11	$2.84	$2.15	$2.23	**$2.11**	-	-	

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

For the six months ended June 30, 2018	**Kansanshi**	**Sentinel**	**Las Cruces**	**Guelb Moghrein**	**Çayeli**	**Pyhäsalmi**	**Copper**	**Corporate & other**	**Ravensthorpe**	**Total**
Cost of sales	(484)	(616)	(178)	(96)	(31)	(54)	**(1,459)**	(16)	(7)	**(1,482)**
Adjustments:										
Depreciation	121	142	102	21	13	27	**426**	-	3	**429**
By-product credits	93	-	-	45	5	39	**182**	-	-	**182**
Royalties	55	46	4	4	1	-	**110**	-	-	**110**
Treatment and refining charges	(10)	(28)	-	(8)	(4)	(5)	**(55)**	-	-	**(55)**
Freight costs	(13)	(10)	-	-	(1)	-	**(24)**	-	-	**(24)**
Finished goods	(41)	52	2	2	(6)	-	**9**	-	-	**9**
Other	2	-	1	(1)	(1)	(1)	-	16	4	**20**
Cash cost (C1)	(277)	(414)	(69)	(33)	(24)	6	**(811)**	-	-	**(811)**
Adjustments: Depreciation (excluding depreciation in finished goods)	(137)	(124)	(101)	(20)	(15)	(27)	**(424)**	-	(3)	**(427)**
Royalties	(55)	(46)	(4)	(4)	(1)	-	**(110)**	-	-	**(110)**
Other	(4)	(3)	-	-	-	-	**(7)**	-	-	**(7)**
Total cost (C3)	(473)	(587)	(174)	(57)	(40)	(21)	**(1,352)**	-	(3)	**(1,355)**
Cash cost (C1)	(277)	(414)	(69)	(33)	(24)	6	**(811)**	-	-	**(811)**
Adjustments:										
General and administrative expenses	(12)	(18)	(4)	(1)	-	-	**(35)**	-	-	**(35)**
Sustaining capital expenditure and deferred stripping	(59)	(64)	(11)	(11)	(4)	-	**(149)**	-	-	**(149)**
Royalties	(55)	(46)	(4)	(4)	(1)	-	**(110)**	-	-	**(110)**
AISC	(403)	(542)	(88)	(49)	(29)	6	**(1,105)**	-	-	**(1,105)**
AISC (per lb)	$1.50	$2.32	$1.06	$2.00	$1.63	($0.38)	**$1.74**	-	-	
Cash cost – (C1) (per lb)	$1.01	$1.78	$0.84	$1.36	$1.27	($0.38)	**$1.28**	-	-	
Total cost – (C3) (per lb)	$1.76	$2.53	$2.13	$2.33	$2.20	$1.77	**$2.13**	-	-	

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

For the three months ended June 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(209)	(244)	(89)	(56)	(17)	(30)	**(645)**	(6)	(65)	**(716)**
Adjustments:										
Depreciation	57	62	53	15	8	17	**212**	-	7	**219**
By-product credits	43	-	-	23	2	18	**86**	-	5	**91**
Royalties	20	12	1	1	1	-	**35**	-	3	**38**
Treatment and refining charges	(8)	(10)	-	(6)	(3)	(2)	**(29)**	-	-	**(29)**
Freight costs	(3)	(2)	(1)	-	(1)	(1)	**(8)**	-	-	**(8)**
Finished goods	(7)	6	1	6	(2)	1	**5**	-	4	**9**
Other	3	-	2	-	(1)	-	**4**	6	2	**12**
Cash cost (C1)	(104)	(176)	(33)	(17)	(13)	3	**(340)**	-	(44)	**(384)**
Adjustments: Depreciation (excluding depreciation in finished goods)	(66)	(57)	(53)	(11)	(8)	(17)	**(212)**	-	(13)	**(225)**
Royalties	(20)	(12)	(1)	(1)	(1)	-	**(35)**	-	(3)	**(38)**
Other	(2)	(2)	1	(1)	-	-	**(4)**	-	(1)	**(5)**
Total cost (C3)	(192)	(247)	(86)	(30)	(22)	(14)	**(591)**	-	(61)	**(652)**
Cash cost (C1)	(104)	(176)	(33)	(17)	(13)	3	**(340)**	-	(44)	**(384)**
Adjustments:										
General and administrative expenses	(5)	(7)	(2)	(1)	(1)	-	**(16)**	-	(2)	**(18)**
Sustaining capital expenditure and deferred stripping	(36)	(21)	(6)	(2)	(1)	-	**(66)**	-	(7)	**(73)**
Royalties	(20)	(12)	(1)	(1)	(1)	-	**(35)**	-	(3)	**(38)**
AISC	(165)	(216)	(42)	(21)	(16)	3	**(457)**	-	(56)	**(513)**
AISC (per lb)	$1.18	$2.29	$1.00	$1.53	$1.73	$ (0.39)	**$1.50**	-	$5.60	
Cash cost – (C1) (per lb)	$0.75	$1.86	$0.79	$1.24	$1.44	$ (0.39)	**$1.12**	-	$4.43	
Total cost – (C3) (per lb)	$1.41	$2.61	$2.09	$2.08	$2.34	$1.92	**$1.95**	-	$6.09	

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

For the six months ended June 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(538)	(381)	(174)	(90)	(35)	(57)	**(1,275)**	(10)	(128)	**(1,413)**
Adjustments:										
Depreciation	143	101	100	24	14	33	**415**	1	16	**432**
By-product credits	83	-	-	34	6	37	**160**	-	9	**169**
Royalties	41	26	3	3	1	-	**74**	-	5	**79**
Treatment and refining charges	(17)	(18)	-	(10)	(5)	(5)	**(55)**	-	-	**(55)**
Freight costs	(12)	(3)	-	-	(2)	(1)	**(18)**	-	-	**(18)**
Finished goods	12	(25)	4	2	(2)	-	**(9)**	-	5	**(4)**
Other	9	(4)	2	-	-	1	**8**	9	3	**20**
Cash cost (C1)	(279)	(304)	(65)	(37)	(23)	8	**(700)**	-	(90)	**(790)**
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(131)	(102)	(97)	(22)	(14)	(33)	**(399)**	-	(26)	**(425)**
Royalties	(41)	(26)	(3)	(3)	(1)	-	**(74)**	-	(5)	**(79)**
Other	(3)	(2)	-	-	-	-	**(5)**	-	(2)	**(7)**
Total cost (C3)	(454)	(434)	(165)	(62)	(38)	(25)	**(1,178)**	-	(123)	**(1,301)**
Cash cost (C1)	(279)	(304)	(65)	(37)	(23)	8	**(700)**	-	(90)	**(790)**
Adjustments:										
General and administrative expenses	(12)	(13)	(3)	(2)	(1)	-	**(31)**	-	(4)	**(35)**
Sustaining capital expenditure and deferred stripping	(53)	(32)	(9)	(8)	(2)	-	**(104)**	-	(12)	**(116)**
Royalties	(41)	(26)	(3)	(3)	(1)	-	**(74)**	-	(5)	**(79)**
AISC	(385)	(375)	(80)	(50)	(27)	8	**(909)**	-	(111)	**(1,020)**
AISC (per lb)	$1.41	$2.19	$0.96	$1.58	$1.67	$(0.49)	**$1.54**	-	$5.70	
Cash cost – (C1) (per lb)	$1.02	$1.77	$0.79	$1.17	$1.45	$(0.49)	**$1.19**	-	$4.63	
Total cost – (C3) (per lb)	$1.66	$2.54	$1.99	$1.99	$2.39	$1.74	**$2.00**	-	$6.32	

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

Comparative EBITDA and comparative earnings

Comparative EBITDA and comparative earnings are the Company's adjusted earnings metrics and are used to evaluate operating performance by management. The Company believes that the comparative metrics presented are useful as the adjusted items do not reflect the underlying operating performance of its current business and are not necessarily indicative of future operating results.

Calculation of operating cash flow per share, 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.

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 impairment and related charges, foreign exchange gains and losses, gains and losses on disposal of assets, one-time costs related to acquisitions, dispositions, restructuring and other transactions, revisions in estimates of restoration provisions at closed sites, debt extinguishment loss and discounting of non-current VAT.

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Operating profit	245	46	408	97
Adjustments:				
Depreciation	224	219	429	432
Foreign exchange (gain) loss and changes in fair value relating to option time value[1]	7	(2)	3	(2)
(Gain) loss on disposal of assets	(9)	3	(8)	3
Revisions in estimates of restoration provisions at closed sites	(1)	1	(3)	2
Total adjustments excluding depreciation	(3)	2	(8)	3
Comparative EBITDA	466	267	829	532

[1] Following the adoption of IFRS 9 on January 1, 2018, the changes in fair value relating to option time value are recognized in OCI.

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings (loss) attributable to shareholders of the Company	135	(35)	182	(149)
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of debt	-	-	-	84
Total adjustments to comparative EBITDA excluding depreciation	(3)	2	(8)	3
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(4)	15	3	15
Comparative earnings (loss)	128	(18)	177	(47)
Basic earnings (loss) per share	\$0.20	(\$0.05)	\$0.27	(\$0.22)
Comparative earnings (loss) per share	\$0.19	(\$0.03)	\$0.26	(\$0.07)

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

The Company has adopted *IFRS 9 Financial Instruments* as of January 1, 2018. The requirements of *IFRS 9* represent a significant change from *IAS 39 Financial Instruments: Recognition and Measurement*. Additionally, the Company adopted consequential amendments to *IFRS 7 Financial Instruments: Disclosures*.

The details and quantitative impact of the changes in accounting policies are disclosed below.

- *IFRS 9* contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under *IFRS 9*, financial asset derivatives are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Refer to the table below for a summary of the classification changes upon transition to *IFRS 9*.
- Non-substantial modifications of financial liabilities are required to have a modification gain or loss recognized. This has resulted in an increase in the carrying value of senior debt on transition of $44 million.
- The Company has elected to present all subsequent changes in the fair value of an investment in an equity instrument within OCI. These investments were previously held at cost or fair value through profit and loss. A fair value adjustment of $10 million was recognized within accumulated other comprehensive loss.
- *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 was performed to determine the expected credit loss of financial assets. 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 have determined the expected credit loss to be not material (December 31, 2017: no impairment recognized). The Company has also adopted consequential amendments to *IAS 1 Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include any impairment of trade receivables in other expenses.
- *IFRS 9* marks a revised approach to hedge accounting, however this has not significantly impacted the 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 are recognized in OCI. On transition, $12 million has been reclassified between retained earnings and accumulated other comprehensive loss.

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

The following table shows the original measurement categories under *IAS 39* and the new measurement categories under *IFRS 9* for each class of the Group's financial assets as at January 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9
Financial assets		
Trade and other receivables	Loans and receivables	Amortized cost
Derivative instruments in designated hedge relationships	FVTPL	FVTPL
Other derivative instruments	FVTPL	FVTPL
Investments		
At cost	Available-for-sale	FVOCI
At fair value	Available-for-sale	FVOCI
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost
Derivative instruments in designated hedge relationships	FVTPL	FVTPL
Other derivative instruments	FVTPL	FVTPL
Finance leases	Other financial liabilities	Amortized cost
Liability to joint venture	Other financial liabilities	Amortized cost
Debt	Other financial liabilities	Amortized cost

IFRS 15 Revenue from Contracts with Customers

The Company has adopted *IFRS 15 Revenue from Contracts with Customers* as of January 1, 2018. In accordance with the transition provisions in *IFRS 15*, the Company has elected to apply the new rules retrospectively whereby the transitional adjustment is recognized in retained earnings with no adjustment of comparatives. Therefore, the comparative information continues to be reported under *IAS 18*. The changes have only been applied to contracts that remained in force at the transition date.

The details and quantitative impact of the changes in accounting policies are disclosed below.

- The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangements were previously accounted for, and classified as deferred revenue. As the timing of the transfer of goods does not match the receipt of consideration, *IFRS 15* requires the transaction price to be adjusted to reflect the significant financing component. In accordance with the requirements of *IFRS 15*, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue of $74 million on transition.
- The Company sells a significant proportion of its products on terms whereby the Company is responsible for providing shipping services after the date at which control of the goods passes to the customer. Under *IAS 18*, the Company recognizes such shipping and other freight revenue and accrues the associated costs in full on loading. The impact of treating freight, where applicable, as a separate performance obligation and therefore recognizing revenue over time would not have materially impacted revenue, costs or earnings as at June 30, 2018, or at December 31, 2017.
- The Company's sales are made under pricing arrangements where final prices are set at a specified date based on market prices. Under *IFRS 15*, variable consideration should be estimated by method of expected value or most likely amount, and included in the transaction price, to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur. The changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices is recognized as an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales. The adoption of *IFRS 15* has not changed the assessment or treatment of the existence of embedded derivatives in these financial statements.

The Company has elected to make use of the following practical expedients:

- Completed contracts under *IAS 18* before the date of transition have not been reassessed.
- The Company applies the practical expedient in paragraph 121 of *IFRS 15* and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

The following table summarizes the impacts of adopting *IFRS 9* and *IFRS 15* on the Company's consolidated financial statements on January 1, 2018.

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

	Impact of changes in accounting policies		
	As reported December 31, 2017	Transition adjustments	January 1, 2018
Balance sheet			
Other assets	353	(10)	343
Debt	(6,277)	(44)	(6,321)
Deferred revenue	(726)	(74)	(800)
Retained earnings	3,612	106	3,718
Accumulated other comprehensive loss	(227)	22	(205)

Accounting standards issued but not yet effective

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 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. Fewer leases will qualify for operating lease accounting through cost of sales as is the case under the current standard, and more leases are accounted for in line with current finance lease accounting.

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.

- 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 considers 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.

- 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 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 for the delivery of precious metals from the Cobre Panama project. Under this first agreement Franco-Nevada is providing $1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine. In March 2018, the Company finalized an additional precious metal stream agreement with a subsidiary of Franco-Nevada, and $356 million was received by MPSA.

  Management has determined that under the terms of the agreement the Company meets the 'own-use' exemption criteria under *IFRS 9 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 judgment 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. In accordance with the requirements of IFRS 15, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue. See *New and amended standards adopted by the Company* for additional information**.**

- Assessment of impairment indicators

  Management applies significant judgment in assessing each cash-generating unit and asset 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. Following the decision to place Ravensthorpe mine into care and maintenance an impairment test was performed using assumptions determined by management.

- Derecognition of financial liabilities

  Judgment is required in determining if an exchange of issued listed tradeable bonds results in, amongst other factors, a change to the 'existing lender' and, if so, whether that constitutes an extinguishment of an existing financial liability and recognition of a new financial liability. Judgment that an exchange of such instruments in 2017 was an extinguishment of the existing financial liability resulted in material impacts on the carrying value of debt and finance costs in the year ended December 31, 2017.

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 includes 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 price assumptions that are used in the review of impairment indicators. The Ravensthorpe mine was placed in care and maintenance in October 2017. Its value is sensitive to longer term nickel price assumptions and the movements in the discount rate.

- 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. 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 and promissory note receivable. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of investment 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 investment 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 investment grade are reported to, and approved by, the Audit Committee. As at June 30, 2018, substantially all cash and 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 six months ended June 30, 2018, and the years ended December 31, 2017 and December 31, 2016. 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 sales. As at June 30, 2018, fair value gains on outstanding contracts of $34 million have been recognized as a derivative asset and for the three months ended June 30, 2018, a fair value loss of $45 million has been recognized through sales revenues.

As at June 30, 2018, 25,000 tonnes of unmargined copper forward sales contracts at an average price of $3.15 per lb were outstanding with periods of maturity to December 2018. Additionally, the Company had unmargined zero cost collar sales contracts for 98,000 tonnes at weighted average prices of $3.04 per lb (protection) to $3.45 per lb (upside) with maturities to June 2019.

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 June 30, 2018, and December 31, 2017, the Company had not entered into any diesel or sulphur derivatives.

The Company's commodity price risk relates 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 June 30, 2018, and December 31 2017, 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. 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$") Mauritanian ouguiya ("MRO"), the euro ("EUR"), and the Turkish lira ("TRY"); and to the local currencies of suppliers who provide capital equipment for project development, principally the A$, 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, 2017, under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of the 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 accordance with the securities legislation.

Since the December 31, 2017 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, 2017 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 June 30, 2018, 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. 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, other required permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, nickel, zinc, pyrite, cobalt, iron 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, iron 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, potential social and environmental challenges, 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.