



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

First Quarter – March 31, 2017

(unaudited)

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

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

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

		Three months ended March 31	
	Note	2017	2016
Sales revenues	9	766	720
Cost of sales	10	(697)	(615)
Gross profit		69	105
Exploration		(3)	(3)
General and administrative		(17)	(17)
Other income (expense)		2	(15)
Operating profit		51	70
Finance income		1	2
Finance costs	11	(6)	(4)
Loss on extinguishment of senior notes		(84)	-
(Loss) earnings before income taxes		(38)	68
Income tax expense	12	(56)	(20)
Net (loss) earnings from continuing operations		(94)	48
Net loss from discontinued operations		-	(266)
Net loss		(94)	(218)
Net earnings (loss) from continuing operations attributable to:			
Non-controlling interests		20	(1)
Shareholders of the Company	8b	(114)	49
Net earnings (loss) attributable to:			
Non-controlling interests		20	(1)
Shareholders of the Company	8b	(114)	(217)
Earnings (loss) per common share attributable to the shareholders of the Company			
Net (loss) earnings from continuing operations (\$ per share):			
Basic	8b	(0.17)	0.07
Diluted	8b	(0.17)	0.07
Net loss (\$ per share)			
Basic	8b	(0.17)	(0.32)
Diluted	8b	(0.17)	(0.32)
Weighted average shares outstanding (000's)			
Basic	8b	685,827	685,795
Diluted	8b	685,827	685,795
Total shares issued and outstanding (000's)	8a	689,374	689,331

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

First Quantum Minerals Ltd.

Condensed Interim Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended March 31	
	2017	2016
Net loss for the period	(94)	(218)
Other comprehensive income		
<i>Items that have been/may be subsequently reclassified to net earnings:</i>		
Cash flow hedges reclassified to net earnings	87	(72)
Gains (losses) on cash flow hedges arising during the period	(113)	19
Unrealized gain (loss) on available-for-sale investments	1	-
Total comprehensive loss for the period	(119)	(271)
Total comprehensive income (loss) for the year attributable to:		
Non-controlling interests	20	(1)
Shareholders of the Company	(139)	(270)
Total comprehensive loss for the period	(119)	(271)

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

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

(expressed in millions of U.S. dollars)

	Three months ended March 31	
	2017	2016
Cash flows from operating activities		
Net earnings (loss) from operations	(94)	48
Adjustments for		
Depreciation	213	184
Income tax expense	56	20
Share-based compensation expense	6	6
Net finance expense	5	2
Loss on extinguishment of senior notes	84	-
Other	-	32
	270	292
Taxes paid	(45)	(17)
Franco-Nevada Corporation ("Franco-Nevada") precious metal stream arrangement	50	-
Change in non-cash operating working capital		
Decrease (increase) in trade and other receivables and derivatives	20	(57)
Decrease (increase) in inventories	(20)	77
Decrease in trade and other payables	(36)	(41)
Net cash from operating activities of continuing operations	239	254
Net cash used by operating activities of discontinued operations	-	(13)
Cash flows used by investing activities		
Purchase and deposits on property, plant and equipment	(311)	(259)
Interest paid and capitalized to property, plant and equipment	(124)	(113)
Repayments and interest on ENRC Promissory note	-	32
Other	10	3
Net cash used by investing activities of continuing operations	(425)	(337)
Net cash used by investing activities of discontinued operations	-	(9)
Cash flows from financing activities		
Net movement in trading facility	36	(2)
Movement in restricted cash	(52)	(2)
Proceeds from debt	2,176	-
Repayments of debt	(2,085)	(5)
Early redemption costs on senior notes	(54)	-
Proceeds from Korea-Panama Mining Corporation ("KPMC")	50	38
Other	(2)	-
Net cash from financing activities of continuing operations	69	29
Decrease in cash and cash equivalents and bank overdrafts	(117)	(76)
Cash and cash equivalents and bank overdrafts – beginning of period	565	365
Exchange gains (losses) on cash and cash equivalents	1	(14)
Less: cash and cash equivalents held for sale	-	(6)
Cash and cash equivalents and bank overdrafts – end of period	449	269
Cash and cash equivalents and bank overdrafts comprising:		
Cash and cash equivalents	1,411	1,115
Bank overdrafts	(962)	(846)
	449	269

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

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

(expressed in millions of U.S. dollars)

	Note	March 31, 2017	December 31, 2016 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,411	1,463
Trade and other receivables		388	402
Inventories	3	1,039	1,032
Current portion of other assets	5	146	176
		2,984	3,073
Cash and cash equivalents - restricted cash		122	70
Non-current VAT receivable		180	176
Property, plant and equipment	4	16,083	15,811
Goodwill		237	237
Other assets	5	117	116
Total assets		19,723	19,483
Liabilities			
Current liabilities			
Bank overdraft		962	898
Trade and other payables		496	531
Current taxes payable		77	90
Current debt	6	324	385
Current portion of provisions and other liabilities	7	346	320
		2,205	2,224
Debt	6	4,786	4,561
Provisions and other liabilities	7	1,299	1,212
Deferred revenue		512	462
Deferred income tax liabilities		751	739
Total liabilities		9,553	9,198
Equity			
Share capital	8a	5,560	5,553
Retained earnings		3,816	3,933
Accumulated other comprehensive (loss) income		(317)	(292)
Total equity attributable to shareholders of the Company		9,059	9,194
Non-controlling interests		1,111	1,091
Total equity		10,170	10,285
Total liabilities and equity		19,723	19,483
Commitments & contingencies	15		

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

First Quantum Minerals Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in millions of U.S. dollars)

		Three months ended March 31	
	Note	2017	2016
Share capital			
Common shares			
Balance – beginning and end of period		5,642	5,642
Treasury shares			
Balance – beginning of period		(156)	(167)
Restricted and performance stock units vested		1	-
Balance – end of period		(155)	(167)
Contributed surplus			
Balance – beginning of period		67	56
Share-based compensation expense for the period (inclusive of capitalized amounts)		7	7
Restricted and performance stock units vested		(1)	-
Balance – end of period		73	63
Total share capital		5,560	5,538
Retained earnings			
Balance – beginning of period		3,933	3,985
Loss for the period attributable to shareholders of the Company		(114)	(217)
Dividends	8c	(3)	(5)
Balance – end of period		3,816	3,763
Accumulated other comprehensive (loss) income			
Balance – beginning of period		(292)	52
Other comprehensive (loss) for the period		(25)	(53)
Balance – end of period		(317)	(1)
Non-controlling interests			
Balance – beginning of period		1,091	1,065
Earnings (loss) attributable to non-controlling interests		20	(1)
Balance – end of period		1,111	1,064

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

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

1 Nature of operations

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

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

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

2 Basis of presentation

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

These condensed interim consolidated financial statements were approved for issue on April 27, 2017, by the Audit Committee on behalf of the Board of Directors.

3 Inventories

	March 31, 2017	December 31, 2016
Ore in stockpiles	199	200
Work-in-progress	39	38
Finished product	306	313
Total product inventory	544	551
Consumable stores	495	481
	1,039	1,032

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

4 Property, plant and equipment

	Mineral properties and mine development costs				
	Plant and equipment	Capital work-in-progress	Operating mines	Development projects	Total
Net book value, as at January 1, 2017	4,996	6,361	2,254	2,200	15,811
Additions	-	358	-	-	358
Disposals	(9)	-	-	-	(9)
Transfers between categories	47	(250)	188	15	-
Restoration provision	-	-	9	-	9
Capitalized interest	-	113	-	-	113
Depreciation charge	(145)	-	(54)	-	(199)
As at March 31, 2017	4,889	6,582	2,397	2,215	16,083
Cost	7,860	6,582	3,451	2,215	20,108
Accumulated depreciation	(2,971)	-	(1,054)	-	(4,025)

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

During the three months ended March 31, 2017, \$113 million of interest (three months ended March 31, 2016: \$102 million) was capitalized relating to the development of qualifying assets. The amount capitalized to March 31, 2017 was determined by applying the weighted average cost of borrowings of 7.8% (three months ended March 31, 2016: 7.6%) to the accumulated qualifying expenditures.

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

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

5 Other assets

	March 31, 2017	December 31, 2016
Prepaid expenses	189	205
Investments	28	27
Deferred income tax assets	44	38
Derivative instruments (note 14)	2	22
Total other assets	263	292
Less: current portion of other assets	(146)	(176)
	117	116

Included within prepaid expenses is \$82 million (December 31, 2016: \$88 million) in relation to Sentinel which will be recovered through deductions on electricity invoices from ZESCO under the terms of the agreement to transfer powerline ownership.

6 Debt

		March 31, 2017	December 31, 2016
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.25% due March 2023 ¹	(a)	1,086	-
First Quantum Minerals Ltd. 7.50% due March 2025 ¹	(b)	1,086	-
First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021 ¹	(c)	-	32
First Quantum Minerals Ltd. 6.75% due February 2020 ¹	(d)	-	1,091
First Quantum Minerals Ltd. 7.00% due February 2021	(e)	1,089	1,087
First Quantum Minerals Ltd. 7.25% due October 2019 ¹	(f)	-	345
First Quantum Minerals Ltd. 7.25% due May 2022	(g)	841	841
Kansanshi senior term loan	(h)	232	289
First Quantum Minerals Ltd. senior debt facility	(i)	600	1,116
Trading facilities	(j)	118	82
Equipment financing	(k)	58	63
Total debt		5,110	4,946
Less: Current maturities and short term debt		(324)	(385)
		4,786	4,561
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(i)	938	713
Trading facilities	(j)	192	228

¹ In March 2017, the Company issued \$1,100 million in senior notes due in March 2023 and \$1,100 million in senior notes due in March 2025. The proceeds of the issuance were mostly used to discharge all obligations under the 8.75% Senior notes due June 2020 and 7.50% due June 2021, the 6.75% Senior notes due February 2020 and the 7.25% Senior notes due October 2019, pay fees associated with the transaction, including early senior notes redemption costs of \$54 million and to repay a portion (\$296 million of the Term Loan and fully repay, \$175 million (without cancelling) the Revolving Credit Facility (together the First Quantum Minerals Ltd. Senior debt facility).

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

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

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

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

The Company may redeem some or all of the notes at any time on or after September 15, 2019, at redemption prices ranging from 105.438% in the first six months to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to September 15, 2019, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until September 15, 2019, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

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

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

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

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

The Company may redeem some or all of the notes at any time on or after March 15, 2020, at redemption prices ranging from 103.75% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to March 15, 2020, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until March 15, 2020, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.50% plus accrued interest.

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

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

In May 2012, Inmet Mining Corporation ("Inmet"), a company subsequently acquired by First Quantum, issued \$1,500 million in unsecured senior notes due in June 2020, bearing interest at an annual rate of 8.75%. In December 2012, Inmet issued \$500 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.50%. These are referred to as "Inmet notes".

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

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

In February 2014, the Company issued \$1,115 million in senior notes due in 2020, bearing interest at an annual rate of 6.75%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

In February 2014, the Company issued an additional \$6 million aggregate principal amount of new 6.75% senior notes due 2020 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

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

In February 2014, the Company issued \$1,115 million in senior notes due in 2021, bearing interest at an annual rate of 7.00%.

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.

In February 2014, the Company issued an additional \$6 million aggregate principal amount of new 7.00% senior notes due 2021 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

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

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

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

In October 2012, the Company issued \$350 million in senior notes due in 2019, bearing interest at an annual rate of 7.25%.

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

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

In May 2014, the Company issued \$850 million in senior notes due in 2022, bearing interest at an annual rate of 7.25%.

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

The Company may redeem some or all of the notes at any time on or after May 15, 2017, at redemption prices ranging from 105.438% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to May 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. In addition, until May 15, 2017, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 107.25% plus accrued interest.

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

h) Kansanshi senior term loan

In March 2014, Kansanshi entered into a \$350 million term loan which was available from April 3, 2014, and fully drawn at that date. The first of the six equal semi-annual repayment installments was made on September 27, 2016. Interest is calculated at a rate equal to LIBOR plus a margin.

i) First Quantum Minerals Ltd. senior debt facility

In May 2016, the Company announced that it had entered into a new Term Loan and Revolving Credit Facility ("the new Facility") to replace the previous \$3 billion Term Loan and Revolving Credit Facility ("the old Facility"). As the new Facility had similar terms to the old Facility, the changes in facility were determined to be a non-substantial modification under IAS 39 – Financial Instruments: Recognition and Measurement. The new \$1,815 million Facility comprises \$907.5 million Term Loan Facility and \$907.5 million Revolving Credit Facility, both maturing in December 2019 with interest at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

In November 2016, in accordance with the accordion feature included within the new Facility, the Facility was increased by \$60 million, increasing the Term Loan Facility to \$938 million and the Revolving Credit Facility to \$938 million.

In March 2017, the Company repaid \$296 million of the Term Loan Facility and fully repaid, \$175 million (without cancelling) the Revolving Credit Facility using proceeds from the senior notes issued in March 2017. Of the amount outstanding at March 31, 2017, \$69 million relating to the Term Loan (December 31, 2016: \$167 million) is due within twelve months of the balance sheet date.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

j) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totalling \$310 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.

k) Equipment financing

In April 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns 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 is purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2021. Of the amount outstanding at March 31, 2017, \$20 million (December 31, 2016: \$20 million) is due within twelve months of the balance sheet date.

7 Provisions and other liabilities

	March 31, 2017	December 31, 2016
Restoration provisions	543	530
Amount owed to related party	659	596
Derivative instruments (note 14)	325	302
Other	118	104
Total other liabilities	1,645	1,532
Less: current portion	(346)	(320)
	1,299	1,212

Amount owed to related party

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A ("MPSA") for development of the Cobre Panama project, for which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. As of March 31, 2017, the accrual for interest payable is \$99 million (December 31, 2016: \$86 million) and is included in the carrying value of the amount owed to related party, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of Net Debt banking covenant ratios.

8 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2016 and March 31, 2017	689,374

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

b) Earnings (loss) per share

	Three months ended March 31	
	2017	2016
<i>Continuing basis</i>		
Basic and diluted (loss) earnings attributable to shareholders of the Company	(114)	49
Basic weighted average number of shares outstanding (000's of shares)	685,827	685,795
Effect of dilutive securities:		
Treasury shares	3,547	3,536
Diluted weighted average number of shares outstanding (000's of shares)	685,827	689,331
(Loss) earnings per common share from continuing operations – basic (expressed in \$ per share)	(0.17)	0.07
(Loss) earnings per common share from continuing operations – diluted (expressed in \$ per share)	(0.17)	0.07
<i>Including discontinued operations</i>		
Basic and diluted (loss) attributable to shareholders of the Company	(114)	(217)
Basic weighted average number of shares outstanding (000's of shares)	685,827	685,795
Effect of dilutive securities:		
Treasury shares	3,547	3,536
Diluted weighted average number of shares outstanding (000's of shares)	685,827	685,795
Loss per common share – basic (expressed in \$ per share)	(0.17)	(0.32)
Loss per common share – diluted (expressed in \$ per share)	(0.17)	(0.32)

c) Dividends

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

9 Sales revenues by nature

	Three months ended March 31	
	2017	2016
Copper ¹	643	576
Nickel	43	57
Gold	54	69
Zinc	15	6
Other	11	12
	766	720

¹ Copper revenues excludes \$49 million of proceeds from pre-commercial production at Sentinel for the three months ended March 31, 2016. Commercial production was declared at Sentinel effective November 1, 2016.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

10 Cost of sales

	Three months ended March 31	
	2017 ¹	2016
Costs of production	(487)	(358)
Depreciation	(199)	(156)
Movement in inventory	3	(73)
Movement in depreciation in inventory	(14)	(28)
	(697)	(615)

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

11 Finance costs

	Three months ended March 31	
	2017	2016
Interest expense on financial liabilities measured at amortized cost	(116)	(104)
Accretion on restoration provision	(3)	(2)
Total finance costs	(119)	(106)
Less: interest capitalized (note 4)	113	102
	(6)	(4)

12 Income tax expense

A tax expense of \$56 million was recorded in the period reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early redemption of senior notes.

13 Segmented information

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

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

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

Earnings by segment

For the three-month period ended March 31, 2017, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	440	(243)	(86)	-	111	(37)
Sentinel	189	(98)	(39)	(1)	51	(10)
Las Cruces	119	(38)	(47)	-	34	(8)
Guelb Moghrein	41	(25)	(9)	-	7	(6)
Ravensthorpe	45	(54)	(9)	-	(18)	6
Çayeli	20	(12)	(6)	-	2	(1)
Pyhäsalmi	36	(11)	(16)	(1)	8	(3)
Corporate & other ⁴	(124)	(3)	(1)	(16)	(144)	3
Total	766	(484)	(213)	(18)	51	(56)

¹ Excludes intersegment revenues of \$8 million.

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

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

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

For the three-month period ended March 31, 2016, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	373	(264)	(91)	(5)	13	(13)
Las Cruces	89	(36)	(41)	(2)	10	(6)
Guelb Moghrein	51	(26)	(10)	-	15	(9)
Ravensthorpe	60	(71)	(15)	-	(26)	7
Çayeli	29	(17)	(9)	-	3	3
Pyhäsalmi	32	(14)	(17)	-	1	(1)
Corporate & other ⁴	86	(3)	(1)	(28)	54	(1)
Total	720	(431)	(184)	(35)	70	(20)

¹ Excludes intersegment revenues of \$5 million.

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

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

⁴ No segmented information for Sentinel or Cobre Panama is disclosed for the statement of earnings as these projects were under development at March 31, 2016. The development costs for these properties are capitalized. Commercial production was declared at Sentinel effective November 1, 2016.

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	March 31, 2017			December 31, 2016		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	2,881	3,987	1,068	2,980	3,972	1,000
Sentinel	3,239	3,614	168	3,199	3,522	177
Las Cruces	778	1,197	333	817	1,203	322
Guelb Moghrein	189	320	61	199	318	58
Ravensthorpe	738	830	171	740	821	162
Çayeli	147	615	46	153	636	67
Pyhäsalmi	140	279	81	155	339	96
Cobre Panama ³	6,878	7,162	1,386	6,485	6,767	1,237
Corporate & other ⁴	1,139	1,719	6,239	1,134	1,905	6,079
Total	16,129	19,723	9,553	15,862	19,483	9,198

¹ Non-current assets include \$16,083 million of property plant and equipment (December 31, 2016: \$15,811 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

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

⁴ Included within the corporate segment are assets relating to the Haquira project, \$668 million (December 31, 2016: \$672 million), and to the Taca Taca project, \$427 million (December 31, 2016: \$428 million).

Capital expenditure by segment

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

	Three months ended March 31	
	2017	2016
Kansanshi	26	21
Sentinel	24	-
Las Cruces	3	1
Guelb Moghrein	6	7
Ravensthorpe	5	1
Kevitsa	-	71
Çayeli	1	1
Pyhäsalmi	-	1
Cobre Panama	243	154
Corporate & other	3	2
Total	311	259

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

14 Financial instruments

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at March 31, 2017:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	268	-	-	-	268	268
Other derivative instruments ²	-	-	2	-	2	2
Investments						
<i>At cost</i> ³	-	21	-	-	21	n/a
<i>At fair value</i>	-	7	-	-	7	7
Financial liabilities						
Trade and other payables	-	-	-	496	496	496
Derivative instruments in designated hedge relationships	-	-	318	-	318	318
Other derivative instruments ²	-	-	7	-	7	7
Finance leases	-	-	-	23	23	23
Liability to related party	-	-	-	659	659	659
Debt	-	-	-	5,110	5,110	5,284

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

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

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

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	1	-	-	1
Derivative instruments – OTC contracts ²	-	1	-	1
Investments ³	7	-	-	7
Financial liabilities				
Derivative instruments – LME contracts ¹	7	-	-	7
Derivative instruments – OTC contracts ²	-	318	-	318

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.

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

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

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

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

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

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

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of future sales. Commodity contracts outstanding as at March 31, 2017, were as follows:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	402,000	\$2.29/lb	\$2.65/lb	February 2018
Copper zero cost collar	16,000	\$2.62-\$2.83 /lb	\$2.65/lb	February 2018

Other derivatives

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

Excluding the copper contracts noted above, as at March 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	59,092	\$2.64/lb	\$2.65/lb	July 2017
Nickel	1,341	\$4.53/lb	\$4.48/lb	April 2017
Gold	17,794	\$1,251/oz	\$1,243/oz	May 2017
Zinc	950	\$1.27/lb	\$1.26/lb	May 2017
Commodity contracts:				
Copper	59,817	\$2.64/lb	\$2.65/lb	July 2017
Nickel	1,341	\$4.53/lb	\$4.48/lb	April 2017
Gold	17,851	\$1,251/oz	\$1,243/oz	May 2017
Zinc	950	\$1.27/lb	\$1.26/lb	May 2017

First Quantum Minerals Ltd.

Notes to Consolidated Financial Statements

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

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

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

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

	March 31, 2017	December 31, 2016
Commodity contracts:		
Asset position	2	22
Liability position	(325)	(302)

15 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to \$833 million (December 31, 2016: \$564 million) in capital expenditures.

Other commitments & contingencies

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

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

In October 2016, the Company, through its subsidiary Kansanshi Holdings Ltd., 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 KMP and Kansanshi Holdings Limited, the 80% shareholder in KMP. KMP also received a Statement of Claim filed in the High Court for Zambia naming additional defendants, including First Quantum, its subsidiary FQM Finance Ltd., and a number of directors and an executive of the named corporate defendants.

This dispute arises out of the rate of interest paid on deposits made by KMP with the Company's financing entity, FQM Finance Ltd. ("FQM Finance"). The funds on deposits were retained for planned investment by KMP in Zambia. FQM Finance paid interest on the deposits to KMP based on an assessment of an arms-length fair market rate, which is supported by independent third party analysis. ZCCM disputes that the interest rate paid to KMP on the deposits was sufficient. ZCCM commenced a further action in the High Court for Zambia. Having carefully studied the claims made in both the Notice of Arbitration and Statement of Claim, the Company is firmly of the view that the claims are without merit.

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.

Management's Discussion and Analysis

First quarter ended March 31, 2017



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three months ended March 31, 2017. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Regulatory Disclosures" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of April 27, 2017.

FIRST QUARTER 2017 HIGHLIGHTS^{1,2}

- Comparative loss¹ of \$29 million (\$0.04 per share¹) and cash flows from continuing operating activities of \$239 million (\$0.35 per share)¹ for the three months ended March 31, 2017. The comparative loss was incurred as no tax credit has been recognized with respect to losses realized under the sales hedge program. Net loss from continuing operations attributable to shareholders of the Company¹ amounted to \$114 million (\$0.17 per share) inclusive of losses under the sales hedge program and costs incurred for the early redemption of the 2019 and 2020 senior notes, for which no tax credit has been recognized.
- Copper production³ increased 11% year-over-year to 132,356 tonnes:
 - Strong performances at the Kansanshi and Las Cruces mines.
 - Continued ramp-up of the Sentinel mine in its first full quarter of commercial operations.
- Previous quarterly records for concentrate throughput and anode production at the Kansanshi copper smelter were exceeded by 4% and 14%, respectively.
- Copper sales established a new Company high of 139,810 tonnes including 34,291 tonnes from the now commercial Sentinel mine.
- Copper production unit cost rose, as expected, reflecting mainly a full quarter of commercial operations at Sentinel and the effects of the rainy season in Zambia. These were partially offset by the strong performance at Las Cruces.
- Market guidance for total production, production cost and capital expenditures for the years 2017 to 2019 are unchanged from previously disclosed on January 26, 2017.
- The realized average price for copper of \$2.20 per pound was below the average LME price for the period on account of the Company's sales hedge program which reduced revenues, for the quarter, by \$128 million and lowered the net realized copper price by \$0.42 per pound.
 - Sales hedge positions outstanding as at April 27, 2017 totaled 361,700 tonnes of copper at an average price of \$2.31 per pound.
 - As at March 31, 2017, the Company had unsettled and unmargined sales hedges for 402,000 tonnes with maturities to February 2018 at an average price of \$2.29 per pound. Additionally, the Company had zero cost collar unmargined sales hedges for 16,000 tonnes at a price range of \$2.62 - \$2.83 per pound with maturities from July 2017 to February 2018.
- As part of its liability management initiative, the Company issued \$2.2 billion in new senior notes, upsized from a target of \$1.6 billion following strong demand and a significantly oversubscribed order book. Proceeds were used to redeem the 2019 and 2020 senior notes, partially repay the term debt, fully repay the revolving debt and pay fees associated with the offering. The remaining proceeds were added to cash and are being used for general corporate purposes.
 - Ended the quarter with \$938 million of committed undrawn facilities, \$449 million in net unrestricted cash and in full compliance with all financial covenants.
- Advanced the overall Cobre Panama project to over 50% completion. Pre-commissioning activities were started on the first 150 MW unit of the power station and associated infrastructure towards a planned start-up in the second half of 2017.

Consolidated Operating Information – Continuing²	Q1 2017	Q4 2016	Q1 2016
Copper production (tonnes) ³	132,356	146,101	119,287
Copper sales (tonnes)	139,810	136,265	131,267
Cash cost of copper production (C1)(per lb) ⁴	\$1.26	\$1.22	\$1.03
All-in sustaining cost (AISC)(per lb) ⁴	\$1.59	\$1.71	\$1.36
Total cost of copper production (C3)(per lb) ⁴	\$2.05	\$1.91	\$1.86
Realized copper price (per lb)	\$2.20	\$2.18	\$2.38
Nickel production (contained tonnes)	5,592	6,206	7,106
Nickel sales (contained tonnes)	5,197	6,073	8,940
Cash cost of nickel production (C1)(per lb) ⁴	\$4.84	\$4.46	\$4.48
All-in sustaining cost (AISC)(per lb) ⁴	\$5.81	\$5.03	\$4.93
Total cost of nickel production (C3)(per lb) ⁴	\$6.57	\$6.16	\$6.00
Realized nickel price (per payable lb)	\$4.93	\$4.50	\$3.88
Gold production (ounces)	50,579	54,234	56,191
Gold sales (ounces)	46,904	45,620	63,141
Consolidated Financial Information²	Q1 2017	Q4 2016	Q1 2016
Sales revenues	766	689	720
Gross profit	69	52	105
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(114)	12	49
Net loss from discontinued operations	-	-	(266)
Net earnings (loss) per share from continuing operations attributable to shareholders of the Company	(\$0.17)	\$0.02	\$0.07
Net earnings (loss) per share ⁵	(\$0.17)	\$0.02	(\$0.32)
Basic and diluted earnings (loss) per share ⁵	(\$0.17)	\$0.02	(\$0.32)
Comparative EBITDA ¹	265	218	269
Comparative earnings (loss) ¹	(29)	27	63
Comparative earnings (loss) per share ¹	(\$0.04)	\$0.04	\$0.09

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

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

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

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

⁵ 2016 figures include discontinued operations.

OPERATIONS SUMMARY

First quarter 2017 – continuing operations

Copper production 11% higher from production at Sentinel and Kansanshi

- Copper production of 132,356 tonnes was 11% higher than the same period in 2016 primarily as a result of increased production at Sentinel and Kansanshi.
- At Sentinel, copper production totaled 36,274 tonnes for the quarter compared to 20,902 tonnes for the same period in 2016.
- Copper production was lower compared to the fourth quarter of 2016 due principally to the rainy season in Zambia and the transition to a terrace mining plan at Sentinel.

- The Kansanshi smelter processed 327,095 tonnes (2016: 244,144 tonnes) of concentrate, produced 83,070 tonnes (2016: 52,506 tonnes) of copper anode and 307 thousand tonnes (2016: 239 thousand tonnes) of sulphuric acid and achieved an overall copper recovery of 97% (2016: 98%).

Nickel production 21% lower

- Equipment maintenance and flooding impacted operations at Ravensthorpe resulting in nickel production of 5,592 tonnes for the quarter compared with 7,106 tonnes for the comparable period in 2016.

Gold production lower than 2016

- Gold production of 50,579 ounces was 10% lower than the comparable period in 2016, driven by lower production at Guelb Moghrein as a result of gold feed grade and throughput.

Copper sales volumes higher from Sentinel anode sales

- Copper sales volumes of 139,810 tonnes were 7% higher than the comparable period in 2016, reflecting an almost doubling of sales volumes from Sentinel, attributable to sales of copper anode.

Copper C1 cash cost increased to \$1.26 per lb, within guidance

- Copper C1 cash cost of \$1.26 per lb increased by \$0.23 per lb compared to the same period in 2016 reflecting the first full quarter of commercial production at Sentinel. C1 cash cost at Sentinel was impacted by lower production attributable to the rainy season in Zambia and the transition to a terrace mining layout. Excluding Sentinel, C1 cash costs of \$1.12 per lb increased by \$0.09 per lb compared to the same period in 2016 reflecting mainly lower production, lower by-product credits at Kansanshi and higher maintenance activity at Guelb Moghrein.

Nickel C1 cash cost increased to \$4.84 per lb

- Nickel C1 cash cost of \$4.84 per lb was higher by \$0.36 per lb compared to the same period in 2016. Lower processing costs were more than offset by lower production attributable to maintenance interruptions and flooding during the quarter.

FINANCIAL AND CORPORATE DEVELOPMENTS SUMMARY

Corporate senior notes refinancing

On March 22, 2017, the Company completed the offering of \$2.2 billion of senior notes comprising \$1.1 billion due 2023 (the “2023 Notes”) and \$1.1 billion due 2025 (the “2025 Notes”). Interest will accrue at the rate of 7.25% on the 2023 Notes and at the rate of 7.50% on the 2025 Notes, both payable semi-annually. The Notes will be senior obligations of the Company and will be guaranteed by certain of the Company’s subsidiaries. The proceeds of the offering have been used to purchase the Company’s senior notes due 2019, 2020 as well as notes issued by Inmet Mining Corporation due 2020 and 2021, which have now been cancelled, fully repay (without cancelling) the Company’s senior revolving debt, repay a portion of the Company’s senior term debt and pay fees associated with the offering, with the remainder of the proceeds being used for general corporate purposes.

Power

The power supply situation in Zambia has stabilized and the Company’s local operations are currently being provided a total of 306 MW, an increase of 5 MW since last quarter, which is adequate for current operations at the Kansanshi mine and smelter complex and at Sentinel. Kansanshi and Sentinel were advised by the state-run power company (“ZESCO”) and the Zambian Ministry of Energy and Water Development that power tariffs effective January 1, 2017 for all mining companies would be 9.30 cents per kWh. These tariffs have not been accepted by the Company or the ERB, and discussions with ZESCO and the Government of Zambia are ongoing.

Litigation

In October 2016, the Company, through its subsidiary Kansanshi Holdings Ltd., 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 KMP and Kansanshi Holdings Limited, the 80% shareholder in KMP. KMP also received a Statement of Claim filed in the High Court for Zambia naming additional defendants, including First Quantum, its subsidiary FQM Finance Ltd. (“FQM Finance”), and a number of directors and an executive of the named corporate defendants.

This dispute arises out of the rate of interest paid on deposits made by KMP with the Company’s financing entity, FQM Finance. The funds on deposits were retained for planned investment by KMP in Zambia. FQM Finance paid interest on the deposits to KMP based on an assessment of an arms-length fair market rate, which is supported by independent third party analysis. ZCCM disputes that interest rate paid to KMP on the deposits was sufficient. ZCCM commenced a further action in the High Court for Zambia, making allegations repeated from the Notice of Claim against certain First Quantum directors and an executive that are inflammatory, vexatious and untrue. Having carefully studied the claims made in both the Notice of Arbitration and Statement of Claim, the Company is firmly of the view that the claims are without merit, or indeed any foundation in facts.

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.

Sales revenues increased due to higher copper sales volumes, partially offset by lower realized metal prices

- Sales revenues of \$766 million for the first quarter of 2017 increased by \$46 million compared to the same period in 2016 due mostly to Sentinel being in commercial production since November 2016. This was offset, to some extent, by lower net realized copper prices attributable to the copper sales hedging program, and lower nickel sales volumes attributable to the impact of major area flooding at Ravensthorpe.

Gross profit of \$69 million impacted by lower realized metal prices and higher depreciation, offset by higher sales volumes compared to the same period in 2016.

	Continuing Operations
Gross profit in Q1 2016	105
Lower realized metal prices	(72)
Higher sales volumes	76
Increase in costs (excluding depreciation)	(10)
Foreign exchange	(1)
Increase in depreciation	(29)
Gross profit in Q1 2017 ¹	69

¹ Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$3 million, general, administrative and other costs of \$17 million, and adding back depreciation of \$213 million and other income of \$3 million.

Comparative EBITDA on a continuing basis of \$265 million

- Comparative EBITDA on a continuing basis of \$265 million excludes the impact of foreign exchange losses and revisions in estimates of closed site restoration provisions and is \$4 million lower than the same period last year.
- For the three months ended March 31, 2017, comparative loss was \$29 million compared to comparative earnings of \$63 million for the same period in 2016. Comparative loss of \$29 million excludes the loss on extinguishment relating to the now cancelled 2019 and 2020 senior notes (*a reconciliation of comparative metrics is on pages 26-30*).
- The net loss attributable to shareholders for the first quarter of 2017 of \$114 million compared with net earnings attributable to shareholders of \$49 million for the same period in 2016 is due to the \$84 million in costs relating to the early redemption of the senior notes, for which no tax credit is recognized, as well as the lack of tax relief on losses realized under the Company's sales hedge program. The \$84 million in early redemption costs have been excluded from the comparative loss.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the period with \$449 million of net unrestricted cash and net cash equivalents in addition to \$938 million of committed undrawn facilities and was in compliance with all financial covenants. Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through 2017 to carry out its operating and capital expenditure plans.
- The total amount of value-added tax ("VAT") accrued by the Company's Zambian operations at March 31, 2017, is \$285 million, of which \$262 million relates to Kansanshi. Management of the Company continues to engage in regular discussions with the relevant government authorities and considers that the outstanding VAT claims are fully recoverable.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Steady progress was achieved at Cobre Panama, and the overall project progress as at the end of the quarter is estimated to be just over 50% completion. The power station and associated infrastructure has commenced pre-commissioning activities for the first 150 MW set, with first operation of Unit 1 targeted in the second half of 2017. Operation of the second 150 MW set is expected to follow in the first half of 2018. These should provide cash flows prior to start-up of the processing facility. Good progress continues to be achieved in other areas of the project, and construction of the process plant has expanded to almost all processing areas including secondary crushing, stockpile, milling, flotation, and thickening. The project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019.

Detailed engineering and design is 85% complete and continues to focus on completion of the process plant and secondary infrastructure.

Key progress milestones for the quarter include mining pre-strip works now at 55% completion, the Tailings Management Facility ("TMF") earthworks now at 64% completion, and the process plant earthworks essentially completed. The 230kv transmission line construction has been completed with punchlisting and early testing now commencing. Efforts in the process plant are ramping up with good progress particularly in flotation and secondary crushing. Significant equipment and construction bulks were committed in the period.

The total capital expenditure for Cobre Panama to date in 2017 was \$243 million (First Quantum's share \$146 million), while planned total expenditure for 2017 is expected to be approximately \$1,060 million (First Quantum's share \$640 million). Project spending to date amounts to \$3.7 billion, including \$0.7 billion contributed by Korea Panama Mining Corporation ("KPMC"), which owns a 20% interest in the project.

The Cobre Panama project has now passed an overall 50% completion status, and is benefitting from the opportunity to incorporate a number of improvements, inclusive of learnings from Sentinel, to ensure a positive development outcome.

Enterprise Project, Zambia

The Enterprise nickel project is designed to produce approximately 38,000 tonnes of nickel in concentrate per annum with scope to increase to 60,000 tonnes per annum when market conditions are considered suitable. Given the operational and infrastructure synergies with the Sentinel copper mine (located 12 kilometres away), Enterprise is expected to be a low cost mine. Environmental approval has been granted for Enterprise and preparatory works around the project have been undertaken to allow pre-stripping to commence when market conditions improve.

Construction of the process plant was completed in 2016, and some sections of the plant have been incorporated into the Sentinel process circuit to provide additional processing flexibility in the short term. These areas are flotation, concentrate thickening and filtration and reagent composition. As the nickel price remains depressed, Enterprise remains on hold with pre-strip mining activities deferred.

EXPLORATION

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

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

At Taca Taca, the EIA studies continue as planned with the collection of baseline data and the continuation of a communications and consultation plan in three local population centres. Testing of various water sources was carried out to confirm their suitability for the project. Commercial and logistical aspects continue to be addressed. The EIA baseline studies are planned to be finished in second quarter of 2017 whilst further studies such as transport and electricity supply are planned to be initiated during 2017.

During the first quarter of 2017, near-mine exploration activities were limited to Pyhäsalmi in Finland and Kansanshi in Zambia. At Kansanshi, a new resource definition program designed to upgrade near-mine oxide reserves was ongoing during the quarter. A series of targets extending laterally beyond the current mine reserve have been identified for drill testing based on detailed pit mapping and structural modelling. Elsewhere in the Kansanshi district, a number of opportunities for satellite oxide resources have been identified through surface geochemistry and reconnaissance drilling. More detailed follow up reverse circulation and diamond drill programs are planned during the dry season mid-year.

Early stage global exploration activities continue at a subdued level in 2017. Residual low-cost exploration data collection and reconnaissance work has been sustained in Peru, Chile and Zambia with several early stage targets now ready for drilling. Elsewhere, the focus continues on identifying longer term counter-cyclical opportunities through generative studies and grassroots prospecting, with several new porphyry targets currently being investigated around the world.

HEALTH & SAFETY

The health and safety of all of our employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. Tragically, despite this, two fatal incidents occurred at the Company's operations in the quarter, at Kansanshi and at Çayeli. All fatalities are subject to internal and external investigation, as well as Board review. These unfortunate incidents will be thoroughly analyzed and the Company is committed to learning from these findings and appropriate actions are being taken. The Lost Time Injury Frequency Rates ("LTIFR") is an area of focus and a key performance metric for the Company, our rolling 12 month LTIFR has remained at 0.11 per 200,000 hours worked on average over the 12 month period to March 31, 2017.

MARKET GUIDANCE

Group guidance is unchanged from previously provided on January 26, 2017 and incorporates a number of assumptions and estimates as of March 31, 2017, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

Production guidance

000's	2017	2018	2019
Copper (tonnes)	570	600	605
Nickel (contained tonnes)	25	25	25
Gold (ounces)	200	200	200
Zinc (tonnes)	20	20	15

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

Production guidance by operations

Copper

000's tonnes	2017	2018	2019
Kansanshi	240	245	245
Sentinel	195	215	235
Las Cruces	70	70	70
Guelb Moghrein	34	36	30
Çayeli ¹	19	23	20
Pyhäsalmi ²	12	11	5

Nickel

000's tonnes (contained tonnes)	2017	2018	2019
Ravensthorpe	25	25	25

Gold

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

Zinc

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

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

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

Cash cost and all-in sustaining cost

Cash costs and AISC guidance below includes estimates for Sentinel for all years, however does not include any costs in respect of Cobre Panama.

	2017	2018	2019
Cash operating cost (C1) (per lb):			
Copper	\$1.20 - \$1.40	\$1.20 - \$1.40	\$1.20 - \$1.40
Nickel	\$4.60 - \$4.80	\$4.60 - \$4.80	\$4.60 - \$4.80
All-In Sustaining Cost ('AISC') (per lb):			
Copper	\$1.65 - \$1.80	\$1.65 - \$1.80	\$1.65 - \$1.80
Nickel	\$5.10 - \$5.40	\$5.10 - \$5.40	\$5.10 - \$5.40

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.

Capital expenditure¹

	2017	2018	2019
Total Cobre Panama	1,060	830	110
Third-party contribution	(420)	(330)	(200)
First Quantum's share of Cobre Panama	640	500	(90)
Capitalized stripping	200	200	200
Sustaining capital and other projects	230	150	150
Total net capital expenditure	1,070	850	260

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

See *Liquidity and Capital Resources* for further disclosure of the Company's unmargined hedged sales positions.

OPERATIONS

Kansanshi	Q1 2017	Q4 2016	Q1 2016
Sulphide ore tonnes milled (000's)	3,291	3,267	2,888
Sulphide ore grade processed (%)	0.7	0.8	0.7
Sulphide copper recovery (%)	93	93	88
Mixed ore tonnes milled (000's)	2,010	1,993	1,990
Mixed ore grade processed (%)	1.0	1.0	1.0
Mixed copper recovery (%)	87	79	88
Oxide ore tonnes milled (000's)	1,650	1,811	1,637
Oxide ore grade processed (%)	1.5	1.4	1.5
Oxide copper recovery (%)	93	95	92
Copper production (tonnes) ¹	63,198	65,950	58,075
Copper smelter			
Concentrate processed (DMT) ²	327,095	314,399	244,144
Copper anodes produced (tonnes) ²	83,070	72,630	52,506
Smelter copper recovery (%)	97	95	98
Acid tonnes produced (000's)	307	295	239
Copper sales (tonnes) ³	72,276	64,904	72,222
Gold production (ounces)	36,017	40,331	35,743
Gold sales (ounces)	33,732	30,592	44,132
Cash costs (C1) (per lb) ⁴	\$1.28	\$1.30	\$1.18
All-in sustaining cost (AISC) (per lb) ⁴	\$1.59	\$1.76	\$1.59
Total costs (C3) (per lb) ⁴	\$1.89	\$1.81	\$1.94
Sales revenues	440	369	373
Gross profit before royalties	132	117	49
Gross profit	111	97	18
Comparative EBITDA ⁴	195	146	109

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

Kansanshi Mining Operations

Copper production for the first quarter of 2017 was 9% higher than the same period in 2016 due primarily to an increase of 7% in milling volumes, and higher plant recovery on the sulphide circuit. The improved plant performance reflects an increase of 20%, compared to the first quarter of 2016, in mixed final tails ("MFT") processed through the leaching circuit, implementation of controlled potential sulphidisation in the oxide and mixed circuits, debottlenecking the leaching circuit to allow increased treatment of MFT and changing to a more efficient collector in the sulphide circuit. No concentrate was processed through the high pressure leach unit due to power restrictions.

C1 cash cost for the first quarter of 2017 at \$1.28 per lb is \$0.10 per lb higher than the same period in 2016 due to lower gold by-product credit, one-off increase in fuel price due to lower rebates, annual wage increases partially offset by improved plant recovery and ore grade and increased deferred stripping capitalized. Quarterly mining cash costs within C1 cash costs are subject to variability and are typically at their highest in the first and fourth quarter of the year.

Sales volumes for the first quarter of 2017 remained at the same level as the comparable period in 2016 while revenue increased by 18% compared to the same period in 2016. The increase in revenue reflects higher commodity prices recorded in 2017. Gross profit for the first quarter of 2017 improved by \$93 million compared to the same period in 2016, reflecting this higher revenue.

Kansanshi Copper Smelter

In the first quarter of 2017, the smelter treated 327,095 tonnes of concentrate, representing an increase of 34% from the first quarter of 2016 and produced 83,070 tonnes of copper in anode and 307,000 tonnes of sulphuric acid. The quality of concentrate treated improved significantly with over 26% copper in concentrate grade for the current quarter compared to 22% for the first quarter of 2016. The overall copper recovery rate achieved for the first quarter of 2017 was 97%.

Outlook

Production in 2017 is expected to be approximately 240,000 tonnes of copper, and approximately 145,000 ounces of gold. The decrease from 2016 production is primarily due to lower grades expected during the course of 2017.

It has been announced that ZESCO plans to amend electricity tariffs to a flat 9.30 cents per kWh, effective January 1, 2017 for all mining companies. The regulatory authorities in Zambia remain closely engaged with the Company and the industry, and affordability and stability remain ongoing central themes of these discussions.

Sentinel ¹	Q1 2017	Q4 2016 Post commercial production	Q4 2016 Pre commercial production	Q1 2016
Copper ore processed (000's tonnes)	8,800	7,000	3,397	8,281
Copper ore grade processed (%)	0.5	0.6	0.5	0.6
Copper recovery (%)	81	88	75	44
Copper production (tonnes)	36,274	35,133	12,652	20,902
Copper sales (tonnes)	34,291	30,328	9,166	18,796
Cash cost (C1) (per lb) ²	\$1.67	\$1.47	-	-
All-in sustaining cost (AISC) (per lb) ²	\$2.07	\$2.13	-	-
Total cost (C3) (per lb) ²	\$2.45	\$2.16	-	-
Sales revenues	189	153	-	-
Gross profit	52	17	-	-
Comparative EBITDA ²	90	46	-	-

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

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

Production was significantly higher than the comparative period in 2016 as operations ramped up significantly over the course of 2016. The rainy season in Zambia impacted mining activities in the current year's quarter resulting in copper production lower than the preceding period by 24%. The change in mine development geometry to a "terrace mining" layout also impacted operations; however, this change is expected to improve equipment optimization through increased access to larger benches in future periods. The secondary crushing circuit, commissioned during the quarter, is now operational and providing additional scope for efficient ore processing through the milling circuit.

Ore reporting to the plant was mainly primary sulphides which necessitated increased milling power requirements as a result of the harder ore encountered. Following the increased power allocation last quarter, the power drawn by operations increased from 126 MW to 136 MW in the period. Fresh ore mined from lower elevations of the pit coupled with improved plant operations, steady ore feed and ongoing optimization work on reagents, have resulted in an upward trend in copper recoveries despite lower throughput, particularly towards the end of the quarter. The commissioning of the Jameson cell, which is expected to be in the second quarter of 2017, should increase both copper recoveries and copper concentrate grades.

C1 cash cost of \$1.67 per lb for the mine's first full quarter of commercial production was higher compared to the \$1.47 per lb for the fourth quarter of 2016 (commercial production declared effective November 1, 2016). This increase was due to the lower production attributable to lower mining resulting from the rainy season and the transition to a terrace mining layout. Offsetting this were lower treatment costs associated with increased proportional sales of copper anode to copper concentrate in the period.

Sales revenues of \$189 million for the quarter comprised of both sales of concentrate and anode. Increased revenues were attributable to an 11% increase in the average LME copper price for the quarter, with an increase in the proportion of revenues generated from the sale of copper anode. Copper anode typically realizes a higher margin than the sale of copper concentrate.

Outlook

Production in 2017 is expected to be approximately 195,000 tonnes of copper. Production in the second quarter is expected to be affected by the planned shutdown of both trains for maintenance and mill relining. The focus in the second quarter of 2017 will be the continued transition to the terrace mine layout with increased waste mining, targeted at improving access to the ore and maximizing equipment utilization and the optimization of crushing and milling operations through sustained operation of both secondary and pebble crushers.

Following discussions with ZESCO a further 5 MW has been allocated to operations at Sentinel from early April. It is expected that the power currently available, 141 MW, will allow operations to continue unconstrained for the second half of the year. It has been announced that ZESCO plans to amend electricity tariffs to a flat 9.30 cents per kWh, effective January 1, 2017 for all mining companies. The regulatory authorities in Zambia remain closely engaged with the Company and the industry, and affordability and stability remain ongoing central themes of these discussions.

Las Cruces	Q1 2017	Q4 2016	Q1 2016
Ore tonnes processed (000's)	398	362	378
Copper ore grade processed (%)	5.2	5.1	5.2
Copper recovery (%)	91	93	92
Copper cathode production (tonnes)	18,793	17,156	18,045
Copper cathode sales (tonnes)	20,228	15,656	18,972
Cash cost (C1) (per lb) ¹	\$0.78	\$0.94	\$0.84
All-in sustaining cost (AISC) (per lb) ¹	\$0.93	\$1.20	\$0.96
Total cost (C3) (per lb) ¹	\$1.89	\$1.93	\$1.82
Sales revenues	119	82	89
Gross profit	34	15	12
Comparative EBITDA ¹	81	49	53

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

Copper production increased by 4% compared to the same period in 2016 due to a 5% increase in throughput that offset lower overall recoveries caused by changes in mineral characteristics. Plant availability was higher than expected as a planned maintenance shutdown was delayed until later in the year.

C1 cash costs were \$0.06 per lb lower than the comparable period in 2016, due to a favourable impact of the US dollar against the Euro as well as an increase in copper production, partially offset by higher electricity costs.

Sales revenues increased by 34% compared to the same period in 2016 due to higher realized copper prices and sales volumes. The additional sales came from a drawdown in the year end cathode stockpile during the quarter. This revenue increase flowed through the gross profit and resulted in a \$22 million increase over the same period last year.

Outlook

Copper production for 2017 is expected to be approximately 70,000 tonnes.

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

With surface waste dump permits in place and in-pit waste dumping targets easily within reach this year, ore mining of successive phases is expected to proceed with little difficulty.

Cost optimization and capital expenditure management is planned to continue being a source of focus in 2017, as well as ongoing research on technical and economic feasibility of the Polymetallic Refinery project and the construction of an exploration ramp to increase knowledge of current resources.

Guelb Moghrein	Q1 2017	Q4 2016	Q1 2016
Sulphide ore tonnes milled (000's)	863	927	1,014
Sulphide ore grade processed (%)	1.0	0.7	1.2
Sulphide copper recovery (%)	92	91	93
Copper production (tonnes)	7,533	6,078	11,062
Copper sales (tonnes)	6,122	5,840	9,622
Gold production (ounces)	12,133	11,140	17,240
Gold sales (ounces)	10,293	11,959	15,573
Cash costs (C1) (per lb) ¹	\$1.14	\$1.19	\$0.68
All-in sustaining cost (AISC) (per lb) ¹	\$1.67	\$2.21	\$1.13
Total costs (C3) (per lb) ¹	\$1.93	\$2.18	\$1.31
Sales revenues	41	39	51
Gross profit	7	2	15
Comparative EBITDA ¹	16	12	24

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

Copper production was 32% lower than the same period in 2016 impacted mainly by lower copper feed grade and a 15% decrease in tonnes milled which was mainly due to treatment of hard ore.

Gold in concentrate production was 30% lower than the same period in 2016 as a result of lower gold feed grade and lower tonnes milled.

C1 cash cost of \$1.14 per lb was an increase of \$0.46 per lb compared to the first quarter of 2016 due to the lower copper production and higher mining maintenance activity, partially offset by higher gold credits.

Sales revenue was 20% below the same period in 2016, influenced by the lower volumes of copper and gold produced, offset by improved metal price. Gross profit was \$7 million compared to \$15 million for the same period in 2016, driven by lower sales revenue.

Outlook

Copper production in 2017 is expected to be approximately 34,000 tonnes. Gold in copper concentrate production is expected to be 50,000 ounces.

The plan for 2017 is to continue the focus on improving mining rates to further open up working areas in Cut 3, so as to increase mining equipment efficiencies and overall productivity. The main cost saving initiatives will include improving the mining equipment parts and consumables value chain by collaborating with suppliers on technical support, strategic planning and major-component re-manufacture.

Due to the continued optimisation of the SAG mill and improvements in the manufacture of the steel liners used, only one major shutdown instead of two is required this year. This shutdown occurred in April and lasted for 130 hours. To address the increased hardness of ore from Cut 2 (at depth), installation of a pre-crushing plant was initiated during first quarter. Commissioning and optimization is planned during early the part of the second quarter of 2017.

Ravensthorpe	Q1 2017	Q4 2016	Q1 2016
Beneficiated ore tonnes processed (000's)	619	700	709
Beneficiated ore grade processed (%)	1.1	1.2	1.3
Nickel recovery (%)	82	80	84
Nickel production (contained tonnes)	5,592	6,206	7,106
Nickel sales (contained tonnes)	5,197	6,073	8,940
Nickel production (payable tonnes)	4,291	4,650	5,295
Nickel sales (payable tonnes)	3,981	4,539	6,813
Cash costs (C1) (per lb) ¹	\$4.84	\$4.46	\$4.48
All-in sustaining cost (AISC) (per lb) ¹	\$5.81	\$5.03	\$4.93
Total costs (C3) (per lb) ¹	\$6.57	\$6.16	\$6.00
Sales revenues	45	52	60
Gross loss	(18)	(13)	(26)
Comparative EBITDA ¹	(8)	(1)	(11)

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

Nickel production was 21% lower than the comparable period in 2016 as beneficiated ore processed in the current quarter was lower by 13% compared to same period in 2016. Lower grade ore which is finer and more abrasive than Halley's feed is now being delivered from the Hale Bopp pit. Beneficiation was impacted by equipment performance issues during February and March. Major area flooding during the quarter also resulted in difficulties in crushing wet ore for beneficiation. An overall plant strategy is in place to increase beneficiation throughput to budget levels.

C1 cost of \$4.84 per lb was \$0.36 per lb higher than the comparable period in 2016 mainly reflecting lower nickel production as a result of higher maintenance requirements, as well as lower nickel grades and nickel recoveries. Mining activity has progressively moved to the lower grade Hale Bopp pit since the third quarter of 2016.

Sales revenues were lower than the comparable period in 2016. Lower sales volumes in the quarter were partially offset by higher realized nickel prices. Ravensthorpe incurred a gross loss of \$18 million. While the average LME nickel price rose 21% from an average of \$3.85 per lb in the first quarter of 2016 to \$4.66 per lb in the first quarter of 2017, low nickel production has negatively impacted revenue and gross profit in the first quarter of 2017.

Outlook

As cost management continues as a primary focus, the acid plant shutdown originally planned for the first quarter of 2017 has been deferred until the third quarter of 2017. Programs have commenced to improve plant performance and works are continuing on the refurbishment of the atmospheric leach tanks. These initiatives are expected to result in improvements in plant performance and nickel recoveries in the near term. Further preliminary work and permit applications associated with the Shoemaker Levy deposit will remain a focus for the remainder of the year.

Production forecast for 2017 is approximately 25,000 tonnes of nickel.

The cost of operations is highly sensitive to the price of sulphur, which fluctuates with market factors. The sulphur price trended upward during the second half of 2016, but stabilized during the first quarter of 2017.

Çayeli	Q1 2017	Q4 2016	Q1 2016
Ore tonnes milled (000's)	204	320	326
Copper ore grade processed (%)	1.7	2.0	2.5
Copper recovery (%)	89	89	86
Zinc ore grade processed (%)	1.1	1.3	1.7
Zinc recovery (%)	39	39	39
Copper production (tonnes)	3,115	5,741	6,878
Copper sales (tonnes)	3,392	7,257	7,295
Zinc production (tonnes)	867	1,610	2,170
Zinc sales (tonnes)	2,491	2,387	2,062
Cash cost (C1) (per lb) ¹	\$1.52	\$1.25	\$1.18
All-in sustaining cost (AISC) (per lb) ¹	\$1.64	\$1.42	\$1.36
Total cost (C3) (per lb) ¹	\$2.53	\$1.90	\$1.83
Sales revenues	20	33	29
Gross profit	2	8	3
Comparative EBITDA ¹	8	17	12

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

A serious shaft hoisting incident, an underground fatality, ongoing poor ground conditions and a budgeted reduction in throughput were the root causes of the significant decline in metal production in the first quarter. Shaft hoisting was unavailable for a period and later limited to an upper mine loading point for the rest of the quarter, preventing access to higher grade copper and zinc tonnes in the lower extremities of the mine. A backlog of areas requiring renewed ground support necessitated the reallocation of limited resources.

C1 cash costs increased by \$0.34 per lb compared to same period in 2016 primarily due to the lower copper metal production which was partly offset by lower operating expenditures and higher by-product revenues as a result of high zinc price.

Sales revenues were 31% lower than the same period in 2016 due to lower copper production which was partly offset by higher zinc volumes and realized copper and zinc price. Gross profit was lower compared to the same period in 2016 due to the copper volume sold partly offset by low operating expenditures and higher metal prices.

Outlook

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

The annual throughput was reduced by 6% in the 2017 budget compared to 2016, in line with a declining number of work areas as the mine reserves approach depletion. Annual throughput was further reduced by 11% during the quarter as a result of the shaft hoisting incident and the ongoing backlog of work areas needing rehabilitation. Production is expected to reach forecasted levels in June, when a rope coiling device is planned to be installed on the hoist, which would allow the resumption of ore hoisting from the lowest level in the mine.

Pyhäsalmi	Q1 2017	Q4 2016	Q1 2016
Ore tonnes milled (000's)	328	350	343
Copper ore grade processed (%)	1.1	1.0	1.3
Copper recovery (%)	97	97	98
Zinc ore grade processed (%)	1.8	2.9	1.3
Zinc recovery (%)	90	93	88
Copper production (tonnes)	3,443	3,392	4,325
Copper sales (tonnes)	3,500	3,114	4,361
Zinc production (tonnes)	5,385	9,474	4,053
Zinc sales (tonnes)	5,466	9,584	3,935
Pyrite production (tonnes)	184,464	4,770	177,149
Pyrite sales (tonnes)	105,449	111,273	210,183
Cash cost (C1) (per lb) ¹	(\$0.59)	(\$1.14)	\$0.14
All-in sustaining cost (AISC) (per lb) ¹	(\$0.59)	(\$1.18)	\$0.22
Total cost (C3) (per lb) ¹	\$1.57	\$0.84	\$2.04
Sales revenues	36	38	32
Gross profit	9	9	1
Comparative EBITDA ¹	24	23	19

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

Copper production decreased by 20% compared to the same period in 2016 due to lower throughput, grade and recovery. Zinc production was 33% above the same period in 2016, driven by higher recovery and grade. The reduced throughput was budgeted going forward as the mine nears depletion. The fluctuation in copper and zinc grades reflects the constraint on available work areas at this stage in the mine life.

C1 cash cost was \$0.73 per lb lower compared to the same period in 2016 driven by higher zinc credit due to the improved metal price, higher zinc sales volumes and the favourable impact of the US dollar against the Euro. This was partially offset by the impact of the reduction in copper production against the same period in 2016.

Sales revenues increased by 13% compared to the same period in 2016, reflecting higher zinc sales volumes and realized metal prices partially offset by lower copper sales volumes on reduced production and lower pyrite sales volumes.

Outlook

Production in 2017 is expected to be approximately 12,000 tonnes of copper, 5,000 ounces of gold, 15,000 tonnes of zinc and 700,000 tonnes of pyrite.

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

SALES REVENUES

		Q1 2017	Q4 2016	Q1 2016
Kansanshi	- copper	400	336	323
	- gold	40	33	50
Sentinel	- copper	189	153	-
Las Cruces	- copper	119	82	89
Guelb Molghrein	- copper	30	25	35
	- gold	11	14	16
Ravensthorpe	- nickel	41	50	57
	- cobalt	4	2	3
Çayeli	- copper	15	29	26
	- zinc, gold and silver	5	4	3
Pyhäsalmi	- copper	18	15	17
	- zinc	10	16	4
	- pyrite, gold and silver	8	7	11
Corporate ¹		(124)	(77)	86
Sales revenues	- continuing operations	766	689	720

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

Sales revenues from continuing operations were 6% higher than the comparable quarter of 2016 as a result of the contribution of sales revenues generated by the Sentinel mine subsequent to commercial production from November 1, 2016.

Excluding the impact of Sentinel, copper sales revenues for the quarter were 21% below the comparable period in 2016 due to a 8% reduction in net realized copper price, attributable to the results in the quarter of the copper sales hedging program as well as a 6% reduction in copper sales volumes.

Nickel sales revenues from continuing operations were 25% lower than the comparable quarter of 2016 due to 42% lower sales volumes, partially mitigated by a 30% increase in net realized nickel price.

REALIZED PRICES

Copper selling price (per lb) – continuing operations	Q1 2017	Q4 2016	Q1 2016
Average LME cash price	\$2.65	\$2.39	\$2.11
Realized copper price	\$2.20	\$2.18	\$2.38
Treatment/refining charges (“TC/RC”) and freight charges	(\$0.12)	(\$0.14)	(\$0.12)
Net realized copper price	\$2.08	\$2.04	\$2.26

The copper sales hedging program, initiated in 2015 to ensure stability of cash flows, reduced sales revenues for the quarter by \$128 million and decreased the net realized copper price by \$0.42 per lb.

As at March 31, 2017, the Company had unsettled and unmargined sales hedges for 402,000 tonnes with maturities to February 2018 at an average price of \$2.29 per lb. Further to the above unmargined sales hedges the Company had zero cost collar unmargined sales hedges for 16,000 tonnes at the price range of \$2.62 - \$2.83 per lb with maturities from July 2017 to February 2018.

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

Nickel selling price (per payable lb) – continuing operations	Q1 2017	Q4 2016	Q1 2016
Average LME cash price	\$4.66	\$4.90	\$3.85
Realized nickel price	\$4.93	\$4.50	\$3.88
TC/RC and freight charges	-	-	(\$0.09)
Net realized nickel price	\$4.93	\$4.50	\$3.79

The impact on sales revenues of the nickel sales hedging program in the quarter was an increase of \$2 million and an increase to the net realized nickel price of \$0.28 per lb.

As at March 31, 2017, the Company did not have any open nickel sales hedges.

SUMMARY FINANCIAL RESULTS

	Q1 2017	Q4 2016	Q1 2016
Gross profit (loss)			
Kansanshi	111	97	18
Sentinel	52	17	-
Las Cruces	34	15	12
Guelb Moghrein	7	2	15
Ravensthorpe	(18)	(13)	(26)
Çayeli	2	8	3
Pyhäsalmi	9	9	1
Corporate ¹	(128)	(83)	82
Total gross profit – continuing operations	69	52	105
Exploration	(3)	(6)	(3)
General and administrative	(17)	(19)	(17)
Impairment and related charges	-	(13)	-
Other income (expense)	2	29	(15)
Net finance expense	(5)	(3)	(2)
Loss on extinguishment of senior notes	(84)	-	-
Income tax expense	(56)	(21)	(20)
Net earnings (loss) for the period			
– continuing operations	(94)	19	48
– discontinued operations	-	-	(266)
– including discontinued operations	(94)	19	(218)
Net earnings (loss) for the period from continuing operations attributable to:			
Non-controlling interests	20	7	(1)
Shareholders of the Company	(114)	12	49
Comparative earnings (loss)	(29)	27	63
Earnings (loss) per share – continuing operations			
Basic	(\$0.17)	\$0.02	\$0.07
Diluted	(\$0.17)	\$0.02	\$0.07
Comparative	(\$0.04)	\$0.04	\$0.09
Basic weighted average number of shares (in 000's)	685,827	685,739	685,795

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

Despite a 7% increase in sales volumes, mostly attributable to Sentinel, gross profit was 34% lower compared with the same period in 2016 due to a 8% reduction in net realized copper price impacted by a \$128 million loss realized in the quarter on the copper sales hedge program. Following the commencement of commercial production at Sentinel on November 1, 2016, the first quarter of 2017 included an additional \$39 million and \$98 million in depreciation and costs of sales respectively, compared with the corresponding period in 2016.

Exploration and general and administrative expenses were in line with the first quarter of 2016.

A tax expense of \$56 million was recorded in the period, reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early redemption of senior notes.

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2017	Q4 2016	Q1 2016
Cash flows from continuing operating activities	239	93	254
Cash flows from (used in) investing activities			
Payments and deposits for property, plant and equipment	(311)	(308)	(259)
Capitalized borrowing costs paid in cash	(124)	(85)	(113)
Repayment and interest from ERG on promissory note	-	-	32
Proceeds from sale of Kevitsa, net of cash disposed	-	69	-
Other investing activities	10	7	3
Cash flows from (used in) financing activities			
Net movement in debt and trading facilities	127	(63)	(7)
Early senior notes redemption costs	(54)	-	-
Other financing activities	(4)	43	36
Exchange gains (losses) on cash and cash equivalents	1	(1)	(14)
Net cash flows – continuing operations	(116)	(245)	(68)
Net cash flows – discontinued operations	-	-	(22)
Cash balance	449	565	269
Total assets	19,723	19,483	19,207
Total current liabilities	2,205	2,224	1,888
Total long-term liabilities	7,348	6,974	6,955
Net Debt	4,661	4,381	4,795
Cash flows from continuing operating activities per share ¹	\$0.35	\$0.14	\$0.37

¹ Cash flows per share is not recognized under IFRS. See "Regulatory Disclosures" for further information.

Cash flows from continuing operating activities were \$15 million lower than the same period in 2016, despite \$50 million received under the Franco-Nevada streaming agreement, largely as a result of lower cash flows from operating activities before changes in working capital, in addition to a \$28 million increase in taxes paid by the Company in the quarter compared to the comparable period in 2016.

The total amount of VAT accrued by the Company's Zambian operations at March 31, 2017, is \$285 million, of which \$262 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change to the rules governing VAT. VAT claims totaling Zambian kwacha 1,742 million (currently equivalent to \$180 million) made by Kansanshi prior to this date remain outstanding. Amounts totaling \$90 million have been received for claims subsequent to February 2015. The balance of VAT refunds has not been received as a result of the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. Management of the Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding VAT claims are fully recoverable.

The power supply situation in Zambia has stabilized and the Company's local operations are currently being provided a total of 306 MW, an increase of 5 MW since last quarter, which is adequate for current operations at the Kansanshi mine and smelter complex and at Sentinel. Kansanshi and Sentinel were advised by ZESCO and the Zambian Ministry of Energy and Water Development that power tariffs effective January 1, 2017 for all mining companies would be 9.30 cents per kWh. These tariffs have not been accepted by the Company or the ERB and discussions with ZESCO and the Government of Zambia are ongoing.

Capital expenditure, excluding capitalized interest, totaled \$311 million compared to \$259 million for the same period in 2016 and comprised primarily of \$243 million for the development of the Cobre Panama project.

Cash flows from continuing financing activities of \$69 million includes the proceeds from the issuance of two corporate senior notes totalling \$2.2 billion. These proceeds were used to extinguish \$1.5 billion of the Company's existing senior notes and to repay, without cancelling, \$175 million of the senior revolving credit facility, \$296 million of the senior facility term loan with the remainder to fund associated transaction costs and for general corporate purposes. Also included are \$50 million contributions from KPMC for the development of the Cobre Panama project, as well as repayments on the trading and other debt facilities during the quarter. First Quantum may reduce outstanding debt from time to time, including through prepayments, redemptions, opportunistic market purchases and other means.

Liquidity outlook

At March 31, 2017, the Company had \$938 million of committed undrawn facilities, \$449 million in net unrestricted cash, working capital of \$992 million, as well as future cash flows which support its ability to meet current obligations as they become due. The Company was also in full compliance with all its debt covenants.

The Company initiated, in 2016, the process to put in place project financing for the Cobre Panama project following the finalization of the precious metals stream agreement in 2015. Total project financing is targeted to be completed during the second half of 2017.

At March 31, 2017, the Company had total commitments of \$833 million, of which approximately \$511 million relates to the twelve months following the year end 2016, and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama. In addition, the Company's Board of Directors has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

As at March 31, 2017, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cash flows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal repayments	4,992	5,102	207	716	1,129	3,050
Debt – finance charges	-	1,919	370	671	523	355
Trading facilities	118	118	118	-	-	-
Trade and other payables	496	496	496	-	-	-
Liability to related party ¹	659	853	-	248	83	522
Current taxes payable	77	77	77	-	-	-
Deferred payments	48	48	5	5	5	33
Finance leases	23	31	5	7	7	12
Commitments	-	833	511	307	8	7
Restoration provisions	543	953	7	10	13	923
Total	6,956	10,430	1,796	1,964	1,768	4,902

¹ Refers to distributions to shareholders of Cobre Panama of which KPMC, a related party, holds a 20% non controlling interest and not repayments.

Hedging programs

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

Commodity contracts:	March 31, 2017	December 31, 2016
Asset position	2	22
Liability position	(325)	(302)

Hedging of future copper sales

The Company has entered into derivative contracts to ensure that the exposure to the price of copper and nickel on future sales is managed so as to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project. As at March 31, 2017, 402,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.29 per lb are outstanding with periods of maturity to February 2018. Additionally, the Company had zero cost collar unmargined sales contracts for 16,000 tonnes at a price range \$2.62 to \$2.83 per lb, also with maturities to February 2018. The Company has elected to apply hedge accounting, with the hedges expected to be highly effective in offsetting changes in cash flows of future sales.

Over 80% of forecast copper sales in the remainder of 2017 will be hedged to unmargined forward and zero cost collar sales contracts at an average price of \$2.28 per pound.

During the period ended March 31, 2017, a loss for settled hedges of \$126 million was realized. Fair value losses on outstanding contracts of \$318 million have been recognized in other comprehensive income and as a derivative liability at March 31, 2017.

Commodity contracts:	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Copper forward	402,000	\$2.29 /lb	\$2.65 /lb	February 2018
Copper zero cost collar	16,000	\$2.62-\$2.83 /lb	\$2.65 /lb	February 2018

Provisional pricing and derivative contracts

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

As at March 31, 2017, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	59,092	\$2.64/lb	\$2.65/lb	July 2017
Nickel	1,341	\$4.53/lb	\$4.48/lb	April 2017
Gold	17,794	\$1,251/oz	\$1,243/oz	May 2017
Zinc	950	\$1.27/lb	\$1.26/lb	May 2017
Commodity contracts:				
Copper	59,817	\$2.64/lb	\$2.65/lb	July 2017
Nickel	1,341	\$4.53/lb	\$4.48/lb	April 2017
Gold	17,851	\$1,251/oz	\$1,243/oz	May 2017
Zinc	950	\$1.27/lb	\$1.26/lb	May 2017

As at March 31, 2017, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 689,373,818 shares outstanding.

SUMMARY OF RESULTS

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

Consolidated continuing operations	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Sales revenues</i>											
Copper	\$482	\$427	\$481	\$578	\$1,968	\$576	\$519	\$478	\$565	\$2,138	\$643
Nickel	41	67	65	61	234	57	37	43	45	182	43
Gold	50	50	64	61	225	69	82	70	50	271	54
Zinc and other elements	29	14	22	19	84	18	21	14	29	82	26
Total sales revenues	602	558	632	719	2,511	720	659	605	689	2,673	766
Gross profit	23	54	100	110	287	105	102	80	52	339	69
EBITDA	95	141	172	229	637	254	276	233	216	979	264
Comparative EBITDA	106	148	254	224	732	269	257	220	218	964	265
Net earnings (loss) attributable to shareholders of the Company	(78)	(104)	(430)	111	(501)	49	125	36	12	222	(114)
Comparative earnings (loss)	(12)	20	66	182	256	63	38	37	27	165	(29)
Basic earnings (loss) per share	(\$0.13)	(\$0.17)	(\$0.63)	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)
Comparative earnings (loss) per share	(\$0.02)	\$0.03	\$0.10	\$0.27	\$0.40	\$0.09	\$0.06	\$0.05	\$0.04	\$0.24	(\$0.04)
Diluted earnings (loss) per share	(\$0.13)	(\$0.17)	(\$0.63)	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)
Dividends declared per common share (\$CDN per share)	\$0.0487	-	\$0.0330	-	\$0.0817	\$0.0100	-	\$0.005	-	\$0.015	\$0.005
Basic weighted average # shares (000's) ¹	595,986	621,686	684,513	684,652	646,823	685,795	685,783	685,594	685,739	685,746	685,827
<i>Cash flows per share from operating activities</i>	\$0.22	\$0.12	\$0.21	\$1.09	\$1.69	\$0.37	\$0.44	\$0.38	\$0.14	\$1.33	\$0.35
<i>Copper statistics</i>											
Total copper production (tonnes)	91,910	99,940	103,289	115,886	411,025	119,287	131,349	142,721	146,101	539,458	132,356
Total copper sales (tonnes)	91,082	79,678	101,359	119,534	391,653	131,267	132,030	136,051	136,265	535,613	139,810
Realized copper price (per lb)	2.58	2.67	2.36	2.40	2.49	2.38	2.21	2.23	2.18	2.26	2.20
TC/RC (per lb)	(0.16)	(0.17)	(0.16)	(0.10)	(0.15)	(0.11)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)
Freight charges (per lb)	(0.13)	(0.11)	(0.02)	(0.02)	(0.06)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)
Net realized copper price (per lb)	2.29	2.39	2.18	2.28	2.28	2.26	2.08	2.12	2.04	2.13	2.08
Cash cost – copper (C1) (per lb)	\$1.41	\$1.22	\$1.16	\$1.06	\$1.21	\$1.03	\$0.98	\$0.97	\$1.22	\$1.06	\$1.26
All-in sustaining cost (AISC) (per lb)	\$2.22	\$2.02	\$1.72	\$1.51	\$1.85	\$1.36	\$1.32	\$1.36	\$1.71	\$1.46	\$1.59
Total cost – copper (C3) (per lb)	\$2.39	\$2.25	\$2.10	\$1.85	\$2.14	\$1.86	\$1.80	\$1.74	\$1.91	\$1.83	\$2.05
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	4,238	7,115	7,662	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592
Nickel sales (contained tonnes)	3,732	6,556	8,062	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197
Nickel produced (payable tonnes)	3,274	5,513	5,893	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291
Nickel sales (payable tonnes)	2,962	5,125	6,270	6,716	21,073	6,813	4,101	4,082	4,539	19,535	3,981
Realized nickel price (per payable lb)	6.53	5.98	4.83	4.29	5.18	3.88	4.15	4.68	4.50	4.25	4.93
TC/RC (per payable lb)	(0.18)	(0.14)	(0.11)	(0.15)	(0.14)	(0.09)	-	0.01	-	(0.03)	-
Net realized nickel price (per payable lb)	6.35	5.84	4.72	4.14	5.04	3.79	4.15	4.69	4.50	4.22	4.93
Cash cost – nickel (C1) (per payable lb)	\$4.66	\$4.70	\$4.60	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84
Total cost – nickel (C3) (per payable lb)	\$6.28	\$6.13	\$5.93	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57
All-in sustaining cost (AISC) (per lb)	\$5.56	\$5.56	\$5.29	\$4.95	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81
<i>Gold statistics</i>											
Total gold production (ounces)	49,780	53,835	53,563	53,889	211,067	56,191	50,630	52,957	54,234	214,012	50,579
Total gold sales (ounces)	47,269	47,421	61,279	57,958	213,927	63,141	69,898	54,124	45,620	232,783	46,904
Net realized gold price (per ounce)	1,043	1,061	1,051	1,047	1,050	1,097	1,180	1,282	1,097	1,165	1,161
<i>Zinc statistics</i>											
Zinc production (tonnes)	12,975	8,220	10,339	9,605	41,139	6,223	6,491	5,064	11,084	28,862	6,253
Zinc sales (tonnes)	13,054	7,411	10,117	11,036	41,618	5,997	4,740	4,653	11,971	27,361	7,956

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

Kansanshi statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Mining</i>											
Waste mined (000's tonnes)	12,043	17,119	21,816	19,751	70,729	15,957	22,210	21,710	15,058	74,935	13,656
Ore mined (000's tonnes)	6,838	9,166	9,057	9,044	34,105	7,940	7,790	8,318	7,631	31,679	7,008
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	1,389	1,503	2,478	2,926	8,296	2,888	2,860	2,973	3,267	11,988	3,291
Sulphide ore grade processed (%)	0.9	0.9	0.8	0.7	0.8	0.7	0.9	0.8	0.8	0.8	0.7
Sulphide ore recovery (%)	90	92	91	92	91	88	92	93	93	92	93
Sulphide concentrate grade (%)	23.4	22.5	20.8	19.6	21.1	19.9	22.6	20.6	22.3	21.4	22.8
Mixed ore processed (000's tonnes)	3,288	3,342	2,359	1,960	10,949	1,990	1,984	1,986	1,993	7,953	2,010
Mixed ore grade processed (%)	1.1	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Mixed ore recovery (%)	68	68	71	73	72	88	83	80	79	84	87
Mixed concentrate grade (%)	24.6	26.0	24.2	23.9	24.8	23.4	26.0	24.6	27.2	25.2	31.1
Oxide ore processed (000's tonnes)	1,367	1,760	1,773	1,895	6,795	1,637	1,747	1,881	1,811	7,076	1,650
Oxide ore grade processed (%)	1.5	1.6	1.3	1.7	1.5	1.5	1.4	1.6	1.4	1.5	1.5
Oxide ore recovery (%)	89	79	82	83	80	92	89	94	95	94	93
Oxide concentrate grade (%)	19.8	22.6	21.1	28.4	23.6	25.5	26.7	32.0	29.2	28.6	32.6
Copper cathode produced (tonnes)	20,593	20,984	18,766	20,643	80,986	19,394	19,213	20,194	20,867	79,668	17,882
Copper in concentrate produced (tonnes)	32,953	36,032	35,746	40,957	145,688	38,681	43,145	46,695	45,083	173,604	45,316
Total copper production (tonnes)	53,546	57,016	54,512	61,600	226,674	58,075	62,358	66,889	65,950	253,272	63,198
Gold produced (ounces)	32,592	35,182	34,474	34,009	136,257	35,743	34,313	37,833	40,331	148,220	36,017
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	-	-	254,709	228,427	709,188	244,144	309,063	276,368	314,399	1,143,974	327,095
Copper anodes produced (tonnes) ¹	-	-	57,085	46,493	150,292	52,506	69,210	62,984	72,630	257,330	83,070
Smelter copper recovery (%)	-	-	98	97	98	98	97	97	95	97	97
Acid tonnes produced (000's)	-	-	229	214	645	239	309	266	295	1,109	307
<i>Cash Costs (per lb)</i>											
Mining	\$0.67	\$0.56	\$0.67	\$0.60	\$0.62	\$0.70	\$0.67	\$0.58	\$0.68	\$0.65	\$0.66
Processing	0.88	0.69	0.61	0.43	0.65	0.52	0.49	0.49	0.46	0.49	0.50
Site administration	0.09	0.06	0.06	0.04	0.06	0.06	0.06	0.06	0.09	0.07	0.07
TC/RC and freight charges	0.40	0.59	0.20	0.12	0.29	0.07	0.06	0.14	0.15	0.11	0.16
Gold credit	(0.27)	(0.33)	(0.28)	(0.21)	(0.26)	(0.30)	(0.34)	(0.35)	(0.22)	(0.30)	(0.25)
Total smelter costs	-	(0.20)	0.08	0.11	0.02	0.13	0.13	0.13	0.14	0.13	0.14
Cash cost (C1) (per lb)	\$1.77	\$1.37	\$1.34	\$1.09	\$1.38	\$1.18	\$1.07	\$1.05	\$1.30	\$1.15	\$1.28
Total cost (C3) (per lb)	\$2.75	\$2.38	\$2.23	\$1.82	\$2.28	\$1.94	\$1.76	\$1.68	\$1.81	\$1.78	\$1.89
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$137	\$124	\$108	\$95	\$464	\$74	\$91	\$99	\$110	\$374	\$101
Copper anode	16	-	139	248	403	239	208	185	209	841	285
Copper in concentrates	129	112	29	9	279	10	12	9	17	48	14
Gold	32	32	34	41	139	50	52	51	33	186	40
Total sales revenues	\$314	\$268	\$310	\$393	\$1,285	\$373	\$363	\$344	\$369	\$1,449	\$440
Copper cathode sales (tonnes)	20,202	19,372	20,036	22,238	81,848	15,892	18,772	21,219	21,201	77,084	17,903
Copper anode sales (tonnes)	2,922	127	27,338	52,635	83,022	52,866	44,631	40,107	39,291	176,895	51,299
Copper in concentrate sales (tonnes)	30,380	24,789	7,182	2,972	65,323	3,464	3,813	2,791	4,412	14,480	3,074
Gold sales (ounces)	31,307	30,459	31,542	38,664	131,972	44,132	43,220	38,896	30,592	156,840	33,732

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

Sentinel statistics	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16	2016	Q1 17
								Pre-Commercial production	Post-Commercial production		
<i>Mining</i>											
Waste mined (000's tonnes)	25,160	31,267	25,492	95,181	18,530	20,617	23,022	7,864	12,065	82,098	16,006
Ore mined (000's tonnes)	2,285	4,569	5,936	13,907	8,635	9,352	9,185	3,519	7,269	37,960	9,272
<i>Processing</i>											
Copper ore processed (000's tonnes)	3,048	4,179	5,329	14,016	8,281	8,860	8,831	3,397	7,000	36,369	8,800
Copper ore grade processed (%)	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.5
Recovery (%)	25	40	52	41	44	64	76	75	88	68	81
Copper concentrate produced (tonnes)	5,799	10,979	15,190	32,971	20,902	31,987	38,926	12,652	35,133	139,600	36,274
Concentrate grade (%)	-	-	-	-	-	-	-	-	26.4	26.4	26.4
<i>Cash Costs (per lb)</i>											
Mining	-	-	-	-	-	-	-	-	0.51	\$0.51	\$0.72
Processing	-	-	-	-	-	-	-	-	0.45	0.45	0.70
Site administration	-	-	-	-	-	-	-	-	0.13	0.13	(0.09)
TC/RC and freight charges	-	-	-	-	-	-	-	-	0.25	0.25	0.20
Total smelter costs	-	-	-	-	-	-	-	-	0.13	0.13	0.14
Cash cost (C1) (per lb)	-	-	-	-	-	-	-	-	1.47	\$1.47	\$1.67
Total cost (C3) (per lb)	-	-	-	-	-	-	-	-	2.16	\$2.16	\$2.45
<i>Revenues (\$ millions)</i>											
Copper anode	-	-	-	-	-	-	-	-	110	\$110	\$170
Copper in concentrates	-	-	-	-	-	-	-	-	43	\$43	\$19
Total sales revenues	-	-	-	-	-	-	-	-	\$153	\$153	\$189
Copper anode sales (tonnes)	-	-	-	-	-	-	-	-	20,294	20,294	29,929
Copper concentrate sales (tonnes)	-	-	-	-	-	-	-	-	10,034	10,034	4,362

Las Cruces statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Mining</i>											
Waste mined (000's tonnes)	2,615	3,154	7,190	2,500	15,459	1,737	2,310	7,478	2,119	13,644	1,870
Ore mined (000's tonnes)	298	566	476	197	1,537	267	340	442	281	1,330	371
<i>Processing</i>											
Copper ore processed (000's tonnes)	362	388	370	380	1,500	378	389	409	362	1,538	398
Copper ore grade processed (%)	5.1	5.1	5.2	5.3	5.2	5.2	5.2	5.2	5.1	5.2	5.2
Recovery (%)	91	88	90	93	90	92	92	94	93	92	91
Copper cathode produced (tonnes)	16,694	17,362	17,365	18,608	70,029	18,045	18,426	20,016	17,156	73,643	18,793
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$0.97	\$0.87	\$0.73	\$1.03	\$0.90	\$0.84	\$0.80	\$0.67	\$0.94	\$0.81	\$0.78
Total cost (C3) (per lb)	\$1.90	\$2.07	\$1.84	\$1.90	\$1.93	\$1.82	\$1.85	\$1.72	\$1.93	\$1.83	\$1.89
<i>Revenues (\$ millions)</i>											
Copper cathode	\$116	\$101	\$94	\$83	\$394	\$89	\$94	\$93	\$82	\$358	\$119
Copper cathode sales (tonnes)	19,598	16,600	17,484	16,884	70,566	18,972	19,708	19,203	15,656	73,539	20,228

Guelb Moghrein statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Mining</i>											
Waste mined (000's tonnes)	2,972	6,198	4,245	4,130	17,545	3,823	2,529	2,249	3,465	12,066	4,041
Ore mined (000's tonnes)	829	840	751	498	2,918	693	731	559	717	2,700	810
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	1,001	1,014	979	1,021	4,015	1,014	971	986	927	3,898	863
Sulphide ore grade processed (%)	1.2	1.2	1.3	1.3	1.2	1.2	1.0	0.8	0.7	0.9	1.0
Recovery (%)	92	91	92	91	92	93	90	91	91	91	92
Copper in concentrate produced (tonnes)	10,642	11,141	11,373	11,845	45,001	11,062	8,522	7,156	6,078	32,818	7,533
Gold produced (ounces)	14,468	16,240	16,154	17,145	64,007	17,240	13,363	12,208	11,140	53,951	12,133
<i>Cash Costs (per lb)</i>											
Mining	\$0.43	\$0.32	\$0.38	\$0.38	\$0.38	\$0.30	\$0.41	\$0.45	\$0.70	\$0.44	\$0.57
Processing	0.68	0.67	0.68	0.60	0.67	0.60	0.78	0.92	1.05	0.80	0.80
Site administration	0.18	0.16	0.19	0.12	0.16	0.14	0.19	0.26	0.25	0.20	0.16
TC/RC and freight charges	0.58	0.67	0.59	0.48	0.57	0.46	0.45	0.56	0.32	0.45	0.49
Gold credit	(0.76)	(0.83)	(0.75)	(0.75)	(0.77)	(0.82)	(0.94)	(1.05)	(1.13)	(0.96)	(0.88)
Cash cost (C1) (per lb)	\$1.11	\$0.99	\$1.09	\$0.83	\$1.01	\$0.68	\$0.89	\$1.14	\$1.19	\$0.93	\$1.14
Total cost (C3) (per lb)	\$1.80	\$1.70	\$1.70	\$1.49	\$1.67	\$1.31	\$1.61	\$1.96	\$2.18	\$1.68	\$1.93
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$44	\$46	\$74	\$45	\$209	\$35	\$53	\$27	\$25	\$140	\$30
Gold	14	17	28	17	76	16	28	15	14	73	11
Total sales revenues	\$58	\$63	\$102	\$62	\$285	\$51	\$81	\$42	\$39	\$213	\$41
Copper in concentrate sales (tonnes)	9,010	9,470	17,614	11,228	47,322	9,622	13,998	6,870	5,840	36,330	6,122
Gold sales (ounces)	12,860	14,568	26,585	16,667	70,680	15,573	23,765	12,038	11,959	63,335	10,293

Ravensthorpe statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Processing</i>											
Beneficiated ore (000's tonnes)	369	528	687	750	2,334	709	538	563	700	2,510	619
Beneficiated ore grade (%)	1.4	1.5	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.1
Nickel recovery – leach feed to NI produced (%)	92	93	85	84	88	84	80	79	80	81	82
Nickel produced (contained tonnes)	4,238	7,115	7,662	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592
Nickel produced (payable tonnes)	3,274	5,513	5,893	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291
<i>Cash Costs (per lb)</i>											
Mining	\$0.86	\$0.81	\$0.84	\$0.96	\$0.87	\$0.99	\$0.91	\$1.06	\$1.00	\$0.99	\$1.17
Processing	3.24	3.12	3.25	2.94	3.12	2.97	3.32	3.56	3.10	3.21	3.41
Site administration	0.43	0.42	0.32	0.31	0.36	0.27	0.41	0.42	0.38	0.36	0.38
TC/RC and freight charges	0.39	0.60	0.46	0.53	0.51	0.46	0.30	0.22	0.24	0.33	0.34
Cobalt credit	(0.26)	(0.25)	(0.27)	(0.25)	(0.26)	(0.21)	(0.21)	(0.25)	(0.26)	(0.23)	(0.46)
Cash cost (C1) (per lb)	\$4.66	\$4.70	\$4.60	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84
Total cost (C3) (per lb)	\$6.28	\$6.13	\$5.93	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57
<i>Revenues (\$ millions)</i>											
Nickel	\$41	\$67	\$65	\$61	\$234	\$57	\$36	\$42	\$50	\$185	\$41
Cobalt	2	2	4	4	12	3	2	3	2	10	4
Total sales revenues	\$43	\$69	\$69	\$65	\$246	\$60	\$38	\$45	\$52	\$195	\$45
Nickel sales (contained tonnes)	3,732	6,556	8,062	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197
Nickel sales (payable tonnes)	2,962	5,125	6,270	6,716	21,073	6,813	4,101	4,083	4,539	19,536	3,981

Çayeli statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Mining</i>											
Ore mined (000's tonnes)	327	303	313	290	1,233	328	303	323	313	1,267	207
<i>Processing</i>											
Ore milled (000's tonnes)	332	315	312	270	1,229	326	326	313	320	1,285	204
Copper ore grade processed (%)	2.6	2.2	2.4	2.6	2.5	2.5	2.2	2.3	2.0	2.3	1.7
Copper ore recovery (%)	81	81	78	81	81	86	87	87	89	87	89
Zinc ore grade processed (%)	3.3	2.7	3.2	2.8	3.0	1.7	1.6	1.8	1.3	1.6	1.1
Zinc ore recovery (%)	55	55	54	51	54	39	37	41	39	39	39
Copper produced (tonnes)	7,136	5,746	5,816	5,606	24,304	6,878	6,376	6,335	5,741	25,330	3,115
Zinc produced (tonnes)	5,954	4,599	5,477	3,778	19,808	2,170	1,944	2,338	1,610	8,062	867
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.02	\$1.34	\$1.43	\$1.41	\$1.29	\$1.18	\$1.26	\$1.11	\$1.25	\$1.20	\$1.52
Total cost – Copper (C3) (per lb)	\$2.04	\$2.19	\$2.53	\$1.79	\$2.15	\$1.83	\$1.95	\$1.76	\$1.90	\$1.86	\$2.53
<i>Revenues (\$ millions)</i>											
Copper	\$24	\$30	\$22	\$16	\$92	\$26	\$18	\$24	\$29	\$97	\$15
Zinc	6	5	4	3	18	2	-	3	3	8	4
Other	2	1	1	2	6	1	2	1	1	5	1
Total sales revenues	\$32	\$36	\$27	\$21	\$116	\$29	\$20	\$28	\$33	\$110	\$20
Copper sales (tonnes)	5,720	6,747	5,672	4,262	22,401	7,295	5,733	6,510	7,257	26,795	3,392
Zinc sales (tonnes)	5,166	4,967	4,499	4,847	19,479	2,062	-	2,376	2,387	6,825	2,491

Pyhäsalmi statistics	Q1 15	Q2 15	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17
<i>Mining</i>											
Ore mined (000's tonnes)	341	341	350	352	1,384	320	349	379	382	1,430	345
<i>Processing</i>											
Ore milled (000's tonnes)	341	346	347	345	1,379	343	335	352	350	1,380	328
Copper ore grade processed (%)	0.9	0.9	1.0	0.9	0.9	1.3	1.1	1.0	1.0	1.1	1.1
Copper ore recovery (%)	97	97	96	97	97	98	97	95	97	97	97
Zinc ore grade processed (%)	2.2	1.2	1.6	1.9	1.7	1.3	1.5	0.9	2.9	1.7	1.8
Zinc ore recovery (%)	92	90	89	90	91	88	89	86	93	90	90
Copper produced (tonnes)	2,889	2,877	3,245	3,035	12,046	4,325	3,680	3,398	3,392	14,795	3,443
Zinc produced (tonnes)	7,021	3,621	4,862	5,827	21,331	4,053	4,547	2,726	9,474	20,800	5,385
Pyrite produced (tonnes)	198,855	204,493	220,327	216,031	839,706	177,149	195,679	112,882	4,770	490,480	184,464
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	(\$0.52)	\$0.84	\$0.55	\$0.42	\$0.30	\$0.14	\$0.33	\$0.61	(\$1.14)	\$0.04	(\$0.59)
Total cost – Copper (C3) (per lb)	\$1.64	\$2.96	\$2.62	\$2.53	\$2.42	\$2.04	\$2.28	\$2.59	\$0.84	\$1.99	\$1.57
<i>Revenues (\$ millions)</i>											
Copper	\$17	\$13	\$15	\$11	\$56	\$17	\$14	\$15	\$15	\$61	\$18
Zinc	11	3	6	5	25	4	7	3	16	30	10
Pyrite	8	2	5	6	21	7	3	3	3	16	4
Other	3	3	4	2	12	4	2	6	4	16	4
Total sales revenues	\$39	\$21	\$30	\$24	\$114	\$32	\$26	\$27	\$38	\$123	\$36
Copper sales (tonnes)	3,250	2,573	3,561	2,892	12,276	4,361	3,435	3,798	3,114	14,708	3,500
Zinc sales (tonnes)	7,888	2,444	5,619	6,188	22,139	3,935	4,740	2,277	9,584	20,536	5,466
Pyrite sales (tonnes)	229,353	104,919	198,224	218,233	750,729	210,183	107,348	89,118	111,273	517,922	105,449

REGULATORY DISCLOSURES

Seasonality

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

Off-balance sheet arrangements

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

Accounting standards issued but not yet effective

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

IFRS 15 – Revenue from contracts with customers

The new standard provides a five step framework for application to customer contracts: identification of customer contract, identification of the contract performance obligations, determination of the contract price, allocation of the contract price to the contract performance obligations, and revenue recognition as performance obligations are satisfied. A new requirement where revenue is variable stipulates that revenue may only be recognized to the extent that it is highly probable that significant reversal of revenue will not occur. The new standard will be effective for annual periods beginning on or after January 1, 2018. The Company has not elected for early adoption. Upon application of the standard, an adjustment will be made to the opening balance of retained earnings. As at March 31, 2017, assessment has commenced to determine the impact IFRS 15 will have on the Company's financial statements and to highlight areas of focus.

IFRS 9 – Financial instruments: Classification and Measurement.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the existing IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. The new standard will be effective for annual periods beginning on or after January 1, 2018. As at March 31, 2017, assessment has commenced to determine the impact IFRS 9 will have on the Company's financial statements and to highlight areas of focus.

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. 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 new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest expense component recognized for each lease, in line with finance lease accounting under *IAS 17 Leases*. IFRS 16 will be applied prospectively for annual periods beginning on or after January 1, 2019. The Company plans to evaluate the impact on the consolidated financial statements during 2017.

Non-GAAP financial measures

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

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

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

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

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

AISC is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping and royalties.

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

For the three months ended March 31, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper Continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(329)	(137)	(85)	(34)	(18)	(27)	(630)	(4)	(63)	(697)
Adjustments:										
Depreciation	86	39	47	9	6	16	203	1	9	213
By-product credits	40	-	-	11	4	19	74	-	4	78
Royalties	21	14	2	2	-	-	39	-	2	41
Treatment and refining charges and freight costs	(18)	(9)	1	(4)	(3)	(3)	(36)	-	-	(36)
Finished goods	19	(31)	3	(4)	-	(1)	(14)	-	1	(13)
Other	6	(4)	-	-	1	1	4	3	1	8
Cash cost (C1)	(175)	(128)	(32)	(20)	(10)	5	(360)	-	(46)	(406)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(65)	(45)	(44)	(11)	(6)	(16)	(187)		(13)	(200)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)		(2)	(41)
Other	(1)	-	(1)	1	-	-	(1)		(1)	(2)
Total cost (C3)	(262)	(187)	(79)	(32)	(16)	(11)	(587)		(62)	(649)
Cash cost (C1)	(175)	(128)	(32)	(20)	(10)	5	(360)		(46)	(406)
Adjustments:										
General and administrative expenses	(7)	(6)	(1)	(1)	-	-	(15)		(2)	(17)
Sustaining capital expenditure and deferred stripping	(17)	(11)	(3)	(6)	(1)	-	(38)		(5)	(43)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)		(2)	(41)
AISC	(220)	(159)	(38)	(29)	(11)	5	(452)		(55)	(507)
Cash cost – (C1) (per lb)	\$1.28	\$1.67	\$0.78	\$1.14	\$1.52	(\$0.59)	\$1.26		\$4.84	
AISC (per lb)	\$1.59	\$2.07	\$0.93	\$1.67	\$1.64	(\$0.59)	\$1.59		\$5.81	
Total cost – (C3) (per lb)	\$1.89	\$2.45	\$1.89	\$1.93	\$2.53	\$1.57	\$2.05		\$6.57	

For the three months ended March 31, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper Continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(355)	-	(77)	(36)	(26)	(31)	(525)	(4)	(86)	(615)
Adjustments:										
Depreciation	91	-	41	10	9	17	168	1	15	184
By-product credits	50	-	-	16	3	15	84	-	3	87
Royalties	31	-	1	3	-	-	35	-	2	37
Treatment and refining charges and freight costs	(14)	-	1	(7)	(7)	(3)	(30)	-	(1)	(31)
Finished goods	47	-	1	(3)	2	-	47	-	13	60
Other	6	-	-	-	1	1	8	3	1	12
Cash cost (C1)	(144)	-	(33)	(17)	(18)	(1)	(213)	-	(53)	(266)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(69)	-	(38)	(12)	(9)	(17)	(145)		(15)	(160)
Royalties	(31)	-	(1)	(3)	-	-	(35)		(2)	(37)
Other	(1)	-	-	-	-	-	(1)		(1)	(2)
Total cost (C3)	(245)	-	(72)	(32)	(27)	(18)	(394)		(71)	(465)
Cash cost (C1)	(144)	-	(33)	(17)	(18)	(1)	(213)		(53)	(266)
Adjustments:										
General and administrative expenses	(9)	-	(2)	(1)	(1)	-	(13)		(4)	(17)
Sustaining capital expenditure and deferred stripping	(17)	-	(1)	(7)	(1)	(1)	(27)		-	(27)
Royalties	(31)	-	(1)	(3)	-	-	(35)		(2)	(37)
AISC	(201)	-	(37)	(28)	(20)	(2)	(288)		(59)	(347)
Cash cost – (C1) (per lb)	\$1.18	-	\$0.84	\$0.68	\$1.18	\$0.14	\$1.03		\$4.48	
AISC (per lb)	\$1.59	-	\$0.96	\$1.13	\$1.36	\$0.22	\$1.36		\$4.93	
Total cost – (C3) (per lb)	\$1.94	-	\$1.82	\$1.31	\$1.83	\$2.04	\$1.86		\$6.00	

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

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

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

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

	Q1 2017	Q4 2016	Q1 2016
Operating profit (loss) from continuing operations	51	43	70
Add back:			
Depreciation	213	160	184
Impairment and related charges	-	13	-
EBITDA	264	216	254
Adjustments:			
Foreign exchange (gain) loss	-	7	11
Other income	-	(3)	-
Revisions in estimates of restoration provisions at closed sites	1	(2)	4
Total adjustments to EBITDA	1	2	15
Comparative EBITDA	265	218	269

	Q1 2017	Q4 2016	Q1 2016
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(114)	12	49
Adjustments attributable to shareholders of the Company:			
Loss on extinguishment of senior notes	84	-	-
Total adjustments to EBITDA including impairment	1	15	15
Comparative tax adjustments	-	-	-
Tax and Minority interest on comparative adjustments	-	-	(1)
Comparative earnings (loss)	(29)	27	63
Earnings (loss) per share as reported	(\$0.17)	\$0.02	\$0.07
Comparative earnings (loss) per share	(\$0.04)	\$0.04	\$0.09

Significant judgments, estimates and assumptions in applying accounting policies

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

(i) Significant judgments

- Determination of ore reserves and resources

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

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

- Achievement of commercial production

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

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

- Taxes

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

- Precious metal stream arrangement

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

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

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

- Assessment of impairment indicators

Management applies significant judgement in assessing each cash generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views.

(ii) Significant accounting estimates and assumptions

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

- Determination of ore reserves and life of mine plan

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

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

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

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

- Review of asset carrying values and impairment charges

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

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

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

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

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

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

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

- Taxes

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

Management assesses the likelihood and timing of taxable earnings in future periods in recognising 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 "BBB-" grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated "BBB-" grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

Exceptions to the policy for dealing with relationship banks with ratings below "BBB-" are reported to, and approved by, the Audit Committee. As at March 31, 2017, the majority of cash was held with "AAA" money market funds 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 months ended March 31, 2017, and the years ended December 31, 2016 and December 31, 2015. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the quarter ended March 31, 2017, a fair value loss of \$318 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$126 million has been recognized through sales revenues. As at March 31, 2017, 402,000 tonnes of unmargined copper forward sales contracts at a price of \$2.29 per pound remain outstanding with periods of maturity to February 2018. Additionally, the Company had zero cost collar unmargined sales contracts for 16,000 tonnes at a price range \$2.62 to \$2.83 per lb, also with maturities to February 2018.

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

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

Interest rate risk

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

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

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

Foreign exchange risk

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

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;

- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

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

There were no changes in the Company's business activities during the period ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

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

Cautionary statement on forward-looking information

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

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about continuing production at all operating facilities, the price of copper, gold, nickel, zinc, pyrite, cobalt and sulphuric acid, anticipated costs and expenditures and the ability to achieve the Company's goals. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, the temporary or permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey and Mauritania, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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