



FIRST QUANTUM
MINERALS LTD.

Consolidated Financial Statements

December 31, 2017

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

Management's Responsibility for Financial Reporting

The consolidated financial statements of First Quantum Minerals Ltd. and the information contained in the annual report have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

Signed by
Philip K.R. Pascall
Chairman and Chief Executive Officer

February 12, 2018

Signed by
Hannes Meyer
Chief Financial Officer



February 12, 2018

Independent Auditor's Report

To the Shareholders of First Quantum Minerals Ltd.

We have audited the accompanying consolidated financial statements of First Quantum Minerals Ltd. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2017 and December 31, 2016 and the consolidated statements of earnings (loss), comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business and by the Solicitors Regulation Authority for regulated legal activities.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of First Quantum Minerals Ltd. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

Signed by

PricewaterhouseCoopers LLP
London

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First Quantum Minerals Ltd.

Consolidated Statements of Earnings (Loss)

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

	Note	2017	2016
Sales revenues	20	3,310	2,673
Cost of sales	21	(2,975)	(2,334)
Gross profit		335	339
Exploration		(18)	(16)
General and administrative		(74)	(70)
Impairments and related charges	23	(26)	(13)
Other income (expense)	25	(34)	40
Operating profit		183	280
Finance income		6	5
Finance costs	24	(45)	(18)
Loss on extinguishment of senior notes	13	(84)	-
Earnings before income taxes		60	267
Income tax expense	16	(299)	(19)
Net earnings (loss) from continuing operations		(239)	248
Net loss from discontinued operations		-	(267)
Net loss		(239)	(19)
Net earnings (loss) from continuing operations attributable to:			
Non-controlling interests		77	26
Shareholders of the Company	18	(316)	222
Net earnings (loss) attributable to:			
Non-controlling interests		77	26
Shareholders of the Company	18	(316)	(45)
Earnings (loss) per common share attributable to the shareholders of the Company			
Net earnings (loss) from continuing operations (\$ per share):			
Basic	18	(0.46)	0.32
Diluted	18	(0.46)	0.32
Net earnings (loss) (\$ per share)			
Basic	18	(0.46)	(0.07)
Diluted	18	(0.46)	(0.07)
Weighted average shares outstanding (000's)			
Basic	18	685,936	685,746
Diluted	18	685,936	689,353
Total shares issued and outstanding (000's)	17a	689,384	689,374

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

First Quantum Minerals Ltd.

Consolidated Statements of Comprehensive Income (Loss)

(expressed in millions of U.S. dollars)

	2017	2016
Net loss for the year	(239)	(19)
Other comprehensive income (loss)		
<i>Items that have been/may be subsequently reclassified to net earnings:</i>		
Cash flow hedges reclassified to net earnings	291	(72)
Losses on cash flow hedges arising during the year	(228)	(291)
Deferred tax on unrealized gain on cash flow hedge	-	19
Unrealized gain on available-for-sale investments	2	2
Other items	-	(2)
Total comprehensive loss for the year	(174)	(363)
Total comprehensive income (loss) for the year attributable to:		
Non-controlling interests	77	26
Shareholders of the Company	(251)	(389)
Total comprehensive loss for the year	(174)	(363)

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

(expressed in millions of U.S. dollars)

	Note	2017	2016
Cash flows from continuing operating activities			
Net earnings (loss) from continuing operations		(239)	248
Adjustments for			
Depreciation	21,22	894	686
Income tax expense	16	299	19
Share-based compensation expense	19	21	20
Impairment and related charges	23	26	13
Net finance expense		39	13
Movement in provisions		-	(35)
Unrealized foreign exchange gain		(20)	(16)
Loss on extinguishment of senior notes		84	-
Other		4	4
		1,108	952
Taxes paid		(184)	(127)
Franco-Nevada Corporation precious metal stream arrangement	12	264	124
Change in non-cash operating working capital			
Increase in trade and other receivables and derivatives		(145)	(65)
Decrease (increase) in inventories		(46)	52
Decrease in trade and other payables		(83)	(22)
Net cash from operating activities of continuing operations		914	914
Net cash from operating activities of discontinued operations		-	9
Cash flows from (used by) investing activities			
Purchase and deposits on property, plant and equipment	7,26	(1,652)	(1,141)
Acquisition of KPMC	7,11	(179)	-
Investment in Pebble project Early Option Price Instalment	10	(38)	-
Interest paid and capitalized to property, plant and equipment	7	(365)	(356)
Initial proceeds from sale of Kevitsa	6	-	728
Repayments and interest on ENRC Promissory note		-	64
Interest received		6	5
Other		15	1
Net cash used by investing activities of continuing operations		(2,213)	(699)
Net cash used by investing activities of discontinued operations		-	(13)
Cash flows from (used by) financing activities			
Net movement in trading facility		98	(26)
Movement in restricted cash		(15)	(23)
Proceeds from debt		3,330	93
Repayments of debt		(2,159)	(208)
Dividends paid to the shareholders of the Company	17	(5)	(7)
Early redemption costs on senior notes	13	(54)	-
Proceeds from Korea Panama Mining Corp ("KPMC")	11,14	264	163
Loan proceeds to KPMC		(45)	-
Other		(13)	13
Net cash from financing activities of continuing operations		1,401	5
Increase (decrease) in cash and cash equivalents and bank overdrafts		102	216
Cash and cash equivalents and bank overdrafts – beginning of year		565	365
Exchange gains (losses) on cash and cash equivalents		35	(16)
Cash and cash equivalents and bank overdrafts – end of year		702	565
Cash and cash equivalents and bank overdrafts comprising:			
Cash and cash equivalents		1,296	1,463
Bank overdrafts		(594)	(898)

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

(expressed in millions of U.S. dollars)

	Note	December 31, 2017	December 31, 2016
Assets			
Current assets			
Cash and cash equivalents		1,296	1,463
Trade and other receivables	4	652	402
Inventories	5	1,082	1,032
Current portion of other assets	10	159	176
		3,189	3,073
Cash and cash equivalents - restricted cash		90	70
Non-current VAT receivable		140	176
Property, plant and equipment	7	17,173	15,811
Goodwill	8	237	237
Investment in joint venture	11	600	-
Other assets	10	194	116
Total assets		21,623	19,483
Liabilities			
Current liabilities			
Bank overdraft		594	898
Trade and other payables		713	531
Current taxes payable		139	90
Current debt	13	316	385
Current portion of provisions and other liabilities	14	306	320
		2,068	2,224
Debt	13	5,961	4,561
Provisions and other liabilities	14	1,911	1,212
Deferred revenue	12	726	462
Deferred income tax liabilities		829	739
Total liabilities		11,495	9,198
Equity			
Share capital	17	5,575	5,553
Retained earnings		3,612	3,933
Accumulated other comprehensive loss		(227)	(292)
Total equity attributable to shareholders of the Company		8,960	9,194
Non-controlling interests		1,168	1,091
Total equity		10,128	10,285
Total liabilities and equity		21,623	19,483
Commitments & contingencies	28		

Approved by the Board of Directors and authorized for issue on February 12, 2018.

Signed by
Andrew Adams, Director

Signed by
Robert Harding, Director

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Equity

(expressed in millions of U.S. dollars)

	Note	2017	2016
Share capital			
Common shares			
Balance – beginning and end of year		5,642	5,642
Treasury shares			
Balance – beginning of year		(156)	(167)
Restricted and performance stock units vested		16	11
Shares purchased		-	-
Balance – end of year		(140)	(156)
Contributed surplus			
Balance – beginning of year		67	56
Share-based compensation expense for the year (inclusive of capitalized amounts)	19a	22	22
Restricted and performance stock units vested	19a	(16)	(11)
Balance – end of year		73	67
Total share capital		5,575	5,553
Retained earnings			
Balance – beginning of year		3,933	3,985
Net earnings (loss) for the year attributable to shareholders of the Company		(316)	(45)
Dividends	17c	(5)	(7)
Balance – end of year		3,612	3,933
Accumulated other comprehensive loss			
Balance – beginning of year		(292)	52
Other comprehensive income (loss) for the year		65	(344)
Balance – end of year		(227)	(292)
Non-controlling interests			
Balance – beginning of year		1,091	1,065
Net earnings (loss) attributable to non-controlling interests		77	26
Balance – end of year		1,168	1,091

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

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

(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, Finland, Turkey, Spain and Mauritania. The Company’s Ravensthorpe mine was placed under care and maintenance in October 2017. The Company is developing the Cobre Panama copper project in Panama, exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum deposit in Argentina.

The Company’s shares are publicly listed for trading on the Toronto Stock Exchange and has Depository Receipts listed on the Lusaka Stock Exchange.

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

2 Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the IFRS Interpretations Committee (“IFRICs”).

These consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2017.

At December 31, 2017, the Company had \$390 million of committed undrawn facilities and \$702 million of net unrestricted cash (inclusive of overdrafts), as well as future cash flows in order to meet all current obligations as they become due. The Company was in compliance with all existing facility covenants as at December 31, 2017.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

a) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, with the exception of derivative assets and liabilities, and available-for-sale financial assets which are measured at fair value.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its “subsidiaries”). Control is achieved where the Company has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal operating subsidiaries are Kansanshi Mining Plc (“Kansanshi”), Kalumbila Minerals Limited (“Sentinel”), First Quantum Mining and Operations Limited (“FQMO”), Mauritanian Copper Mines SARL (“Guelb Moghrein”), Ravensthorpe Nickel Operations Pty Ltd. (“Ravensthorpe”), Cobre Las Cruces S.A. (“Las Cruces”), Çayeli Bakir Isletmeleri A.S. (“Çayeli”), Pyhäsalmi Mine Oy (“Pyhäsalmi”) and Metal Corp Trading AG (“Metal Corp”). The exploration and development subsidiaries include Minera Panama S.A. (“MPSA” or “Cobre Panama”), Minera Antares Peru S.A.C. (“Haquira”) and Corriente Argentina S.A. (“Taca Taca”). All the above operating subsidiaries are 100% owned, with the exception of Kansanshi (80%) and Cobre Panama in which the Company holds a 90% interest, 10% is held indirectly through the joint venture, Korea Panama Mining Corp (“KPMC”), a jointly controlled Canadian entity acquired in November 2017.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests

At December 31, 2017, ZCCM Investments Holdings Plc (“ZCCM”, a Zambian government controlled entity) owned 20% of Kansanshi and KPMC owned 20% of Cobre Panama. A non-controlling interest is held by African Energy Resources Ltd, a publicly listed entity, in the Company’s consolidated subsidiary, African Energy Holdings SRL.

Through the operations in Zambia, there are a number of transactions with the Zambian government in the ordinary course of business, including taxes, royalties, utilities and power. The Company is limited in its ability to use the assets of Kansanshi and Cobre Panama as a result of the agreement with the other owners of these subsidiaries.

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

c) 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.

(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 (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

- Achievement of commercial production – (accounting policy note 3f(i))

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

During the year ended December 31, 2016, the Company concluded that the Sentinel mine in north-west Zambia, was operating in a manner intended by management and commercial production was effective from November 1, 2016.

- Taxes – (accounting policy note 3l)

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

- Precious metal stream arrangement - (accounting policy note 3k)

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 are providing \$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 – (accounting policy note 3i)

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. Following the decision to place Ravensthorpe mine into care and maintenance an impairment test was performed using assumptions determined by management. Further details are provided in (note 9).

- Derecognition of financial liabilities

Judgement is required in determining if an exchange of issued listed tradeable bonds results in, amongst other factors, a change to the 'existing lender' and, if so, whether that constitutes an extinguishment of an existing financial liability and recognition of

First Quantum Minerals Ltd.

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a new financial liability. Judgment that an exchange of such instruments in 2017 was an extinguishment of the existing financial liability resulted in material impacts on the carrying value of debt and finance costs in the year ended December 31, 2017 (note 13).

(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 (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

- Review of asset carrying values and impairment charges – (accounting policy note 3i)

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

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

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

The Company's most significant CGUs are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators. The Ravensthorpe mine was placed in care and maintenance in October 2017. As disclosed in note 9 its value is sensitive to longer term nickel price assumptions and the movements in the discount rate.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 7 and note 8 respectively, and by mine location in note 26.

- Estimation of the amount and timing of restoration and remediation costs – (accounting policy note 3j)

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

First Quantum Minerals Ltd.

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

the amounts included in the liability disclosed in the consolidated balance sheet. The carrying amount of the Company's restoration provision is disclosed in note 15.

- **Taxes – (accounting policy note 3l)**

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. Deferred income tax assets are disclosed in note 16.

- **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.

Accounting policies

d) Foreign currency translation

The presentation currency and the functional currency of the Company and all of the Company's operations is the USD. The Company's foreign currency transactions are translated into USD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of net earnings. Non-monetary assets and liabilities are translated using historical rates.

e) Inventories

Product inventories comprise ore in stockpiles; work-in-progress and finished goods. Product inventories are recorded at the lower of average cost and net realizable value. Cost includes materials, direct labour, other direct costs and production overheads and depreciation of plant, equipment and mineral properties directly involved in the mining and production processes. Costs are determined primarily on the basis of average costs for ore in stockpiles and on a first-in first-out basis for work-in-progress and finished goods.

Waste material stripping costs related to production at, or below, the life-of-phase strip ratio are inventoried as incurred, with the excess capitalized to mineral property and depreciated in future periods.

When inventories have been written down to net realizable value, a new assessment of net realizable value is made at each subsequent reporting date that the inventory is still held.

Consumable stores are valued at the lower of purchase cost and net realizable value and recorded as a current asset.

f) Property, plant and equipment

(i) Mineral properties and mine development costs

Exploration and evaluation costs are expensed in the period incurred. Property acquisition costs and amounts paid under development option agreements are capitalized. Development costs relating to specific properties are capitalized once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalization of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Property acquisition and mine development costs, including costs incurred during the production phase to increase future output by providing access to additional reserves (deferred stripping costs), are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate.

ii) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Costs recorded for assets under construction include all expenditures incurred in connection with the development and construction of the assets. No depreciation is recorded until the assets are substantially complete and ready for productive use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are depreciated using either the straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the life of mine. Depreciation calculated on a straight-line basis is as follows for major asset categories:

Office equipment	33%
Furniture and fittings	15%
Infrastructure and buildings	2%-5%
Motor vehicles	20%-25%

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Depreciation on equipment utilized in the development of assets, including open pit and underground mine development, is depreciated and recapitalized as development costs attributable to the related asset.

(iii) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds are used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

g) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company. The results of businesses acquired during the year are included in the consolidated financial statements from the effective date of acquisition. The identifiable assets, liabilities and contingent liabilities of the business which can be measured reliably are recorded at provisional fair values at the date of acquisition. Provisional fair values are finalized within twelve months of the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed.

h) Discontinued operation

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which: represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of earnings, statement of comprehensive income and statement of cash flows is re-presented as if the operation had been discontinued from the start of the comparative year.

The Company completed the sale of Kevitsa nickel-copper-platinum group elements mine ("Kevitsa") during the year ended December 31, 2016.

i) Asset impairment

(i) Property, plant and equipment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are individual operating mines, smelters or exploration and development projects.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate. Value in use is the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in net earnings immediately.

(ii) Goodwill

Goodwill arising on business combinations is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Goodwill is allocated to the lowest level at which the goodwill is monitored by the Company's board of directors for internal management purposes. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment at the same time every year.

Any impairment loss is recognized in net earnings immediately. Impairment of goodwill is not subsequently reversed.

j) Restoration provisions

The Company recognizes liabilities for constructive or legal obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using

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a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset or expensed in the period for closed sites.

k) Revenue recognition

The Company produces copper, nickel, gold and zinc products which are sold under pricing arrangements where final prices are set at a specified date based on market prices. Revenues are recognized when title and risk pass to the customer. For provisionally priced sales, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales.

The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition.

Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangement are accounted for as deferred revenue and included within long term liabilities. Revenue will be recognized once the precious metals have been delivered to the contractually agreed location.

l) Current and deferred income taxes

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Periodically, the positions taken by the Company with respect to situations in which applicable tax regulation is subject to interpretation are evaluated to establish provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax assets and liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

m) Share-based compensation

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognized as an expense is adjusted to reflect the number of options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

For share-based payment options with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company grants stock options under its stock option plan and performance stock units ("PSUs") and restricted stock units ("RSUs") under its long-term incentive plan to directors and employees. The Company expenses the fair value of stock options, PSUs and RSUs granted over the vesting period.

The fair value of stock options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Cash consideration received from employees when they exercise the options is credited to capital stock.

PSUs typically vest at the end of a three-year period if certain performance and vesting criteria, based on the Company's share price performance relative to a representative group of other mining companies, have been met. The fair value of PSUs is determined using a valuation model that takes into account, as of the grant date, the expected life of the PSU, expected volatility, expected dividend

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yield, and the risk-free interest rate over the life of the PSU to generate potential outcomes for share prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

RSUs typically vest at the end of a three-year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

n) Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period. Shares acquired under the long-term incentive plan are treated as treasury shares and are deducted from the number of shares outstanding for the calculation of basic earnings per share. Diluted earnings per share are calculated using the treasury share method whereby all “in the money” share based arrangements are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

o) Financial instruments

The Company’s financial instruments consist of cash and cash equivalents and bank overdrafts, restricted cash, trade receivables, investments, promissory note receivable, trade payables, debt and derivative instruments.

(i) Cash and cash equivalents, bank overdrafts and restricted cash

Cash and cash equivalents and bank overdrafts comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. Restricted cash comprises cash deposits used to guarantee letters of credit issued by the Company.

Cash and cash equivalents and restricted cash have been classified as loans and receivables.

As of the year ended 31 December 2016 due to a change in an agenda decision that was issued in April 2016 by the IFRS Interpretations Committee (“IFRIC”) on cash pooling arrangements accounted for in accordance with *IAS 32 “Financial Instruments: Presentation”*. The Company changed its accounting policy with regard to its notional cash pooling arrangement and restated cash and cash equivalents and cash indebtedness in the Consolidated Balance Sheets. IFRIC clarified that for cash pooling arrangements to be accounted for on a net basis, physical cash settlement of balances would be required at the balance sheet date.

The impact to the Consolidated Balance Sheets was to increase cash and cash equivalents by \$813 million, \$898 million and \$594 million with an equal and offsetting increase in bank overdrafts for the years ended December 31, 2015, 2016 and 2017, respectively.

(ii) Trade receivables

Trade receivables are classified as loans and receivables and accordingly are recorded initially at fair value, net of transaction costs incurred.

(iii) Investments

Investments are designated as available-for-sale and are normally measured at the reporting date at fair value. Fair value is determined in the manner described in note 27. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Unrealized gains and losses on the marketable securities are recognized in other comprehensive income, until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognized is included in net earnings. Dividends on available-for-sale equity investments are recognized in the income statement when the right to receive payment is established.

(iv) Derivatives and hedging

A portion of the Company’s metal sales are sold on a provisional 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 Company enters into derivative contracts to directly offset the exposure to final pricing adjustments on the provisionally priced sales contracts. The Company also periodically enters into derivative instruments to mitigate cash flow exposure to commodity prices, foreign exchange rates and interest rates. Derivative financial instruments, including embedded derivatives, are classified as fair value through profit or loss and measured at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in the fair value of derivative instruments are recorded in net earnings.

At the inception of a designated hedging relationship, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the Statements of Earnings within ‘Other income (expense)’. No ineffective hedges were recognized in the year ended December 31, 2017 (December 31, 2016: nil)

Amounts accumulated in equity are reclassified to the Statements of Earnings in the periods when the hedged item affects net earnings.

(v) Trade and other payables, debt and amounts due to joint ventures

Trade payables, debt and amounts due to joint ventures are classified as other financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. For debt, any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net earnings over the period to maturity using the effective interest rate method.

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Exchanges of instruments and modifications to debt are assessed using quantitative and qualitative factors to consider whether the exchange or modification constitutes an extinguishment of the original financial liability and establishment of a new financial liability. In the case of extinguishment, any fees or costs incurred are recognized in the Statement of Earnings. Where the terms in an exchange or modification are not assessed to be substantially different, any fees or costs incurred are adjusted against the carrying amount and amortized over the life of the new or modified financial liability.

(vi) **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables, the amount of impairment is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate. Any impairment loss is recognized in net earnings immediately.

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of earnings to the extent that the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized in net earnings are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

p) Investment in joint venture

The Company has an investment in joint venture whereby it has been determined that joint control exists over the company. This investment is accounted for using the equity method and presented separately in the balance sheet.

q) Accounting standards issued but not yet effective

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

IFRS 15 – Revenue from contracts with customers

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

- Deferred revenue relating to proceeds received from Franco-Nevada under the terms of the precious metal streaming agreement for Cobre Panama will be adjusted to reflect a significant financing component. This will have a material impact on the financial statements. Financing costs (accounting policy 3giii) are capitalized in the period prior to commercial production. On the effective date of IFRS 15, this will increase the financial liability and Property, Plant and Equipment by \$74 million (note 12).
- The Company sells a proportion of its products on terms where there is a responsibility for providing shipping services after the date at which control of the goods passes to the customer at the loading port. Under IAS 18, this revenue is recognized in full on loading. Under IFRS 15 this would be accounted for as a separate performance obligation with a variation in the phasing of revenue. Based on analysis performed by the Company, this will not have a material impact on the Company.

IFRS 9 – Financial instruments: Classification and Measurement

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

- Equity investments currently held by the Company at cost will be fair valued through either profit or loss or upon an irrevocable election, at fair value through other comprehensive income ("FVOCI"). The company intends to elect for FVOCI
- IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. An assessment has been performed to determine the expected credit loss of financial assets, and given that the Company's trading contracts are established long-term contracts with international trading companies, a portion of which are backed by a letter of credit, we do not anticipate credit losses associated with trading balances.
- Under IAS 39, non-substantial modifications to financial liabilities are permitted to be reflected in the carrying value of the financial liability and adjusted via an amended effective interest rate. Under IFRS 9, the present value of the cash flows of the original and modified terms will be discounted at the original effective rate with this difference reflected in the carrying value of the financial liability.

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

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

IFRS 16 – Leases

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

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

4 Trade and other receivables

	December 31, 2017	December 31, 2016
Trade receivables	328	249
VAT receivable (current)	191	119
Funding advances from joint venture partner	44	-
Other receivables	89	34
	652	402

Current VAT receivable is considered to be recoverable and no provision has been made. Included within current VAT receivable is \$173 million (December 31, 2016: \$99 million) relating to Zambian operations.

At December 31, 2017, the Company had classified \$139 million (December 31, 2016: \$176 million) as non-current VAT receivable in relation to Zambian claims. A charge of \$20 million (December 31, 2016: nil) has been recognized to reflect the impact of discounting the balance over the expected timeframe to repayment. Discussions with the relevant government authorities are ongoing and management continues to consider that the outstanding VAT claims are fully recoverable.

5 Inventories

	December 31, 2017	December 31, 2016
Ore in stockpiles	256	200
Work-in-progress	25	38
Finished product	270	313
Total product inventory	551	551
Consumable stores	531	481
	1,082	1,032

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6 Kevitsa sale

On March 10, 2016, the Company entered into a share purchase agreement with Boliden AB to sell Kevitsa, for cash consideration of \$712 million before normal closing adjustments. On June 1, 2016, the sale was completed and preliminary consideration of \$663 million was received. The remaining consideration of \$69 million was received on October 3, 2016. The Company recognized a net loss on disposal of \$237 million, as follows:

	December 31, 2016
Sales price	712
Adjustments for restricted cash and working capital	20
	732
Net assets sold:	
Cash and cash equivalents	4
Restricted cash	21
Trade and other receivables	14
Inventories	40
Property, plant and equipment	929
Trade and other payables	(18)
Other non-current liabilities	(21)
Loss on disposal	(237)

The results from operations for Kevitsa have, together with restated comparatives, been presented as discontinued operations within the Consolidated Statements of Earnings and the Consolidated Statements of Cash Flows.

	December 31, 2016
Sales revenues	49
Cost of sales	(61)
Other expense	(4)
Profit (loss) from discontinued operation before income taxes	(16)
Income tax recovery (expense)	(14)
Net earnings (loss) from discontinued operations	(30)
Net loss on disposal	(237)
Net earnings (loss) from discontinued operations	(267)

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7 Property, plant and equipment

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

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2016	4,845	7,047	1,526	2,505	15,923
Additions	-	1,186	-	-	1,186
Disposals	(12)	(1)	-	-	(13)
Transfers between categories	1,150	(2,277)	1,319	(313)	(121)
Disposal of Kevitsa	(555)	(19)	(355)	-	(929)
Restoration provision	-	-	(22)	8	(14)
Capitalized interest	-	425	-	-	425
Depreciation charge	(432)	-	(214)	-	(646)
Net book value, 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 year ended December 31, 2017, \$485 million of interest (December 31, 2016: \$425 million) was capitalized relating to the development of Cobre Panama. The amount capitalized to December 31, 2017 was determined by applying the weighted average cost of borrowings of 8.2% (December 31, 2016: 7.7%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at December 31, 2017, is an amount of \$638 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”).

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8 Goodwill

Goodwill of \$237 million arose through the acquisition of Inmet Mining Corporation (“Inmet”) in 2013 after the application of *IAS 12 – Income taxes*, due to the requirement to recognize a deferred tax liability calculated as the tax effect of the difference between the fair value of the assets acquired and their respective tax bases. Goodwill is not deductible for tax purposes. The goodwill was assigned to the Cobre Panama cash-generating unit.

The carrying value of Cobre Panama at December 31, 2017, was \$8,508 million (December 31, 2016: \$6,679 million).

The annual impairment test has been performed at December 31, 2017. For the purposes of the goodwill impairment test, the recoverable amount of Cobre Panama has been determined using a fair value less costs of disposal calculation based on a discounted cash flow model over a period of 39 years, which uses a post-tax discount rate, taking account of assumptions that would be made by market participants. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to ore reserves and resources estimates, commodity prices, discount rates, future production costs and future capital expenditure to complete the construction of Cobre Panama. Reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons. The production profile used in the cash flow model is consistent with the reserves and resource volumes approved as part of the Company’s process for the estimation of proven and probable reserves. Such production volumes are dependent on a number of variables, including the recovery of metal from the ore, production costs, duration of mining rights, and the selling price of extracted minerals. Commodity prices are management’s estimates of the views of market participants, including a long-term copper price of \$3.00 per pound. The estimates are derived from the median of consensus forecasts. A nominal discount rate of 12% (December 31, 2016: 11.5%) has been applied to future cash flows, derived from Cobre Panama’s weighted average cost of capital (in nominal terms), incorporating the risks specific to the cash-generating unit. Future production costs and future capital expenditure are based on the latest available engineering reports.

The calculated recoverable amount of the cash-generating unit exceeds the carrying value of Cobre Panama at December 31, 2017, and therefore no impairment charge has been recognized.

9 Ravensthorpe

In September 2017 the Company announced its intention to suspend operations at its Ravensthorpe nickel operation and place it on care and maintenance due to the prevailing market conditions. The Company considered this decision to be an indicator of impairment and an impairment test was performed at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs to sell. Economically recoverable reserves and resources, operating costs and future capital expenditure were used to determine the fair value represent management’s assessment at the time of completing the impairment testing. A long-term nickel price of \$7.00 per pound and a nominal post tax rate of 10.5% (real post-tax rate of 8%) were used by management. Nickel prices used in the cash flow projections were within the range of current market consensus observed at September 30, 2017. Based on the results of discounted cash flow analysis, no impairment was recognized.

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

As at December 31, 2017, based on the updated model, using the above assumptions, a sensitivity analysis was performed on the cash flow model used to determine the recoverable value of Ravensthorpe. A 10% decrease in the long-term nickel price would result in an impairment of approximately \$90 million.

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

An impairment of \$14 million was recognized in relation to specific assets as operations entered care and maintenance during the quarter ended December 31, 2017.

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10 Other assets

	December 31, 2017	December 31, 2016
Prepaid expenses	218	205
Other investments	68	27
Deferred income tax assets	54	38
Derivative instruments (note 25)	13	22
Total other assets	353	292
Less: current portion of other assets	(159)	(176)
	194	116

Included within prepaid expenses is \$48 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.

Included within other investments is \$38 million that has been paid to Northern Dynasty. The Early Option Price Instalment will form part of the Full Option Price of \$ 150 million. The total of which will be applied to progressing the permitting process for the development of the Pebble Project.

11 Joint Venture

On November 8, 2017 the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation and holds a 20% interest in Cobre Panama. The purchase consideration of \$664 million, comprising the acquisition consideration of \$635 million and the reimbursement of cash advances of \$29 million, of which \$179 million was paid on completion of the transaction in other payables. The remaining consideration is payable in five instalments to November 2021. \$176 million is included within other current liabilities and \$244 million within other non-current liabilities.

A \$600 million investment in joint venture representing the discounted consideration value has been recognized against which the Company's proportionate share of the profit or loss in KPMC is recognized. The principal assets and liabilities of KPMC are an investment in MPSA, a subsidiary of the Company, and shareholder loans. The notional purchase price allocation is yet to be finalised at December 31, 2017.

12 Franco-Nevada precious metal stream arrangement

The Company's subsidiary, MPSA, finalized on October 5, 2015, the terms of a replacement agreement with Franco-Nevada for the purchase and sale of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a \$1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of \$1 billion.

The amount of gold and silver deliverable is indexed to the copper in concentrate produced from the Cobre Panama project. Beyond approximately the first 30 years of the current life of mine, the precious metals deliverable under the new agreement will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay MPSA an amount for each ounce of gold and silver delivered equal to \$406 per ounce for gold and \$6.09 per ounce for silver, subject to an annual adjustment for inflation, for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries) and thereafter the greater of \$406 per ounce for gold and \$6.09 per ounce for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Although the market price feature represents an embedded derivative, the value of this derivative is not material. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

As at the year ended December 31, 2017, a total amount of \$726 million (December 31, 2016: \$462 million) had been received from Franco-Nevada with respect to capital expenditure in Cobre Panama, and recognized as deferred revenue.

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

13 Debt

		December 31, 2017	December 31, 2016
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.25% due April 2023	(a)	1,088	-
First Quantum Minerals Ltd. 7.50% due April 2025	(b)	1,087	-
First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021	(c)	-	32
First Quantum Minerals Ltd. 6.75% due February 2020	(d)	-	1,091
First Quantum Minerals Ltd. 7.00% due February 2021	(e)	1,095	1,087
First Quantum Minerals Ltd. 7.25% due October 2019	(f)	-	345
First Quantum Minerals Ltd. 7.25% due May 2022	(g)	843	841
Kansanshi senior term loan	(h)	174	289
First Quantum Minerals Ltd. senior debt facility	(i)	1,767	1,116
Trading facilities	(j)	180	82
Equipment financing	(k)	43	63
Total debt		6,277	4,946
Less: Current maturities and short term debt		(316)	(385)
		5,961	4,561
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(i)	390	713
Trading facilities	(j)	140	228

During the year the Company extinguished 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. This resulted in a loss of \$ 84 million including early senior notes redemption costs of \$54 million.

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

In March 2017, the Company issued \$1,100 million in senior notes due in 2023, bearing interest at an annual rate of 7.25%. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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

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

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

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

In March 2017, the Company issued \$1,100 million in senior notes due in 2025, bearing interest at an annual rate of 7.50%. These senior notes have certain restrictions on the Company and its subsidiaries. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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

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

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

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

h) Kansanshi senior term loan

In March 2014, Kansanshi entered into a \$350 million term loan. 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 October 2017, the Company signed a new Term Loan and Revolving Credit Facility replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility with its core relationship banks. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility, and a \$1.5 billion Revolving Credit Facility, maturing in December 2020. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019 with interest at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

j) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totalling \$320 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 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 2020. Of the amount outstanding at December 31, 2017, \$20 million (December 31, 2016: \$20 million) is due within twelve months of the balance sheet date.

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

14 Provisions and other liabilities

	December 31, 2017	December 31, 2016
Restoration provisions	618	530
Amount owed to joint venture	925	596
Derivative instruments (note 27)	288	302
Other	386	104
Total other liabilities	2,217	1,532
Less: current portion	(306)	(320)
	1,911	1,212

Amount owed to joint venture

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A. ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. As at December 31, 2017, the accrual for interest payable is \$151 million (December 31, 2016: \$86 million) and is included in the carrying value of the amount owed to joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of Net Debt banking covenant ratios.

In November 2017, the Company acquired a 50% interest in KPMC from LS-Nikko Copper Inc. inclusive of the above shareholder loans (note 11).

15 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines, processing facilities, closed sites and development projects. The following table summarizes the movements in the restoration provisions:

	December 31, 2017	December 31, 2016
As at January 1	530	552
Changes in estimate – operating sites	71	(14)
Changes in estimate – closed sites (note 25)	4	1
Kevitsa disposal	-	(21)
Other adjustments	-	1
Accretion expense (note 24)	13	11
As at December 31	618	530
Less: current portion	(8)	(8)
	610	522

The Company has issued letters of credit which are guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2017, totalling \$90 million (December 31, 2016: \$70 million).

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 2% and 3% and an inflation factor between 1.5% and 6.5%. Reclamation activity is expected to occur over the life of each of the operating mines, a period of up to 39 years, with the majority payable in the years following the cessation of mining operations.

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16 Income taxes

The significant components of the Company's income tax expense are as follows:

	2017	2016
Current income tax expense	244	102
Deferred income tax (credit) expense	55	(83)
	299	19

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before income taxes due to the following:

	2017		2016	
	Amount \$	%	Amount \$	%
Earnings before income taxes	60		267	
Income tax (credit) expense at Canadian statutory rates	15	26	69	26
Difference in foreign tax rates	11	19	(16)	(6)
Non-deductible expenses	40	66	12	5
Impact of rate reduction	-	-	-	-
Losses not recognized	184	306	25	9
Recognition of previously unrecognized losses	-	-	(4)	(2)
Impact of foreign exchange and other	49	82	11	4
Income tax (credit) expense before Zambian tax policy changes	299	499	97	36
Effect of Zambian tax policy changes	-	-	(78)	(29)
Income tax expense	299	499	19	7

The Government of the Republic of Zambia passed through parliament changes, effective from June 1, 2016, which reduced mineral royalties for open pit and underground mines from 9% to a variable rate of between 4% and 6% and abolished the variable profits tax. This amendment to taxation required a revaluation of the Company's deferred tax balances in Zambia resulting in a tax credit of \$78 million for the year ended December 31, 2016.

Losses not recognized consists largely of hedge loss and bond refinancing cost that were incurred in Canada where such losses cannot be used to offset operating income in other countries.

The deferred income tax assets and liabilities included on the balance sheet are as follows:

	2017	2016
Deferred income tax assets	54	38
Deferred income tax liabilities	(829)	(739)
	(775)	(701)

The significant components of the Company's deferred income taxes are as follows:

	2017	2016
Temporary differences relating to property, plant and equipment and finance leases	(1,377)	(931)
Unused operating losses	464	113
Temporary differences relating to non-current liabilities (including restoration provisions)	104	80
Temporary differences relating to inventory	10	12
Other	24	25
Net deferred income tax liabilities	(775)	(701)

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The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

The Company has unrecognized deductible temporary differences relating to operating loss carryforwards that may be available for tax purposes in Canada totalling \$2,765 million (December 31, 2016: \$1,969 million) expiring between 2025 and 2037, and in the United States of America totalling \$38 million (December 31, 2016: \$38 million) expiring between 2018 and 2037.

The Company also has unrecognized deductible temporary differences relating to restoration provisions of \$57 million in Canada (December 31, 2016: \$55 million) and \$35 million in Finland (December 31, 2016: \$34 million).

The Company has non-Canadian resident subsidiaries that have undistributed earnings of \$3,728 million (December 31, 2016: \$3,755 million). These undistributed earnings are not expected to be repatriated in the foreseeable future and the Company has control over the timing of such, therefore taxes that may apply on repatriation have not been provided for.

17 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at January 1, 2017	689,374
Shares issued through Dividend Reinvestment Plan	10
Balance as at December 31, 2017	689,384

b) Treasury shares

The Company established an independent trust to purchase, on the open market, the common shares pursuant to the long-term incentive plan (note 19). The Company consolidates the trust as it is subject to control by the Company. Consequently, shares purchased by the trust to satisfy obligations under the long-term incentive plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

	Number of shares (000's)
Balance as at January 1, 2016	7,434
Shares purchased	-
Shares vested	(1,084)
Balance as at December 31, 2016	6,350
Shares purchased	-
Shares vested	(984)
Balance as at December 31, 2017	5,366

c) Dividends

On July 27, 2017, the Company declared an interim dividend of CAD\$0.005 per share, or \$2 million, in respect of the financial year ended December 31, 2017 (July 27, 2016: CAD\$0.005 per share or \$2 million) that was paid to shareholders of record as at August 28, 2017 on September 19, 2017.

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

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

18 Earnings (loss) per share

<i>Continuing basis</i>	2017	2016
Basic and diluted (loss) earnings attributable to shareholders of the Company	(316)	222
Basic weighted average number of shares outstanding (000's of shares)	685,936	685,746
Effect of potential dilutive securities:		
Treasury shares	-	3,607
Diluted weighted average number of shares outstanding (000's of shares)	685,936	689,353
Earnings (loss) per common share from continuing operations – basic (expressed in \$ per share)	(0.46)	0.32
Earnings (loss) per common share from continuing operations – diluted (expressed in \$ per share)	(0.46)	0.32
<i>Including discontinued operations</i>		
Basic and diluted (loss) attributable to shareholders of the Company	(316)	(45)
Basic weighted average number of shares outstanding (000's of shares)	685,936	685,746
Effect of potential dilutive securities:		
Treasury shares	-	-
Diluted weighted average number of shares outstanding (000's of shares)	685,936	685,746
Earnings (loss) per common share – basic (expressed in \$ per share)	(0.46)	(0.07)
Earnings (loss) per common share – diluted (expressed in \$ per share)	(0.46)	(0.07)

19 Share based compensation and joint venture transactions

a) Long-term incentive plan

The Company has a long-term incentive plan (the “Plan”), which provides for the issuance of performance stock units (“PSUs”), restricted stock units (“RSUs”) in such amounts as approved by the Company’s Compensation Committee. Included in general and administrative expense is share-based compensation expense of \$17 million (December 31, 2016: \$20 million) related to this Plan in addition to which \$1 million (December 31, 2016: \$2 million) has been capitalized to capital work-in-progress.

Under the Plan, each PSU entitles participants, which includes directors, officers, and employees, to receive up to one-and-a-half common shares of the Company at the end of a three-year period if certain performance and vesting criteria, which are based on the Company’s performance relative to a representative group of other mining companies, have been met. The fair value of each PSU is recorded as compensation expense over the vesting period. The fair value of each PSU is estimated using a Monte Carlo Simulation approach. A Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes, called simulations, based on normally distributed random variables and highly subjective assumptions. This model generates potential outcomes for stock prices and allows for the simulation of multiple stocks in tandem resulting in an estimated probability of vesting.

Under the Plan, each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. RSU grants typically vest fully at the end of the three-year period. The fair value of each RSU is recorded as compensation expense over the vesting period. The fair value of each RSU is estimated based on the market value of the Company’s shares at the grant date and an estimated forfeiture rate of 11.5% (December 31, 2016: 11.5%).

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

	2017 Number of units (000's)	2016 Number of units (000's)
Performance stock units		
Outstanding - beginning of year	3,986	4,357
Granted	1,280	1,562
Vested	(251)	(18)
Forfeited	(1,338)	(1,915)
Outstanding - end of year	3,677	3,986
Restricted stock units		
Outstanding - beginning of year	2,976	2,565
Granted	1,250	1,440
Vested	(773)	(714)
Forfeited	(222)	(315)
Outstanding - end of year	3,231	2,976

The following assumptions were used in the Monte Carlo Simulation model to calculate compensation expense in respect of the PSUs granted in the following years:

	2017	2016
Risk-free interest rate	1.55%	0.69%
Vesting period	3 years	3 years
Expected volatility	83.1%	79.4%
Expected forfeiture per annum	4%	4%
Weighted average probability of vesting	33.7%	33.3%

b) Share option plan

Share options for common shares in the Company are granted to certain key management. Options are exercisable at a price equal to the closing quoted price of the Company's shares on the date of grant. The vesting period varies from one to three years. Options are forfeited if the employee leaves the Company before the options vest. If the options remain unexercised after a period of five years from the grant date the options expire.

Each share option converts into one common share on exercise. An amount equal to the share price at the date of grant is payable by the recipient on the exercise of each option. The options carry neither rights to dividends nor voting rights.

Options may be exercised at any time from the date of vesting to the date of their expiry.

	2017 Number of options (000's)	2016 Number of options (000's)
Share options		
Outstanding - beginning of year	1,113	-
Granted	1,086	1,113
Vested	(599)	-
Forfeited	9	-
Outstanding - end of year	1,609	1,113

Share options grants have been measured using the binomial pricing model. The weighted average inputs of options granted in the year are as follows:

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	2017	2016
Fair value of option	5.44	6.33
Exercise price	12.18	11.47
Expected volatility	67.5%	67.4%
Expected life	5 years	5 years
Risk-free rate	1.12%	0.64%
Expected dividend yields	0.1%	0.1%

Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

The Company recognized total expenses of \$4 million (December 31, 2016: \$1 million) related to equity-settled share-based payments on share options issued under the above plan for the year ended December 31, 2017.

c) Key management compensation

Key management personnel include the members of the senior management team and directors.

	2017	2016
Salaries, fees and other benefits	5	4
Bonus payments	2	1
Share-based compensation	5	4
Total compensation paid to key management	12	9

d) Other related party transactions

Amounts paid to related parties were incurred in the normal course of business and on an arm's length basis. During the year, \$6 million (December 31, 2016: \$6 million) was paid to parties related to key management for chartering aircraft, accommodation and machinery services. As at December 31, 2017, nil (December 31, 2016: \$2 million) was included in trade and other payables concerning related party amounts payable.

20 Sales revenues by nature

	2017	2016
Copper ¹	2,802	2,139
Nickel	148	182
Gold	236	271
Zinc	46	38
Other	78	43
	3,310	2,673

¹ Copper revenues excludes \$296 million of proceeds from pre-commercial production at Sentinel for the period to December 31, 2016. Commercial production was declared at Sentinel effective November 1, 2016.

21 Cost of sales

	2017	2016
Costs of production	(2,071)	(1,517)
Depreciation	(898)	(646)
Movement in inventory	(10)	(131)
Movement in depreciation in inventory	4	(40)
	(2,975)	(2,334)

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

First Quantum Minerals Ltd.

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22 Expenses by nature

	2017	2016
Depreciation	(894)	(686)
Employment costs, benefits and contractor	(676)	(531)
Raw materials and consumables	(579)	(393)
Repairs and maintenance	(232)	(101)
Fuel	(176)	(147)
Utilities	(171)	(159)
Royalties	(178)	(128)
Freight	(77)	(43)
Travel	(14)	(10)
Change in inventories	(10)	(131)
Other	(60)	(91)
	(3,067)	(2,420)

Expenses presented above include cost of sales, general and administrative and exploration expenses.

23 Impairments

As at December 31, 2017, a detailed review of impairment indicators was performed by management across all operations, development projects and investments. This review did not result in the identification of impairment indicators as at December 31, 2017. Management continues to monitor commodity prices, discount rates, operating costs, capital expenditure, in addition to any other key factors that may result in an indicator of impairment.

It should be noted that, particularly given the current volatility in commodity markets, the Company's longer life assets and operations are more likely to be impacted by changes in long-term commodity prices.

A summary of impairment for the years ended December 31:

	2017	2016
Impairment of Ravensthorpe assets	14	-
Impairment of housing assets	12	-
Impairment of exploration assets and investments	-	7
Other impairments	-	6
	26	13

Impairment of Ravensthorpe assets

An impairment of \$14 million has been recognized in relation to specific assets at Ravensthorpe that have been identified for impairment following the mine being placed into care and maintenance in October 2017.

Impairment of housing assets

An impairment of \$12 million has been recognized in relation to specific housing assets constructed at the Kansanshi mine for its employees.

Impairment of exploration assets

In the year ended December 31, 2016 an impairment of \$7 million has been recognized in relation to exploration activities in Peru and Chile separate from the Company's development projects.

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24 Finance costs

	2017	2016
Interest expense on financial liabilities measured at amortized cost	(517)	(432)
Accretion on restoration provision	(13)	(11)
Total finance costs	(530)	(443)
Less: interest capitalized (note 7)	485	425
	(45)	(18)

Included within net finance expense for the year end December 31, 2017 is \$20 million (December 31, 2016: nil) relating to the discounting of non-current VAT held by Kansanshi over the expected repayment timeframe. Discussions with the relevant government authorities are ongoing and management continues to consider that the outstanding VAT claims are fully recoverable.

25 Other income/ expense

	2017	2016
Foreign exchange gains – Kansanshi VAT receivable	1	26
Other foreign exchange losses	(24)	(12)
Change in restoration provision for closed properties (note 15)	(4)	(1)
Other income	(7)	27
	(34)	40

Included in other income in 2016 is the partial release of provisions made following the acquisition of Inmet Mining Corporation (“Inmet”) in 2013 and related to which, settlements were made in November 2016.

26 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.

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Earnings by segment

For the year ended December 31, 2017, segmented information for the statement of earnings / (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Kansanshi ²	1,740	(813)	(291)	(34)	602	(190)
Sentinel	1,026	(636)	(224)	(7)	159	(26)
Las Cruces	461	(150)	(205)	(4)	102	(34)
Guelb Moghrein	217	(131)	(45)	(2)	39	(20)
Çayeli	98	(52)	(30)	1	17	(31)
Pyhäsalmi	143	(53)	(66)	(10)	14	(5)
Ravensthorpe	163	(188)	(32)	(13)	(70)	21
Corporate & other ^{3,4}	(538)	(58)	(1)	(83)	(680)	(14)
Total	3,310	(2,081)	(894)	(152)	183	(299)

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

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

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

⁴ Relates to hedge losses recognized on forward copper sales and zero cost collar options.

For the year ended December 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	1,449	(924)	(305)	(3)	217	40
Sentinel ⁵	153	(107)	(29)	1	18	4
Las Cruces	358	(139)	(160)	10	69	(12)
Guelb Moghrein	213	(121)	(47)	(9)	36	(12)
Çayeli	110	(59)	(35)	61	77	(26)
Pyhäsalmi	123	(53)	(61)	3	12	(13)
Ravensthorpe	195	(223)	(49)	-	(77)	15
Corporate & other ⁴	72	(22)	-	(123)	(73)	(15)
Total	2,673	(1,648)	(686)	(60)	279	(19)

¹ Excludes intersegment revenues of \$33 million.

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

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

⁴ No segmented information for Cobre Panama is disclosed for the statement of earnings as this projects is under development as at December 31, 2016. The development costs for this properties are capitalized.

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

First Quantum Minerals Ltd.

Notes to the 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:

	December 31, 2017			December 31, 2016		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	2,789	4,326	1,075	2,980	3,972	1,000
Sentinel	3,162	3,627	226	3,199	3,522	177
Las Cruces	668	1,186	369	817	1,203	322
Guelb Moghrein	160	297	75	199	318	58
Çayeli	129	386	68	153	636	67
Pyhäsalmi	90	208	70	155	339	96
Ravensthorpe	718	798	168	740	821	162
Cobre Panama ³	8,322	8,619	1,881	6,485	6,767	1,237
Corporate & other ⁴	1,193	2,176	7,563	1,134	1,905	6,079
Total	17,231	21,623	11,495	15,862	19,483	9,198

¹ Non-current assets include \$17,209 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 joint venture.

⁴ Included within the corporate segment are assets relating to the Haquira project, \$678 million (December 31, 2016: \$672 million), and to the Taca project, \$430 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:

	2017	2016
Kansanshi	183	121
Sentinel	140	182
Las Cruces	22	20
Guelb Moghrein	13	30
Çayeli	5	4
Pyhäsalmi	-	1
Ravensthorpe	13	9
Cobre Panama	1,256	764
Corporate & other ¹	20	10
Total	1,652	1,141

¹Excludes \$38 million paid with respect to the Pebble project.

First Quantum Minerals Ltd.

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

Geographical information

	2017	2016
Revenue by destination¹		
China	1,076	679
Singapore	641	330
Spain	442	316
South Africa	509	283
Zambia	307	98
India	279	172
Germany	243	221
Finland	138	141
Australia	56	52
Egypt	33	15
Taiwan	30	-
Bulgaria	30	42
South Korea	24	130
Sweden	24	40
Italy	22	38
United Arab Emirates	3	4
Other	21	48
Hedge gains (losses) ³	(568)	64
	3,310	2,673

¹ Presented based on the ultimate destination of the product if known. If the eventual destination of the product sold through traders is not known, then revenue is allocated to the location of the product at the time when the risks and rewards of ownership are passed.

² Earnings relating to the Kevitsa segment have been presented as discontinued operations (note 6) and excluded from the above information.

³ Relates to hedge (losses)/gains recognized on forward sales and zero cost collar options.

	December 31, 2017	December 31, 2016
Non-current assets by location		
Zambia	5,690	5,918
Panama	8,322	6,485
Spain	632	781
Finland	90	155
Australia	722	744
Peru	673	667
Argentina	429	427
Mauritania	160	199
Turkey	129	153
Other	384	333
	17,231	15,862
Investments, deferred income tax assets, goodwill, restricted cash, other deposits and VAT receivable	1,203	548
	18,434	16,410

First Quantum Minerals Ltd.

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27 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 December 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	461	-	-	-	461	461
Derivative instruments in designated hedge relationships	-	-	-	-	-	-
Other derivative instruments ²	-	-	13	-	13	13
Investments	-	-	-	-	-	-
At cost ³	-	59	-	-	59	n/a
At fair value	-	9	-	-	9	9
Financial liabilities						
Trade and other payables	-	-	-	713	713	713
Derivative instruments in designated hedge relationships	-	-	228	-	228	228
Other derivative instruments ²	-	-	60	-	60	60
Finance leases	-	-	-	22	22	22
Liability to joint venture	-	-	-	925	925	925
Debt	-	-	-	6,277	6,277	6,633

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.

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(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						
<i>At cost</i> ³	-	21	-	-	21	n/a
<i>At fair value</i>	-	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 joint venture	-	-	-	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.

Fair Values

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs for the asset or liability that are not based on observable market data.

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The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2017, in the fair value hierarchy 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	13	-	-	13
Derivative instruments – OTC contracts ²	-	-	-	-
Investments ³	9	-	-	9
Financial liabilities				
Derivative instruments – LME contracts ¹	45	-	-	45
Derivative instruments – OTC contracts ²	-	243	-	243

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

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

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

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.

Financial risk management

Credit risk

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

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

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Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at December 31, 2017, substantially all cash and short-term deposits are with counterparties of investment grade.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. More than 67% of the Company's trade receivables are generated from five customers together representing greater than 37% of the total sales for the year. A total balance of \$52 million was past due from these customers at the balance sheet date and is classified as current receivable. The Company continues to trade with these customers. Revenues earned from these customers are included within the Kansanshi segment. 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.

Significant credit risk exposures to any single counterparty or group of counterparties having similar characteristics are as follows:

	December 31, 2017	December 31, 2016
Commodity traders and smelters (Trade receivables and other receivables)	461	283
Government authorities (VAT receivable)	330	294
	791	577

The VAT receivable due from government authorities includes \$140 million at December 31, 2017, which is past due (December 31, 2016: \$176 million). No provision has been made against this amount as it is deemed recoverable in full. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

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 year ended December 31, 2017, and December 31, 2016. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

The Company had the following balances and facilities available to them at the balance sheet dates:

	December 31, 2017	December 31, 2016
Cash and cash equivalents and bank overdrafts – unrestricted cash	702	565
Working capital balance	1,025	964
Undrawn debt facilities (note 13)	530	941

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Contractual and other obligations as at December 31, 2017 are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal	6,097	6,198	137	1,891	1,970	2,200
Debt – finance charges	-	1,970	430	838	456	246
Trading facilities	180	180	180	-	-	-
Trade and other payables	533	533	533	-	-	-
Derivative instruments	288	288	288	-	-	-
Liability to joint venture ¹	925	1,679	-	388	182	1,109
Joint venture consideration	424	485	185	200	100	-
Current taxes payable	139	139	139	-	-	-
Deferred payments	51	51	5	10	10	26
Finance leases	22	29	5	9	7	8
Commitments	-	628	586	34	5	3
Restoration provisions	618	1,015	8	39	86	882

¹ Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA, and not scheduled repayments.

Contractual and other obligations as at December 31, 2016 are as follows:

	Carrying Value	Contractual Cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal	4,864	4,990	325	1,530	2,285	850
Debt – finance charges	-	1,234	354	634	223	23
Trading facilities	82	82	82	-	-	-
Trade and other payables	531	531	531	-	-	-
Derivative instruments	302	302	302	-	-	-
Liability to joint venture	596	790	-	175	83	532
Current taxes payable	90	90	90	-	-	-
Deferred payments	39	39	4	4	4	27
Finance leases	23	31	5	8	6	12
Commitments	-	564	460	90	9	5
Restoration provisions	530	953	8	17	77	851

Market risks

a) 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 year ended December 30, 2017, a fair value loss of \$63 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$568 million has been recognized through sales revenues. As at December 31, 2017, 104,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.61 per lb are outstanding with periods of maturity to September 2018. The Company also had zero cost collar unmargined sales contracts for 134,500 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 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 December 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.

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Derivatives designated as hedged instruments

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

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	104,000	\$2.61/lb	\$3.25/lb	September 2018
Copper zero cost collar	134,500	\$2.70 - \$3.09/lb	\$3.25/lb	December 2018

Other derivatives

As at December 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 when the sale is provisionally priced and the date agreed for pricing the final settlement.

Excluding the copper contracts noted above, as at December 31, 2017, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	81,785	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018
Commodity contracts:				
Copper	82,703	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018

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

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

	December 31, 2017	December 31, 2016
Commodity contracts:		
Asset position	13	22
Liability position	(288)	(302)

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper, nickel, gold and zinc commodity prices, based on prices at December 31, 2017. There is no impact of these changes on other comprehensive income except indirectly through the impact on the fair value of the available-for-sale investments. The impact of a 10% movement in commodity prices is as follows:

	Average contract price on December 31		Impact of price change on net earnings	
	2017	2016	2017	2016
Copper	\$3.06/lb	\$2.45/lb	7	4
Gold	\$1,274/oz	\$1,195/oz	-	-
Zinc	\$1.45/lb	\$1.20/lb	-	-

b) Interest rate risk

The majority of the Company's interest expense is fixed however it is also exposed to an interest rate risk arising 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 December 31, 2017, and December 31 2016, the Company held no floating-to-fixed interest rate swaps.

At December 31, 2017, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2017	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point decrease
Interest-bearing deposits, cash at bank and bank overdrafts	702	7	(7)
Floating rate borrowings drawn	2,208	(22)	22

At December 31, 2016, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2016	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point decrease
Interest-bearing deposits and cash at bank	565	6	(6)
Floating rate borrowings drawn	1,695	(17)	17

c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("ZMW"), Australian dollar ("A\$")

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Mauritanian ouguiya (“MRO”), the euro (“EUR”) and the Turkish lira (“TRY”); and to the local currencies 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.

As at December 31, 2017, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	14	1	7	1
AUD	6	-	3	2
ZMW	9	21	-	5
EUR	54	-	-	42
TRY	-	-	-	18
ZAR	7	-	-	-
MRO	-	-	-	5
Other	2	-	-	-
Total	92	22	10	73

Based on the above net exposures as at December 31, 2017, a 10% change in all of the above currencies against the USD would result in a \$6 million increase or decrease in the Company’s net earnings and would result in a \$1 million increase or decrease in the Company’s other comprehensive income.

As at December 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	15	-	15	1
AUD	14	6	2	35
ZMW	5	3	-	22
EUR	81	10	-	39
TRY	-	1	-	5
ZAR	5	-	-	2
MRO	-	29	-	4
Other	3	1	-	-
Total	123	50	17	108

Based on the above net exposures as at December 31, 2016, a 10% change in all of the above currencies against the USD would result in a \$5 million increase or decrease in the Company’s net earnings and would result in a \$2 million increase or decrease in the Company’s other comprehensive income.

Capital management

The Company’s objectives when managing capital are to continue to provide returns for shareholders, and comply with lending requirements while safeguarding the Company’s ability to continue as a going concern. The Company considers the items included in equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company’s assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company uses a combination of short-term and long-term debt to finance its operations and development projects. Typically, floating rates of interest are attached to short-term debt, and fixed rates on senior notes.

28 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to \$628 million (December 31, 2016: \$564 million) in capital expenditures.

First Quantum Minerals Ltd.

Notes to the Consolidated Financial Statements

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

Other commitments & contingencies

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

In December 2017, Cobre Panama reached a full and final settlement for an outstanding claim from a third-party which included closure of the counterclaim made by the Company.

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

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

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

A panel of arbitrators has been appointed in the Arbitration. Several applications to dismiss the case were also lodged in the Lusaka High Court. Submissions have been heard by the Court and a judgment rendered that ZCCM's procedural faults could be cured with the Court's discretion. This judgment is subject to an appeal before the Lusaka Court of Appeal.

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

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

29 Post balance sheet events

Franco Nevada Precious metals streaming agreement

In January 2018, the Company signed an additional precious metals stream agreement with a subsidiary of Franco-Nevada Corporation. The Company expects to complete the transaction in early 2018 and receive \$178 million as an upfront payment upon closing.

Sale of closed property

In February 2018, the Company was notified by Troilus Gold Corp ("Troilus") of Troilus' expectation to exercise its option to acquire one of the Company's closed properties in Canada. This transaction is expected to close in the first half of 2018.

Kalumbila term facility

On February 5, 2018, the Company signed a new \$230 million term facility agreement under the Kalumbila subsidiary, which owns the Sentinel mine, available for up to 5 years. Repayments on the facility commence December 2019.

Kansanshi term facility

On February 9, 2018, Kansanshi issued a notice to repay the outstanding balance of \$175 million on the Kansanshi senior term loan.

Dividend declared

The Company has declared a final dividend of CAD\$0.005 per share, in respect of the financial year ended December 31, 2017. The final dividend together with the interim dividend of CAD\$0.005 per share is a total of CAD\$0.01 per share for the 2017 financial year.

Management's Discussion and Analysis

For the year ended December 31, 2017



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the year ended December 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 "Cautionary statement on forward-looking information" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of February 12, 2018.

OVERVIEW

2017 saw a clear improvement in the Company's funding structure, much stronger market conditions for its primary metal, copper, and better operational results as a result of plant optimization and more stable power supplies.

The issuance of \$2.2 billion in senior notes in March and the refinancing of the Term Loan and Revolving Credit Facility in October have improved the Company's debt covenant and maturity profiles, with the earliest senior debt maturity extended from October 2019 to February 2021. The new Facility includes an extended repayment schedule that commences in December 2019.

The year's average LME copper price was \$2.79 per lb, considerably higher than the comparison in 2016 of \$2.20 per lb. Under the Company's copper sales hedge program in excess of 90% of tonnes of copper sold was hedged at an average price of \$2.33 per lb. The hedge program commenced in 2015 with the objective being to stabilize cashflows and protect financial covenants during a critical phase of the capital expenditure required for the development of the Cobre Panama project. This program continues into 2018 but at reduced levels and increased use of zero cost collars and purchased options to provide downside protection whilst benefiting in upside price movements.

During the course of the year there has been continued plant optimization at Sentinel resulting in design throughput and recoveries being surpassed. The improvements at Sentinel coupled with the Kansanshi smelter also running at above design throughput capacity have resulted in a strong conclusion to 2017.

Power supply to the Company's Zambian operations improved considerably in mid-September following an agreement between the Company, the Zambian state-run power company ("ZESCO") and the Government of the Republic of Zambia for an increase in the power tariffs on the condition that both Sentinel and Kansanshi can import a portion of their power and that ZESCO undertake to improve the quality and stability of power provided to the Company's operations. As a result, since the fourth quarter both Kansanshi and Sentinel are being provided with unrestricted power which has contributed to better operations.

Cobre Panama development activities were at peak during the fourth quarter of 2017 with significant project milestones achieved during the year. Total project progress was 70% by year-end.

FULL YEAR HIGHLIGHTS

Operational and Financial

- The Company achieved record copper production of 573,963 tonnes in 2017, exceeding guidance and 6% higher than 2016. Sentinel contributed 190,683 tonnes of copper, with a particularly strong performance in the second half of the year, and record production of 73,664 tonnes was achieved at Las Cruces.
- The Kansanshi smelter achieved record production and throughput in 2017, having treated 1,211,740 dry metric tonnes ("DMT") of concentrate and produced 297,553 tonnes of copper anode and 1,128,000 tonnes of sulphuric acid in the year.
- Gold production of 199,736 ounces was in line with guidance and 7% lower than the prior year mainly due to lower concentrate production at Kansanshi and lower throughput at Guelb Moghrein.

- Gross profit of \$335 million was at a similar level to 2016, with comparative EBITDA of \$1,154 million 20% higher.
- Comparative loss of \$111 million (\$0.16 per share), net loss from continuing operations of \$316 million (\$0.46 per share), and cash flows from continuing operating activities of \$914 million (\$1.33 per share) were achieved for the year ended December 31, 2017. The results include a \$568 million loss realized on the corporate sales hedge program for which no tax credit is available.
- Copper all-in sustaining cost (“AISC”) of \$1.65 per lb achieved the low end of the guidance range while cash cost of copper production (“C1”) of \$1.23 per lb was also within guidance. Both AISC and C1 were higher than 2016, reflecting the impact of Sentinel’s operations for the year.
- Ravensthorpe was placed on care and maintenance effective October 1, 2017, due to the persistently low nickel price. \$7 million in costs were incurred relating to the move to care and maintenance in the year. No impairment of the operation has been recognized based on the higher longer-term consensus nickel price, however specific assets totalling \$14 million were impaired in the fourth quarter.

Cobre Panama Development

- Development of the Cobre Panama project has advanced to 70% completion. Commissioning activities for the first generating set of the power station are progressing well, as are construction activities for the process plant and mine site, engineering and procurement. The project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019 and 2020.
- The capital estimate for the project has been revised to \$6.3 billion. This includes the installation of an eighth mill with expanded mining fleet and equipment and increased pre-production stripping to match the higher throughput capacity to 85 metric tonnes per annum (“mtpa”). In addition, the increased expenditure provides for larger conveyors, crushers and supporting infrastructure to facilitate the future uplift to 100 mtpa throughput (post-2022).

Corporate Developments

- The Company increased its ownership in Minera Panama S.A. (“MPSA”), which holds the Cobre Panama project, to 90% in November through the acquisition of a 50% interest in Korea Panama Mining Corp. (“KPMC”), a company jointly controlled with Korea Resources Corporation (“KORES”) that owns 20% of Cobre Panama.
- The Company has signed an additional precious metal stream agreement with a subsidiary of Franco-Nevada Corporation. The agreement is expected to close in early 2018.
- The Company entered into a framework agreement with Northern Dynasty Minerals Ltd. (“Northern Dynasty”) which provides for an affiliate of the Company to execute a four-year option agreement with Northern Dynasty to progress the permitting of the Pebble project in Alaska in exchange for \$150 million, payable in four equal tranches. The agreement also provides for the affiliate to earn a 50% interest in the Pebble Limited Partnership by investing an additional \$1.35 billion.
- The Company declared a final dividend of CDN\$0.005 per share in respect of the financial year ended December 31, 2017.

Consolidated Operating Information – Continuing ^{1,2}	Q4 2017	Q3 2017	Q4 2016	2017	2016
Copper production (tonnes) ³	154,319	145,376	146,101	573,963	539,458
Copper sales (tonnes)	151,905	148,894	136,265	580,130	535,613
Cash cost of copper production (C1)(per lb) ⁴	\$1.30	\$1.21	\$1.22	\$1.23	\$1.06
Total cost of copper production (C3)(per lb) ⁴	\$2.16	\$2.03	\$1.91	\$2.05	\$1.83
All-in sustaining cost (AISC)(per lb) ⁴	\$1.76	\$1.75	\$1.71	\$1.65	\$1.46
Realized copper price (per lb)	\$2.50	\$2.37	\$2.18	\$2.33	\$2.26
Nickel production (contained tonnes)	-	6,325	6,206	17,837	23,624
Nickel sales (contained tonnes)	865	7,099	6,073	18,683	25,882
Cash cost of nickel production (C1)(per lb) ⁴	(\$0.61)	\$4.16	\$4.46	\$4.45	\$4.66
Total cost of nickel production (C3)(per lb) ⁴	(\$0.51)	\$5.77	\$6.16	\$6.17	\$6.34
All-in sustaining cost (AISC)(per lb) ⁴	(\$0.51)	\$4.67	\$5.03	\$5.29	\$5.29
Realized nickel price (per payable lb)	\$5.37	\$4.77	\$4.50	\$4.67	\$4.25
Gold production (ounces)	51,904	47,213	54,234	199,736	214,012
Gold sales (ounces)	50,723	51,729	45,620	201,376	232,783

Consolidated Financial Information	Q4 2017	Q3 2017	Q4 2016	2017	2016
Sales revenues	885	877	689	3,310	2,673
Gross profit	117	83	52	335	339
Net earnings (loss) from continuing operations attributable to Shareholders of the Company	(115)	(52)	12	(316)	222
Net earnings (loss) from discontinued operations	-	-	-	-	(267)
Net earnings (loss) per share from continuing operations attributable to shareholders of the Company	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	\$0.32
Net earnings (loss) per share ⁵	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	(\$0.07)
Basic and diluted earnings (loss) per share ⁵	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	(\$0.07)
Comparative EBITDA ¹	318	304	218	1,154	964
Comparative earnings (loss) ¹	(36)	(28)	27	(111)	165
Comparative earnings (loss) per share ¹	(\$0.05)	(\$0.04)	\$0.04	(\$0.16)	\$0.24

¹ Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss). Comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. See "Regulatory Disclosures" on pages 36-42 for a reconciliation of comparative EBITDA and comparative earnings. The use of comparative earnings and comparative EBITDA represents the Company's adjusted earnings metrics.

	2017	2016
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(316)	222
Adjustments attributable to shareholders of the Company:		
Loss on extinguishment of senior notes	84	-
Finance expense on discounting of non-current VAT	20	-
Total adjustments to comparative EBITDA	77	(2)
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	24	(55)
Comparative earnings (loss)	(111)	165

² Operating performance measures exclude Kevitsa and include Ravensthorpe. On June 1, 2016 the sale of Kevitsa was completed. In accordance with the requirements of IFRS 5 - *Non-current assets Held for Sale and Discontinued Operations*, the financial information of 2016 was presented to exclude Kevitsa. On October 1, 2017, Ravensthorpe was placed on care and maintenance.

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

⁴ C1 cash cost, C3 total cost, AISC are not recognized under IFRS. See "Regulatory disclosures" on page 36 for further information.

	Q4 2017	Q3 2017	Q4 2016	2017	2016
Cash cost of copper production (C1) (per lb) (excluding Sentinel)	\$1.13	\$1.00	\$1.16	\$1.01	\$1.03
Cash cost of copper production (C1) (per lb) (including Sentinel)	\$1.30	\$1.21	\$1.22	\$1.23	\$1.06
All-in sustaining cost (AISC) (per lb) (excluding Sentinel)	\$1.46	\$1.60	\$1.61	\$1.40	\$1.41
All-in sustaining cost (AISC) (per lb) (including Sentinel)	\$1.76	\$1.75	\$1.71	\$1.65	\$1.46

⁵ 2016 figures include discontinued operations.

FULL YEAR FINANCIAL SUMMARY

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

- Sales revenues of \$3,310 million in 2017 increased by \$637 million compared to 2016, including a \$663 million increase in copper revenues partially offset by lower nickel and gold revenues. The increase in copper revenues was due mainly to sales from Sentinel, which contributed revenues of \$1,026 million in the year, as well as a higher net realized copper price.
- The average realized price for copper of \$2.33 per lb for the year was \$0.07 per lb higher than 2016, however below the average LME price on account of the Company's copper sales hedge program, which reduced revenues by \$570 million for the year and lowered the net realized copper price by \$0.45 per lb.

Comparative EBITDA \$190 million higher than 2016

- Comparative EBITDA of \$1,154 million includes \$385 million from Sentinel. Comparative EBITDA excludes impairment charges, the impact of foreign exchange gains and losses, fair value adjustments for the time value of collar options, costs associated with moving Ravensthorpe into care and maintenance, loss on disposal of assets and revisions in estimates of closed site restoration provisions.

Gross profit of \$335 million broadly in line with 2016

	Continuing Operations
Gross profit in 2016	339
Higher realized metal prices (net of hedges)	59
Higher sales volumes	167
Lower cash costs (excluding royalties)	67
Lower by-product sales	(52)
Increase in depreciation	(208)
Increase in royalty rate and volume	(29)
Costs to move Ravensthorpe into care and maintenance	(7)
Foreign exchange	(1)
Gross profit in 2017 ¹	335

¹ Gross profit is reconciled to comparative EBITDA by including exploration costs of \$18 million, general and administrative costs of \$74 million, other expense of \$34 million, and adding back depreciation of \$894 million, foreign exchange loss and changes in fair value relating to option time value of \$35 million, costs associated with moving Ravensthorpe into care and maintenance of \$7 million, loss on disposal of assets of \$5 million and revisions in estimates of restoration provisions at closed sites of \$4 million (a reconciliation of comparative EBITDA is included on page 42).

Comparative loss of \$111 million

- Comparative loss for the year ended December 31, 2017 was \$111 million compared to comparative earnings of \$165 million in 2016. The loss reflects the lack of tax relief on losses of \$568 million realized under the Company's sales hedge program and excludes certain non-comparative items. A reconciliation of comparative metrics is included on pages 36-42.
- The net loss attributable to shareholders of \$316 million for the year compared with net earnings attributable to shareholders of \$222 million for the same period in 2016 includes the \$568 million in sales hedge losses for which no tax credit is available, \$84 million in costs relating to the early redemption of the senior notes in the first quarter of 2017, \$35 million relating to foreign exchange and unrealized changes in fair value on the time value of options relating to the Company's unmarginated collar hedge position, \$26 million in impairment charges, \$20 million with respect to the discounting of non-current VAT balances, \$7 million in costs associated with moving Ravensthorpe into care and maintenance, loss on disposal of assets of \$5 million, as well as revisions in estimates of closed site restoration provisions of \$4 million.

FOURTH QUARTER FINANCIAL SUMMARY

- Sales revenues of \$885 million were 28% higher than the same period in 2016, reflecting higher copper sales volumes and higher realized metals prices. Sentinel contributed \$281 million in revenues, a \$128 million increase over the prior year quarter reflecting a full quarter of commercial operations. Revenues were reduced by \$188 million related to the corporate sales hedge program, which lowered the net realized copper price by \$0.56 per lb.

Gross profit of \$117 million compared to \$52 million in the same period in 2016

	Continuing Operations
Gross profit in Q4 2016	52
Higher realized metal prices (net of hedges)	100
Higher sales volumes	43
Lower cash costs (excluding royalties)	25
Lower by-product sales	(7)
Increase in depreciation	(68)
Increase in royalty rate and volume	(26)
Foreign exchange	(2)
Gross profit in Q4 2017 ¹	117

¹ Gross profit is reconciled to comparative EBITDA by including exploration costs of \$8 million, general and administrative costs of \$19 million, other expense of \$15 million, and adding back depreciation of \$228 million, foreign exchange loss and changes in fair value relating to option time value of \$11 million, and loss on disposal of assets of \$4 million (a reconciliation of comparative EBITDA is included on page 42).

Comparative loss of \$36 million

- Comparative EBITDA was \$318 million compared to \$218 million in the same period of 2016, excluding the impact of \$26 million in impairment charges, \$11 million relating to foreign exchange and unrealized changes in fair value on the time value of options relating to the Company's unmarginated collar hedge position and a loss on disposal of assets.
- The net loss attributable to shareholders of \$115 million, compared with net earnings attributable to shareholders of \$12 million for the same period in 2016, includes \$11 million in unrealized changes in fair value on the time value of options relating to the Company's unmarginated collar hedge position, \$20 million with respect to the discounting of non-current VAT balances, and \$188 million in losses incurred under the Company's sales hedge program for which no tax credit is available.
- Comparative loss of \$36 million (\$0.05 per share) excludes impairment charges, discounting of the non-current VAT balances, foreign exchange, fair value on the time value of options and a loss on disposal of assets.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the year with \$702 million of net unrestricted cash and cash equivalents in addition to \$390 million of committed undrawn facilities and was in compliance with all financial covenants.
- 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 accrues 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 are senior obligations of the Company and are 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 and 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 cover fees associated with the offering, with the remainder of the proceeds being used for general corporate purposes.
- On October 19, 2017 the Company signed a new Term Loan and Revolving Credit Facility with its core relationship banks, replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility and a \$1.5 billion Revolving Credit Facility, maturing in December 2020 with an option to extend for a further two years where certain conditions are met. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019. Under the new Facility, the current Net Debt to EBITDA covenant ratio of 5.0x will be maintained until June 2018. The ratio will then reduce to 4.75x until June 2019, then to 4.5x until December 2019, then to 4.0x until June 2020, and then to 3.5x until final maturity.
- On February 5, 2018, the Company signed a new \$230 million term facility agreement under the Kalumbila subsidiary, which owns the Sentinel mine, available for up to 5 years. Repayments on the facility commence December 2019.
- On February 9, 2018, Kansanshi issued a notice to repay the outstanding balance of \$175 million on the Kansanshi senior term loan.
- The Company has continued to advance the process to put in place financing for the Cobre Panama project. The Project Finance process progressed well towards completing a \$2.25 billion financing with a mix of Export Credit Rating Agencies ("ECAs") guaranteed finance and an uncovered commercial tranche. The transaction was launched to commercial lenders in November 2017 and was well supported. The Company has received signed commitment letters from an international group of banks and is now in the documentation phase with completion and drawdown expected in the second quarter of 2018.
- The Company continuously manages its capital structure and assesses its liquidity and financing sources regularly. Pricing, covenant flexibility and prevailing market conditions are all among considerations that are analyzed when assessing the Company's funding sources.
- At February 12, 2018, 66,500 tonnes of unmarginated copper forward sales contracts at an average price of \$2.63 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmarginated sales contracts for 120,000 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 2018. The Company has also taken put options for 49,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018.
- Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet.

- The total amount of value-added tax (“VAT”) accrued by the Company’s Zambian operations at December 31, 2017, was \$312 million, of which \$239 million related to Kansanshi. Management of the Company continues to engage in regular discussions with the relevant government authorities and considers that the outstanding VAT claims are fully recoverable.

CORPORATE DEVELOPMENTS SUMMARY

Power

The Kansanshi complex and the Sentinel mine are being provided with unrestricted power following a reduction in the power supply to the Company’s operations in Zambia from mid-August to mid-September. This coincided with the planned shutdown of the Kansanshi smelter from mid-August and through management action, budgeted production for both Kansanshi and Sentinel mines was maintained.

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

Increase of ownership in Cobre Panama to 90%

The Company completed an agreement with LS-Nikko Copper Inc. (“LS-Nikko”) in November 2017 to acquire its 10% ownership interest and shareholder loans in Minera Panama S.A., which owns the Cobre Panama concession, for \$664 million. The first instalment of the acquisition cost, \$179 million, was paid in November and the remaining five instalments will be paid over a four-year period in exchange for LS-Nikko’s 50% interest in Korea Panama Mining Corp., a 50/50 jointly controlled company with KORES that holds a 20% interest in MPSA.

Additional precious metal stream with Franco-Nevada

In January 2018, the Company signed an additional precious metals stream agreement with a subsidiary of Franco-Nevada Corporation. The Company expects to complete the transaction in early 2018 and will receive \$178 million as an upfront payment upon closing.

Framework agreement relating to the Pebble project

In December 2017, the Company entered into a framework agreement with Northern Dynasty which provides for the Company to execute an option agreement with Northern Dynasty (the “Option Agreement”) to progress the permitting of the Pebble project in Alaska. The term of the option granted by the Option Agreement will be for a period of four years from the date of satisfaction of certain conditions precedent, with a right to extend the term of the option for a further period of two years. The Option Price of \$150 million for the initial four years is payable in equal tranches of \$37.5 million, inclusive of an Early Option Price Instalment of \$37.5 million that was paid on December 15, 2017. The full Option Price was and will be applied to advancing the permitting process for development of the Pebble project.

The Option Agreement will entitle an affiliate to earn a 50% interest in the Pebble Limited Partnership, the owner of the Pebble project, by investing an additional total amount of \$1.35 billion in the Pebble Limited Partnership. Finalization of the Option Agreement and associated commercial agreements are expected to occur in the first half of 2018.

Litigation

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

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

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

A panel of arbitrators has been appointed in the Arbitration. Several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM-IH's procedural errors. The Court has since granted leave to appeal against this judgment and the defendants are considering their position in respect of such an appeal.

The Arbitration requires ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing in the Arbitration on whether permission is granted or denied took place in January 2018. The Arbitral Tribunal heard arguments from both sides for three days. A decision is expected in the first quarter of 2018.

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

Dividends

First Quantum has declared a final dividend of CDN\$0.005 per share, in respect of the financial year ended December 31, 2017. The final dividend together with the interim dividend of CDN\$0.005 per share is a total of CDN\$0.01 per share for the 2017 financial year.

For the year ended December 31, 2017, 10,000 common shares (43,000 common shares for the year ended December 31, 2016) were issued through the Company's Dividend Reinvestment Plan.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Cobre Panama development activity was at peak during the fourth quarter of 2017 and the overall project progress at year-end was 70% complete. The advancement of the power station continued with the power station at 82% complete overall, and commissioning of the power and utility systems are well underway. The first 150MW set is scheduled to be generating power at the end of Q1 2018 and the second set by mid-2018. The process plant and minesite were 58% complete at year-end, ramping up to peak construction levels in Q1 2018 and targeting ore commissioning in Q4 2018.

Engineering is 91% complete and the main focus will be on closing final vendor deliverables along with electrical, instrumentation and controls design in the early part of 2018.

Procurement was over 90% committed by year-end, with remaining orders being predominantly top-ups for bulk commodities, electrical, and instrumentation and buildings. The focus is on completion of manufacturing and delivering to site with the overall procurement effort being 78% complete.

Some key milestones achieved through 2017 include: the successful hydrotesting of the two 150MW boiler units, the completion of the 230kV transmission line, connection to the Panama electricity grid, the start of commissioning on the power station, receipt on site of the ultra-class mining fleet, the engagement of key operations personnel onsite, installation of all seven mills, and mobilization of over 10,500 personnel at site.

Key status of the construction of the project includes the mine pre-strip at 77% complete, and the Tailings Management Facility earthworks at 75% completion. The first 150MW powerstation unit was 98% construction complete and 64% commissioned, and the second unit was 75% construction complete at year-end. The process plant was 57% construction complete and on track for commissioning in 2018. The project remains scheduled for phased commissioning during 2018 with continued ramp-up over 2019 and 2020.

The total project capital expenditure in 2017 was \$1,256 million (First Quantum's share \$820 million), against the plan of \$1,250 million (First Quantum's share \$750 million). Project spending to date amounts to \$4.7 billion, including \$1.6 billion contributed by third parties. The Company's share of project capital expenditure increased following the acquisition from LS-Nikko of its 50% share in KPMC.

As at December 31, 2017, there were 1,017 long-term operations personnel engaged with key personnel for all facilities now focused on getting ready for operations.

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 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 should conditions permit. These areas are flotation, concentrate thickening and filtration and reagent composition. Enterprise continues to be 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 Las Cruces, Pyhäsalmi and Kansanshi as well as an early stage exploration program concentrated on the search of high quality porphyry and sediment-hosted copper deposits.

At the Haquira project in Peru, the focus continues on the community and environmental aspects. The Environmental Impact Assessment ("EIA") studies and environmental monitoring progressed as planned and required. Various access agreements with communities will need to be renegotiated in early 2018 to maintain activities.

At Taca Taca, the EIA studies continued as planned and the collection of baseline data for fauna, flora and other environmental attributes was completed. A scoping study for the electricity supply and transmission line was completed by a local contractor and the results are due to be incorporated into the EIA for this infrastructure, which has been awarded to consultants for implementation. Communication with communities and relevant authorities and a detailed social baseline study continue. Geophysical programs to aid water exploration were carried out in basins near the project.

During the fourth quarter of 2017, near-mine exploration programs were active at Las Cruces in Spain, Pyhäsalmi in Finland and satellite targets in the Kansanshi district of Zambia. At Las Cruces, detailed ground geophysical surveys including 2D

seismic and electromagnetics have defined some encouraging targets that may represent extensions of the primary massive sulphide bodies at depth. Drill testing of these targets is planned for Q1 2018.

While early-stage exploration activities were generally subdued in 2017, sustained investment in information gathering and reconnaissance on a large number of copper porphyry targets around the world has delivered a promising portfolio of opportunities for drilling in 2018 as economic conditions improve. In late 2017 three drill programs commenced on new grassroots prospects in Peru, Chile and Papua New Guinea. Each of these programs has successfully intercepted a new mineralized copper-gold porphyry system. Although early stage, follow-up drilling would be required in 2018 to establish the grade and continuity of these mineralized systems.

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, three fatal incidents occurred at the Company's operations in 2017, two at Kansanshi and one at Çayeli. These fatalities were subject to internal and external investigation, as well as Board review. These tragic incidents have been 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 for the year ended December 31, 2017 was 0.11 per 200,000 hours worked on average, consistent with the prior year.

MARKET GUIDANCE

Guidance is based on a number of assumptions and estimates as of December 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.

Cobre Panama

The latest Cobre Panama project plan includes installation of an eighth mill, to begin in the second half of 2018 for completion in the second half of 2019. This installation is expected to optimize the current milling circuit and improve the average throughput from 74 mtpa to 85 mtpa, a 15% uplift in throughput. In addition, upgrades to certain areas have been considered to accommodate a further increase to 100 mtpa after year 2022. Capital expenditure has also been approved for additional initiatives to enable a smooth and efficient commissioning and ramp-up.

Key elements for the capital expenditure on mill eight include:

- Installation of mill eight and supporting infrastructure, with a view to expanding throughput capacity by 15% to 85 mtpa
- Expanded mining fleet and process equipment including a screening facility
- Increased pre-production stripping prior to processing plant ramp-up

Committed capital expenditure for further capacity expansion to 100 mtpa (post-2022) including:

- Larger conveyors, material handling and crushers
- Increased float cell capacity and supporting infrastructure

Following on the successful commissioning and ramp-up of the Kansanshi smelter, the Company plans to embed various highly-skilled technical personnel from the Company's equipment manufacturers and suppliers and a supplemental experienced operational ramp-up team during the pre-commissioning stage. Other initiatives include:

- Procurement and increased market cost for higher quality and capacity equipment
- Additional spares, and upgrade and rectification of certain power station equipment
- Increase in the contingency cost to completion

These three cost areas represent an overall uplift of Cobre Panama project capital expenditure by \$600 million to \$6.3 billion. The project is expected to start phased commissioning during 2018 with continued ramp-up over 2019 to 74 mtpa. The plant is then expected to ramp up to 85 mtpa in 2021 and a future increase to 100 mtpa expected to be achieved without interruption to future operations.

With this increased throughput of 85 mtpa and a total capital expenditure spend of \$6.3 billion, the capital intensity for Cobre Panama has improved further to \$18,000 per tonne of annual copper produced, assuming the likely annual production rate of 350,000 tonnes copper in concentrate.

In 2019, with initial ramp-up, copper production is estimated to be at least 150,000 tonnes. During 2020 as Cobre Panama continues ramp-up, the production is expected to be 270,000 tonnes to 300,000 tonnes of contained copper concentrate with a C1 unit cost of approximately \$1.50 per lb. Once Cobre Panama, including the eighth mill, has completed ramp-up in 2021, production is expected to be 330,000 to 350,000 tonnes of contained copper and the C1 unit cost is expected to be approximately \$1.20 per lb (which includes an assumed by-product credit, principally gold as well as some molybdenum and silver, of approximately \$0.25 per lb at current consensus prices), with AISC unit cost expected to be approximately \$1.50 per lb.

Production guidance

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

Following a strong fourth quarter 2017, there has been an increase of 5,000 tonnes to Sentinel's production guidance in 2018. The Sentinel increase has been offset by the reduction in the copper production guidance at Kansanshi, Guelb Moghrein and Çayeli and is due to underlying changes in the copper grade expected to be mined in the next few years.

Production guidance by operation (excluding Cobre Panama)

Copper

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

Gold

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

Zinc

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

Cash cost and all-in sustaining cost

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

	2018	2019	2020
Cash operating cost (C1) (per lb):			
Copper	\$1.20 - \$1.40	\$1.20 - \$1.40	\$1.20 - \$1.40
All-in sustaining cost ('AISC') (per lb):			
Copper	\$1.65 - \$1.85	\$1.65 - \$1.80	\$1.65 - \$1.80

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

As a result of the increase in copper price, there is an increase in the royalty charge in the AISC calculation. This, coupled with the increased sustaining capex phasing in 2018, has resulted in an \$0.05 per lb increase in the top end of the 2018 AISC guidance to \$1.85 per lb.

Capital expenditure¹

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

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

² Reflects the revised total capital expenditure estimate of \$6.3 billion.

³ Third-party contributions are from the pro-rata funding under a \$1 billion precious metals stream agreement and KORES' 10% indirect interest in the project.

⁴ Based on the current 90% ownership.

Guidance for the Company's sustaining capital and other projects includes expenditure relating to Cobre Panama and has increased across all three years. 2018 guidance includes some additional small projects at operations, as well as an increase in fleet replacement and enhancement. Included in 2019 and 2020 is expenditure relating to other development projects. Underlying sustaining capital expenditure typically averages approximately \$200 million per annum over the three years.

OPERATING REVIEW

Production Summary ¹	Q4 17	Q3 17	Q4 16	2017	2016
Copper production (tonnes)					
Kansanshi	64,800	58,706	65,950	250,801	253,272
Sentinel	57,190	53,533	47,785	190,683	139,600
Las Cruces	18,700	17,488	17,156	73,664	73,643
Guelb Moghrein	7,155	6,756	6,078	28,791	32,818
Çayeli	3,284	5,492	5,741	16,523	25,330
Pyhäsalmi	3,190	3,401	3,391	13,501	14,795
Total copper production (tonnes)	154,319	145,376	146,101	573,963	539,458
Total nickel production (contained tonnes)	-	6,325	6,206	17,837	23,624
Total gold production (ounces)	51,904	47,213	54,234	199,736	214,012
Total zinc production (tonnes)	3,557	4,376	11,084	20,724	28,862

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

Full year

Record annual copper production of 573,963 tonnes of copper was achieved in 2017, representing a 6% increase compared to the prior year and exceeding market guidance for the year. Sentinel and Las Cruces both achieved record production in the year, with 190,683 tonnes and 73,664 tonnes, respectively. The increase in copper production was partially offset by lower copper production at Çayeli and Guelb Moghrein. Operational challenges at Çayeli combined with a budgeted reduction in throughput and the treatment of hard ore at Guelb Moghrein contributed to the sites' lower copper production.

The Kansanshi smelter has continued to perform well over the course of 2017 and concentrate processed of 1.2 million DMT is in line with name plate capacity despite the planned maintenance shutdown in the third quarter. As a result, the smelter achieved its highest production to date of 297,553 tonnes of copper anode, a 16% increase compared to 2016, and 1,128,000 tonnes of sulphuric acid in the year.

Due to the persistently low nickel price, Ravensthorpe was placed on care and maintenance effective October 1, 2017. Nickel production in 2017 therefore reflects operations to the end of September 2017.

Gold production of 199,736 ounces was 7% lower than the prior year mainly due to lower concentrate production at Kansanshi and lower throughput at Guelb Moghrein.

Fourth quarter

Copper production in the fourth quarter was 6% higher than the comparable period of 2016, reflecting record quarterly copper production of 57,190 tonnes at Sentinel and strong quarterly production of 18,700 tonnes at Las Cruces.

The Kansanshi smelter achieved quarterly records in throughput, copper anode production and production of sulphuric acid, having treated 348,283 DMT of concentrate and produced 83,281 tonnes of copper anode and 325,000 tonnes of sulphuric acid.

Sale of Kevitsa

In March 2016, the Company entered into a share purchase agreement with Boliden AB ("Boliden") to sell its Kevitsa nickel-copper-platinum group elements mine. The sale was completed on June 1, 2016 for a total cash consideration of \$732 million.

Sales Volume Summary ¹	Q4 17	Q3 17	Q4 16	2017	2016
Copper sales volume (tonnes)					
Kansanshi	74,974	64,311	64,904	267,700	268,459
Sentinel	44,767	50,855	39,494	177,360	115,782
Las Cruces	17,903	17,049	15,656	74,664	73,539
Guelb Moghrein	6,811	6,765	5,840	28,999	36,330
Çayeli	4,266	6,462	7,257	17,716	26,795
Pyhäsalmi	3,184	3,452	3,114	13,691	14,708
Total copper sales volume (tonnes)	151,905	148,894	136,265	580,130	535,613
Total nickel sales volume (contained tonnes)	865	7,099	6,073	18,683	25,882
Total gold sales volume (ounces)	50,723	51,729	45,620	201,376	232,783
Total zinc sales volume (tonnes)	3,283	5,379	11,971	21,852	27,361

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

Unit Cost

Unit Cost Summary	Q4 17	Q3 17	Q4 16	2017	2016
Copper C1 cash cost (\$ per lb)					
Kansanshi	1.16	0.99	1.30	1.05	1.15
Sentinel	1.67	1.62	1.47	1.70	1.47
Las Cruces	0.93	0.93	0.94	0.86	0.81
Other sites ¹	0.82	1.08	0.82	0.85	0.85
Total copper C1 cash cost (\$ per lb)	1.30	1.21	1.22	1.23	1.06
Total copper C1 cash cost excluding Sentinel (\$ per lb)	1.13	1.00	1.16	1.01	1.03
Copper AISC (\$ per lb)					
Kansanshi	1.55	1.79	1.76	1.54	1.57
Sentinel	2.36	2.05	2.13	2.19	2.13
Las Cruces	1.12	1.20	1.20	1.06	1.01
Other sites ¹	1.28	1.33	1.26	1.18	1.18
Total copper AISC (\$ per lb)	1.76	1.75	1.71	1.65	1.46
Total copper AISC excluding Sentinel (\$ per lb)	1.46	1.60	1.61	1.40	1.41
Nickel C1 cash cost (\$ per lb)	(0.61)	4.16	4.46	4.45	4.66
Nickel AISC (\$ per lb)	(0.51)	4.67	5.03	5.29	5.29

¹ Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

Copper C1 cash cost for both the fourth quarter of \$1.30 per lb and the year of \$1.23 per lb increased over their respective comparable periods of 2016. Sentinel C1 cash cost was reflected for the full year 2017 compared to the final two months in Q4 2016, following the declaration of commercial production on November 1, 2016. Excluding Sentinel, C1 cash cost of \$1.13 per lb for the quarter and \$1.01 per lb for the year were lower than their respective comparable periods in 2016, attributable to lower C1 cash cost at Kansanshi.

Copper AISC for both the fourth quarter and the year increased over their respective comparable periods of 2016. The increases reflected mainly higher royalty costs at the Company's Zambian operations, phasing of sustaining capital expenditure and deferred stripping costs. Excluding Sentinel, AISC for the fourth quarter and year were both lower than the same periods in 2016 at \$1.46 per lb and \$1.40 per lb, respectively.

Nickel C1 cash cost decreased to (\$0.61) per lb and \$4.45 per lb for the quarter and year, respectively. Ravensthorpe was placed on care and maintenance effective October 1, 2017, and therefore C1 for the fourth quarter reflected only final by-product sales and royalties. For the year, Ravensthorpe C1 cash cost benefited from higher by-product credits, partially offset

by lower production volumes. Nickel AISC of \$5.29 per lb was consistent with 2016 as the better C1 cost offset higher royalties, deferred stripping and sustaining capital expenditure.

OPERATIONS

Kansanshi	Q4 17	Q3 17	Q4 16	2017	2016
Sulphide ore tonnes milled (000's)	3,298	3,179	3,267	12,970	11,988
Sulphide ore grade processed (%)	0.8	0.7	0.8	0.8	0.8
Sulphide copper recovery (%)	94	88	93	91	92
Mixed ore tonnes milled (000's)	2,012	1,983	1,993	7,997	7,953
Mixed ore grade processed (%)	1.0	1.1	1.0	1.0	1.0
Mixed copper recovery (%)	88	81	79	85	84
Oxide ore tonnes milled (000's)	1,811	1,705	1,811	6,916	7,076
Oxide ore grade processed (%)	1.5	1.5	1.4	1.5	1.5
Oxide copper recovery (%)	89	80	95	87	94
Copper production (tonnes) ¹	64,800	58,706	65,950	250,801	253,272
Copper smelter:					
Concentrate processed (DMT) ²	348,283	202,093	314,399	1,211,740	1,143,974
Copper anodes produced (tonnes) ²	83,281	48,819	72,630	297,553	257,330
Smelter copper recovery (%)	97	94	95	96	97
Acid tonnes produced (000's)	325	189	295	1,128	1,109
Copper sales (tonnes) ³	74,974	64,311	64,904	267,700	268,459
Gold production (ounces)	36,363	33,297	40,331	140,595	148,220
Gold sales (ounces)	35,910	37,054	30,592	139,735	156,840
All-in sustaining cost (AISC) (per lb) ⁴	\$1.55	\$1.79	\$1.76	\$1.54	\$1.57
Cash costs (C1) (per lb) ⁴	\$1.16	\$0.99	\$1.30	\$1.05	\$1.15
Total costs (C3) (per lb) ⁴	\$1.86	\$1.64	\$1.81	\$1.71	\$1.78
Sales revenues	525	425	369	1,740	1,449
Gross profit	218	166	97	636	220
Comparative EBITDA ⁴	294	230	146	915	514

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

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

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

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

Kansanshi Mining Operations

Full year

Copper production was 1% lower than 2016 primarily due to lower plant recovery on the sulphide circuit, reflecting the drive to improve the concentrate quality and treatment of weathered material and lower copper recovery on the oxide circuit caused by changes in the ore mineralogy. Copper production was also impacted by reduced mixed final tails processed through the leaching circuit before and during the third quarter smelter shutdown to manage the onsite acid inventory.

With the provision of unrestricted power, Kansanshi is operating the high pressure leach ("HPL") plant. The HPL treated Kansanshi concentrate during the second half of the year, resulting in additional cathode production.

Gold production was 5% lower than 2016 mainly due to lower concentrate production.

AISC of \$1.54 per lb. was \$0.03 per lb. lower than 2016. Higher deferred stripping and royalties, treatment and refining charges and a lower gold by-product credit were offset by a credit to site administration costs. The credit followed a review of recoverable costs and operational provisions in the second and third quarters. Higher royalty costs resulted from higher Zambian royalty rates, which range from 4% to 6% depending on the underlying copper price.

Sales revenues of \$1,740 million were 20% higher than 2016 reflecting higher realized metals prices excluding the corporate copper sales hedge program, partially offset by lower copper and gold sales volumes. Gross profit of \$636 million was 189% higher than 2016 on a combination of the increase in sales revenues and lower operating costs.

Fourth quarter

Copper production was 2% lower than the same period in 2016 due to the drive to improve concentrate quality in 2017. Lower oxide recovery was partially offset by successful recovery improvements on the sulphide and mixed ore circuits.

Gold production was 10% lower than the comparable period in 2016 mainly due to lower concentrate production.

AISC of \$1.55 per lb. was \$0.21 per lb lower than the same period in 2016. The difference resulted from lower C1 cash cost and sustaining capital expenditure with a partial offset from higher deferred stripping and royalty costs and lower copper production. C1 cash cost was lower due to improved mining and processing costs, partially offset by higher treatment and refining charges.

Sales revenues of \$525 million were 42% higher than the comparable period in 2016 due to higher sales volumes and realized metals prices, excluding the impact of the corporate copper sales hedge program. Gross profit of \$218 million increased by 125% compared to the same period in 2016, reflecting the increase in sales revenues and lower operating costs.

Kansanshi Copper Smelter

Full year

The smelter achieved record production and throughput in 2017, having treated 1,211,740 DMT of concentrate, a 6% increase over 2016 despite the planned third quarter shutdown. Production totaled 297,553 tonnes of copper anode and 1,128,000 tonnes of sulphuric acid, each 16% and 2% higher respectively than 2016. The quality of concentrate treated improved significantly with over 26% copper in concentrate grade compared to 23% recorded during 2016. The overall copper recovery rate achieved was 96%.

Fourth quarter

The smelter achieved quarterly records in throughput and production of copper anode and sulphuric acid. Throughput totaled 348,283 DMT of concentrate, resulting in the production of 83,281 tonnes of copper anode and 325,000 tonnes of sulphuric acid. The higher production reflected higher concentrate grades from Kansanshi and Sentinel. The overall copper recovery rate achieved was 97%.

Outlook

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

The high pressure leach circuit is expected to be in operation throughout 2018, with a 70-day planned maintenance shutdown for relining expected to occur during the second and third quarter of 2018.

Sentinel ¹	Q4 17	Q3 17	Q4 16	Q4 16	2017	2016
			Post- Commercial production	Pre- Commercial production		
Copper ore processed (000's tonnes)	11,834	11,434	7,000	3,397	42,087	36,369
Copper ore grade processed (%)	0.5	0.5	0.6	0.5	0.5	0.6
Copper recovery (%)	90	89	88	75	87	68
Copper production (tonnes)	57,190	53,533	35,133	12,652	190,683	139,600
Copper sales (tonnes)	44,767	50,855	30,328	9,166	177,360	115,782
All-in sustaining cost (AISC) (per lb) ²	\$2.36	\$2.05	\$2.13	-	\$2.19	\$2.13
Cash cost (C1) (per lb) ²	\$1.67	\$1.62	\$1.47	-	\$1.70	\$1.47
Total cost (C3) (per lb) ²	\$2.49	\$2.30	\$2.16	-	\$2.45	\$2.16
Sales revenues	281	300	153	-	1,026	153
Gross profit	51	51	17	-	166	17
Comparative EBITDA ²	110	113	46	-	385	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 AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Full year

Copper production of 190,683 tonnes achieved in 2017 reflects the first full year of commercial operations at Sentinel. The rainy season in Zambia and the transition to a terrace mining layout impacted production in 2017, particularly in the first half of the year. The process plant achieved and surpassed design production rates and recoveries by the end of the year, with the emphasis on plant optimization throughout the year having progressively increased throughput and consistency of ore reporting to the plant. The addition of a Jameson flotation cell combined with the modified mix of reagents resulted in exceeding design recoveries. Copper grades were slightly lower than 2016, indicative of the average grade expected for the mine.

AISC of \$2.19 per lb includes C1 cash cost of \$1.70 per lb as well as sustaining capital expenditure, deferred stripping, royalties and corporate costs. AISC was \$0.06 per lb higher than the final two months of 2016, reflecting higher C1 cash cost and royalties, partially offset by lower sustaining capital expenditure and higher copper production volume. C1 cash cost was impacted by higher mining costs associated with the shift to a terrace mining layout and the rainy season in Zambia earlier in the year and higher processing costs with a partial offset from lower site administration costs and treatment and refining charges. Higher royalty costs resulted from higher Zambian royalty rates, which range from 4% to 6% depending on the underlying copper price.

Sales revenues of \$1,026 million reflect a full year of copper sales coupled with higher realized copper prices, excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode, with a higher proportion of revenues realized from copper anode. The average LME price for the year was 17% higher than the quarter in which commercial production was declared.

Fourth quarter

Sentinel achieved a record level of copper production in the fourth quarter, reflecting further improvements in both throughput and recovery, and highlighting the improvements that have been made to plant stability throughout the year. The increase in recoveries was achieved through modification of the reagent mix. Improvements to pebble and secondary crushing as well as mill operation assisted in increased overall milling rates.

AISC of \$2.36 per lb was higher compared to the final two months of 2016 on higher mining and processing costs, partially offset by lower site administration costs. Higher costs incurred were due to higher fuel prices and higher planned maintenance costs. AISC was further impacted by a higher royalty rate of 6% compared to 5% in the same period of 2016. This was partially offset by lower sustaining capital expenditure.

Sales revenues of \$281 million and gross profit of \$51 million reflect the quarter's sales volumes of both concentrate and anode and higher realized copper prices, excluding the impact of the corporate sales hedge program. A higher proportion of revenues were realized from copper anode in the quarter. The average LME price for the fourth quarter was 29% higher than the quarter in which commercial production was declared.

Outlook

Production in 2018 is expected to be approximately 220,000 tonnes of copper. In terms of quarterly phasing of annual production, it is expected that production will be at its lowest in the first quarter.

The strong performance benefiting from the continued focus on blasting performance and unrestricted power supply is expected to continue.

Further optimizations planned for the year include changes to crusher liner designs, which are expected to result in an increase in throughput capacity, improvements in the grinding and flotation circuits and additional waste stripping into the middle of the year.

Las Cruces	Q4 17	Q3 17	Q4 16	2017	2016
Ore tonnes processed (000's)	420	392	362	1,619	1,538
Copper ore grade processed (%)	5.0	5.0	5.1	5.1	5.2
Copper recovery (%)	89	88	93	90	92
Copper cathode production (tonnes)	18,700	17,488	17,156	73,664	73,643
Copper cathode sales (tonnes)	17,903	17,049	15,656	74,664	73,359
All-in sustaining cost (AISC) (per lb) ¹	\$1.12	\$1.20	\$1.20	\$1.06	\$1.01
Cash cost (C1) (per lb) ¹	\$0.93	\$0.93	\$0.94	\$0.86	\$0.81
Total cost (C3) (per lb) ¹	\$2.40	\$2.25	\$1.93	\$2.15	\$1.83
Sales revenues	122	109	82	461	358
Gross profit	26	24	15	106	59
Comparative EBITDA ¹	91	71	49	316	216

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

Full year

Copper production of 73,664 tonnes set a new annual record, surpassing the previous record set in 2016. Higher throughput offset lower grade and overall recovery caused by the processing of more primary ore containing lead and zinc. Plant availability was higher in the year as there were fewer maintenance shutdown days compared to the previous year.

AISC of \$1.06 per lb was higher than 2016 by \$0.05 per lb due to the depreciation of US dollar against the euro and additional operating costs. These costs resulted from an accelerated extraction plan, higher electricity cost and pilot plant tests related to the polymetallic refinery project. The benefits of a number of embedded cost savings initiatives provided some offset to these additional costs.

Sales revenues increased by 29% compared to 2016 due to higher sales volume and realized copper prices excluding the impact of the corporate sales hedge program. The increase in sales revenues flowed through to gross profit, partially offset by higher operating costs.

Fourth quarter

Copper production increased by 9% compared to the same period in 2016 as fewer maintenance shutdown days led to higher plant throughput. This benefit was partially offset by lower overall recovery and grade as more ore containing zinc and lead was processed.

AISC of \$1.12 per lb was \$0.08 per lb lower compared to the same period in 2016, as lower deferred stripping costs more than offset higher operating costs relating to the depreciation of the US dollar against the euro.

Sales revenue was 49% higher than the same period in 2016, due to higher copper sales volume and realized copper prices excluding the impact of the corporate sales hedge program. The higher revenues resulted in a 73% increase in gross profit in the quarter.

Outlook

Copper production for 2018 is expected to be 70,000 tonnes of copper as the mining plan is targeting a lower copper grade zone for the year. Stockpiles are planned to be used to blend this ore in an effort to provide a consistent feed grade to the plant.

Cost optimization and capital expenditure management efforts are planned to continue in 2018.

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

Planned maintenance shutdowns for the year are for one day in the first quarter, seven days in the second quarter and one day in the fourth quarter.

Guelb Moghrein	Q4 17	Q3 17	Q4 16	2017	2016
Sulphide ore tonnes milled (000's)	874	832	927	3,389	3,898
Sulphide ore grade processed (%)	0.9	0.9	0.7	0.9	0.9
Sulphide copper recovery (%)	91	92	91	92	91
Copper production (tonnes)	7,155	6,756	6,078	28,791	32,818
Copper sales (tonnes)	6,811	6,765	5,840	28,999	36,330
Gold production (ounces)	13,270	11,435	11,140	49,213	53,951
Gold sales (ounces)	12,384	11,616	11,959	50,453	63,335
All-in sustaining cost (AISC) (per lb) ¹	\$1.60	\$1.86	\$2.21	\$1.65	\$1.51
Cash costs (C1) (per lb) ¹	\$1.34	\$1.43	\$1.19	\$1.28	\$0.93
Total costs (C3) (per lb) ¹	\$2.25	\$2.30	\$2.18	\$2.13	\$1.68
Sales revenues	59	50	39	217	213
Gross profit	12	11	2	41	45
Comparative EBITDA ¹	22	20	12	83	87

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

Full year

Copper production was 12% lower compared to 2016, reflecting a 13% decrease in throughput due to the treatment of hard ore, with some offset from higher copper recovery.

Gold in concentrate production was also affected by the lower throughput with some offset from the higher gold feed grade and recovery.

AISC of \$1.65 per lb was \$0.14 per lb higher than 2016. The increase is attributable to lower copper production volume, as well as higher mining costs due to increased volume mined, fuel prices, and plant processing costs due to a full relining of the semi-autogenous grinding ("SAG") mill and a one-off crusher refurbishment. The increase in C1 cash cost was partially offset by a higher by-product credit due to higher realized gold prices and lower deferred stripping costs and sustaining capital expenditures.

Sales revenues of \$217 million were 2% higher than 2016, reflecting higher realized metals prices excluding the corporate copper sales hedge program partially offset by lower sales volumes. The increase in sales revenues was more than offset by higher operating costs, resulting in gross profit of \$41 million in 2017.

Fourth quarter

Copper production was 18% higher than the same period in 2016 mainly due to an increase in the copper feed grade and recovery, with partial offset from lower throughput from the treatment of hard ore.

Gold in concentrate production was 19% higher than the same period in 2016, reflecting higher gold feed grade and gold circuit recovery resulting from the improved availability of gold concentrators.

AISC of \$1.60 per lb was \$0.61 per lb lower than the comparable period in 2016. Higher copper production, lower processing, site administration costs, deferred stripping and sustaining capital combined to offset higher mining costs and treatment and refining charges.

Sales revenues of \$59 million was positively affected by higher copper and gold sales volumes and realized metals prices, excluding the impact of the corporate copper sales hedge program.

Outlook

Production in 2018 is expected to be approximately 30,000 tonnes of copper and 50,000 ounces of gold.

The focus for the first quarter of 2018 is planned to be on waste mining in Cut 3 to increase work areas and further improve the productivity and efficiency of mining equipment. Streamlining and merging of planned maintenance activities in Q1 2018 is expected to increase equipment utilization, with the main focus on the crusher, SAG mill and gravity circuits. Cost-saving efforts for the year are planned to focus on reconditioning components and parts for mobile and fixed plant equipment for subsequent reuse.

Efforts to pursue magnetite sales opportunities are scheduled to continue with a focus on marketing the product based on higher iron content and very low penalty impurities, and the flexibility of the process plant.

A total of 17 shutdown days are planned throughout 2018, including four days in March for relining and maintenance of the mill and three days in May.

Çayeli	Q4 17	Q3 17	Q4 16	2017	2016
Ore tonnes milled (000's)	212	274	320	943	1,285
Copper ore grade processed (%)	1.7	2.2	2.0	2.0	2.3
Copper recovery (%)	90	90	89	89	87
Zinc ore grade processed (%)	0.8	0.9	1.3	1.1	1.6
Zinc recovery (%)	23	27	39	34	39
Copper production (tonnes)	3,284	5,492	5,741	16,523	25,330
Copper sales (tonnes)	4,266	6,462	7,257	17,716	26,795
Zinc production (tonnes)	379	653	1,610	3,326	8,062
Zinc sales (tonnes)	-	1,944	2,387	4,435	6,825
All-in sustaining cost (AISC) (per lb) ¹	\$2.48	\$1.41	\$1.42	\$1.75	\$1.37
Cash cost (C1) (per lb) ¹	\$2.05	\$1.21	\$1.25	\$1.50	\$1.20
Total cost (C3) (per lb) ¹	\$2.06	\$2.50	\$1.90	\$2.37	\$1.86
Sales revenues	23	39	33	98	110
Gross profit (loss)	11	4	8	16	16
Comparative EBITDA ¹	10	20	17	43	49

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

Full year

Copper production decreased by 35% compared to 2016 primarily due to lower throughput and copper grade, partially offset by higher recoveries. Throughput was significantly affected by a shaft hoisting incident and an underground fatality in the first quarter. Shaft hoisting was unavailable for a period following the incident and subsequently limited to an upper mine loading point until the last week of May. This prevented access to higher grade copper and zinc tonnes in the lower extremities of the mine. A rope coiling device was installed on the hoist in late May, which allowed ore hoisting from the lowest level of the mine to resume in June. Production was further impacted by ongoing poor ground conditions, pastefilling and ore handling infrastructure issues, and a budgeted reduction in throughput. A backlog of areas requiring renewed ground support, and the necessity to access new work areas, required the reallocation of limited resources during the year.

Zinc production decreased by 59% compared to the same period in 2016. This was due to lower throughput and the processing of more zinc-poor stockwork ore in the year, which resulted in lower zinc grades and an associated decrease in zinc recovery.

AISC of \$1.75 per lb in 2017 was \$0.38 per lb higher than the comparable period in 2016. The increase was mainly due to the impact of lower copper production and higher deferred development costs, with a partial offset from lower site operating costs as a result of the appreciation of the U.S dollar against the Turkish lira.

Sales revenues of \$98 million were 11% lower than 2016 due to lower copper and zinc sales volumes which were partially offset by higher realized copper and zinc prices excluding the impact of the corporate copper sales hedge program. Gross profit was the same as 2016 reflecting the decrease in sales revenues partially offset by lower operating costs.

Fourth quarter

Copper production decreased by 43% compared to the same period in 2016 due to lower throughput and grade, partially offset by higher recoveries. In addition to the planned reduction in throughput, the lower production volume was impacted by mining sequencing limitations in the underground, more resources allocated to the ground rehabilitation backlog, and the acceleration of waste development to access new work areas and increase flexibility for 2018. Zinc production was 76% lower than the same period in 2016 due to the lower throughput, zinc grade and recoveries. The processing of zinc-poor stockwork ore as well as often bypassing the zinc circuit contributed to the decrease in zinc recoveries.

AISC of \$2.48 per lb increased by \$1.06 per lb compared to the same period of 2016. The increase was driven by lower copper production volume and by-product credits, higher deferred development costs and sustaining capital expenditures, with a partial offset from lower site operating costs.

Sales revenues were 30% lower than the same period in 2016 due to lower copper and zinc sales volumes, partially offset by higher realized metals prices excluding the impact of the corporate copper sales hedge program. Gross profit benefited from lower operating costs.

Outlook

Production for 2018 is forecasted at 20,000 tonnes of copper and 5,000 tonnes of zinc, reflecting a declining number of work areas as the mine approaches reserve depletion in 2021. The processing of relatively lower grade stockwork ore generally is expected to result in a decrease in copper recoveries.

The operation continues to manage poor ground conditions and falls of ground in the higher grade massive sulphide zones, and aging infrastructure, particularly the pastefill distribution system, which has resulted in an increased underground void volume.

Pyhäsalmi	Q4 17	Q3 17	Q4 16	2017	2016
Ore tonnes milled (000's)	306	315	350	1,260	1,380
Copper ore grade processed (%)	1.1	1.1	1.0	1.1	1.1
Copper recovery (%)	97	96	97	97	97
Zinc ore grade processed (%)	1.2	1.3	2.9	1.5	1.7
Zinc recovery (%)	89	88	93	89	90
Copper production (tonnes)	3,190	3,401	3,391	13,501	14,795
Copper sales (tonnes)	3,184	3,452	3,114	13,691	14,708
Zinc production (tonnes)	3,176	3,725	9,474	17,397	20,800
Zinc sales (tonnes)	3,282	3,434	9,584	17,416	20,536
Pyrite production (tonnes)	154,855	184,486	4,770	692,124	490,480
Pyrite sales (tonnes)	114,712	91,569	111,273	418,743	517,922
All-in sustaining cost (AISC) (per lb) ¹	(\$0.09)	\$0.03	(\$1.18)	(\$0.26)	\$0.07
Cash cost (C1) (per lb) ¹	(\$0.10)	\$0.03	(\$1.14)	(\$0.26)	\$0.04
Total cost (C3) (per lb) ¹	\$2.35	\$2.43	\$0.84	\$2.06	\$1.99
Sales revenues	38	34	38	143	123
Gross profit	6	4	9	24	9
Comparative EBITDA ¹	22	21	23	89	69

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

Full year

Copper production decreased by 9% compared to the same period in 2016 mainly due to lower throughput. Zinc production was 16% lower due to lower throughput, grade and recovery. The lower throughput and grades reflect the nearly depleted ore reserve at this stage of the mine life.

AISC was \$0.33 per lb lower compared to 2016 due mainly to a higher by-product credit due to higher realized metal prices.

Sales revenues of \$143 million were higher compared to 2016, reflecting better realized metal prices excluding the impact of the corporate copper sales hedge program. Gross profit of \$24 million also exceeded 2016, driven by the increase in sales revenues and lower operating costs.

Fourth quarter

Copper production was 6% below the same period in 2016 due to decreased throughput. Zinc production was also negatively affected by the lower throughput, zinc grade and recovery.

AISC of (\$0.09) per lb was \$1.09 per lb higher than the comparable period of 2016 due to lower by-product sales, copper production volume and higher operating costs.

Sales revenues of \$38 million were consistent with the comparable period of 2016 reflecting higher realized metal prices excluding the impact of the corporate copper sales hedge program, partially offset by lower zinc sales volumes. Gross profit reflected higher operating costs combined with flat sales revenues.

Outlook

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

Throughput is expected to be 1,200,000 tonnes in 2018 and 750,000 tonnes in 2019, in line with the anticipated depletion of economic ore.

A three-day shutdown is planned for the first quarter of 2018, and a five day shutdown in each of the second, third and fourth quarters of 2018.

Ravensthorpe	Q4 17	Q3 17	Q4 16	2017	2016
Beneficiated ore tonnes processed (000's)	-	792	700	2,211	2,510
Beneficiated ore grade processed (%)	-	1.1	1.2	1.1	1.3
Nickel recovery (%)	-	76	80	79	81
Nickel production (contained tonnes)	-	6,325	6,206	17,837	23,624
Nickel sales (contained tonnes)	865	7,099	6,073	18,683	25,882
Nickel production (payable tonnes)	-	4,866	4,650	13,694	17,630
Nickel sales (payable tonnes)	674	5,455	4,539	14,338	19,536
All-in sustaining cost (AISC) (per lb) ¹	(\$0.51)	\$4.67	\$5.03	\$5.29	\$5.29
Cash costs (C1) (per lb) ¹	(\$0.61)	\$4.16	\$4.46	\$4.45	\$4.66
Total costs (C3) (per lb) ¹	(\$0.51)	\$5.77	\$6.16	\$6.17	\$6.34
Sales revenues	9	65	52	163	195
Gross loss	(5)	(13)	(13)	(57)	(77)
Comparative EBITDA ¹	(2)	6	(1)	(17)	(27)

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

Full year

Nickel production of 17,837 tonnes was 24% lower than 2016 as a result of Ravensthorpe being placed on care and maintenance effective October 1, 2017 during prevailing low nickel price. For the first nine months of 2017, nickel production was 2% higher compared to the same period in 2016.

AISC of \$5.29 per lb was consistent with the prior year. Higher by-product credits were offset by higher royalties, deferred stripping, sustaining capital expenditure and lower production volume.

Sales revenues of \$163 million were 16% lower than 2016 due to lower sales volume, with the majority of sales made in the first nine months of the year, partially offset by a higher realized nickel price. The decrease in sales revenues flowed through to the gross loss incurred of \$57 million, both reflecting the suspension of operations.

Comparative EBITDA for the year ended December 31, 2017 excludes \$7 million in costs associated with the move to care and maintenance.

Fourth quarter

There was no production in the fourth quarter following the move to care and maintenance effective October 1, 2017.

AISC was (\$0.51) per lb in the fourth quarter, reflecting C1 cash cost of (\$0.61) per lb and royalty costs. C1 cash cost consisted of by-product sales and treatment and refining charges only.

Sales revenues of \$9 million reflect the 865 tonnes of nickel sold in the quarter, relating to final product sales as the plant was progressively drained of nickel in circuit. Gross loss of \$5 million was lower than the comparable period in 2016, reflecting the suspension of operations. Costs incurred in the quarter relate to ongoing care and maintenance costs.

Impairment recognized on specific assets

Ravensthorpe nickel operation entered care and maintenance on October 1, 2017. The Company considered this to be an indicator of impairment and performed an impairment test as at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs to sell. A long-term nickel price of \$7.00 per lb and a nominal post-tax discount rate of 10.5% (real post-tax rate of 8%) were used by management. Nickel prices used in the cash flow projections were within the range of current market consensus observed at September 30, 2017. Based on the results of discounted cash flow analysis, no impairment was recognized.

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

As at December 31, 2017, based on the updated model, using the above assumptions, a sensitivity analysis was performed on the cash flow model used to determine the recoverable value of Ravensthorpe. A 10% decrease in the long-term nickel price would result in an impairment of approximately \$90 million.

An impairment of \$14 million was recognized in relation to specific assets as operations entered care and maintenance during the quarter.

Outlook

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

SALES REVENUES

Sales Revenues by Segment		Q4 17	Q3 17	Q4 16	2017	2016
Kansanshi	- copper	488	379	336	1,574	1,263
	- gold	37	46	33	166	186
Sentinel	- copper	281	300	153	1,026	153
Las Cruces	- copper	122	109	82	461	358
Guelb Moghrein	- copper	39	37	25	150	140
	- gold	13	13	14	60	73
	- iron	7	-	-	7	-
Çayeli	- copper	23	33	29	87	97
	- zinc, gold and silver	-	6	4	11	13
Pyhäsalmi	- copper	20	18	15	74	61
	- zinc	8	7	16	37	30
	- pyrite, gold and silver	10	9	7	32	32
Ravensthorpe	- nickel	8	58	50	146	185
	- cobalt	1	7	2	17	10
Corporate ¹		(172)	(145)	(77)	(538)	72
Sales revenues	- continuing operations	885	877	689	3,310	2,673
	Copper	785	719	566	2,802	2,139
	Nickel	8	58	45	148	182
	Gold	53	63	50	236	271
	Zinc and other	39	37	28	124	81
		885	877	689	3,310	2,673

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

Full year

Sales revenues of \$3,310 million in 2017 increased by \$637 million compared to 2016, including a \$663 million increase in copper revenues partially offset by lower nickel and gold revenues. The increase in copper revenues was due mainly to a significant increase in sales volumes from Sentinel, which contributed revenues of \$1,026 million in the year, as well as a higher net realized copper price.

Excluding Sentinel, copper sales revenues were 11% lower in 2017 compared with 2016. The decrease was mainly attributed to lower production from Çayeli, due to a significant shaft hoisting incident, and Guelb Moghrein which encountered harder ore. Revenues were reduced by \$570 million from the corporate copper sales hedge program, which lowered the net realized copper price by \$0.45 per lb for the year.

Fourth quarter

Sales revenues of \$885 million were 28% above the same period in 2016, on higher copper sales volume and realized metals prices. Sentinel contributed \$281 million in revenues in the quarter, a \$128 million increase over the prior year quarter reflecting a full quarter of commercial operations, operational improvements and unrestricted power supply. Revenues were reduced by \$188 million from the corporate copper sales hedge program, which lowered the net realized copper price by \$0.56 per lb.

Realized Prices

Copper selling price (per lb) – continuing operations	Q4 17	Q3 17	Q4 16	2017	2016
Average LME cash price	\$3.09	\$2.88	\$2.39	\$2.79	\$2.20
Realized copper price	\$2.50	\$2.37	\$2.18	\$2.33	\$2.26
Treatment/refining charges (“TC/RC”) and freight charges	(\$0.16)	(\$0.18)	(\$0.14)	(\$0.14)	(\$0.13)
Net realized copper price	\$2.34	\$2.19	\$2.04	\$2.19	\$2.13

The copper sales hedging program reduced sales revenues by \$188 million and \$570 million for the quarter and the year, respectively. The impact on net realized copper price was a reduction of \$0.56 per lb and \$0.45 per lb for the quarter and the year, respectively.

Details of the Company’s hedging program at December 31, 2017 and February 12, 2018 are included on page 29.

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	Q4 17	Q3 17	Q4 16	2017	2016
Average LME cash price	\$5.25	\$4.78	\$4.90	\$4.73	\$4.36
Realized nickel price	\$5.37	\$4.77	\$4.50	\$4.67	\$4.25
TC/RC and freight charges	-	-	-	-	(\$0.03)
Net realized nickel price	\$5.37	\$4.77	\$4.50	\$4.67	\$4.22

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

Following Ravensthorpe being placed in to care and maintenance, effective October 2017, the nickel sales in the quarter relate to sales finalizations and the sell down of inventory.

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

SUMMARY FINANCIAL RESULTS

	Q4 17	Q3 17	Q4 16	2017	2016
Gross profit (loss):					
Kansanshi	218	166	97	636	220
Sentinel	51	51	17	166	17
Las Cruces	26	24	15	106	59
Guelb Moghrein	12	11	2	41	45
Çayeli	11	4	8	16	16
Pyhäsalmi	6	4	9	24	9
Ravensthorpe	(5)	(13)	(13)	(57)	(77)
Corporate ¹	(202)	(164)	(83)	(597)	50
Total gross profit – continuing operations	117	83	52	335	339
Exploration	(8)	(4)	(6)	(18)	(16)
General and administrative	(19)	(20)	(19)	(74)	(70)
Impairment and related charges	(26)	-	(13)	(26)	(13)
Other income (expense)	(15)	(22)	29	(34)	40
Net finance expense	(24)	(5)	(3)	(39)	(13)
Loss on extinguishment of senior notes	-	-	-	(84)	-
Income tax expense	(118)	(69)	(21)	(299)	(19)
Net earnings (loss) for the period:					
– continuing operations	(93)	(37)	19	(239)	248
– discontinued operations	-	-	-	-	(267)
– including discontinued operations	(93)	(37)	19	(239)	(19)
Net earnings (loss) for the period from continuing operations attributable to:					
Non-controlling interests	22	15	7	77	26
Shareholders of the Company	(115)	(52)	12	(316)	222
Comparative earnings (loss)	(36)	(28)	27	(111)	165
Earnings (loss) per share – continuing operations:					
Basic	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	\$0.32
Diluted	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	\$0.32
Comparative	(\$0.05)	(\$0.04)	\$0.04	(\$0.16)	\$0.24
Basic weighted average number of shares (in 000's)	686,402	686,323	685,739	685,936	685,746

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

Full Year

Despite an 8% increase in copper sales volumes, attributable to Sentinel, gross profit of \$335 million was at a similar level compared with 2016. Higher realized metal prices and sales volumes were offset by increased depreciation, mainly driven by declaration of commercial production at Sentinel, lower by-product credits, higher treatment and refining charges, and increased royalty expense.

The net loss for the year of \$239 million included \$84 million in costs relating to the early redemption of the senior notes in the first quarter, a tax expense of \$299 million and losses of \$568 million incurred under the Company's sales hedge program. Operations tax charge is based on profits at current metal prices but no tax credit is recognized for losses incurred under the sales hedge program resulting in a high effective tax rate. Other expense of \$34 million included a foreign exchange loss of \$23 million and impairments recognized in 2017 total \$26 million. Impairment charges of \$14 million were recognized on specific assets at Ravensthorpe and \$12 million on housing assets at Kansanshi. Net finance expense includes \$20 million relating to the discounting of non-current VAT held by Kansanshi over the expected repayment timeframe. Discussions with

the relevant government authorities are ongoing and management continues to consider that the outstanding VAT claims are fully recoverable. The 2016 tax expense included a tax credit of \$78 million in relation to operations at Kansanshi following the repeal of the variable profits tax and subsequent revaluation of the deferred tax liability.

Fourth quarter

Gross profit was \$65 million higher compared with the same period in 2016 due to a 11% increase in copper sales volumes, mostly attributable to Kansanshi and Sentinel, and higher realized metal prices. These were partially offset by higher depreciation and an increase in royalty expense. Depreciation was \$68 million higher compared with the same period in 2016, mainly driven by a full quarter of commercial production at Sentinel.

Other expense of \$15 million included a foreign exchange loss of \$10 million and net finance expense includes \$20 million relating to the discounting of non-current VAT held by Kansanshi over the expected repayment timeframe. Impairment charges of \$26 million were recognized in the quarter. The fourth quarter of 2016 included a foreign exchange gain of \$15 million relating to realized gains on euro and Turkish lira denominated transactions offset by foreign exchange losses recognized on settlement of Zambian kwacha-denominated liability balances.

The net loss for the quarter of \$93 million included a tax expense of \$118 million reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses of \$188 million realized under the Company's copper sales hedge program.

LIQUIDITY AND CAPITAL RESOURCES

	Q4 17	Q3 17	Q4 16	2017	2016
Cash flows from continuing operating activities	203	267	93	914	914
Cash flows from (used by) continuing investing activities:					
Payments and deposits for property, plant and equipment	(498)	(480)	(308)	(1,652)	(1,141)
Investment in Pebble project Early Option Price Instalment	(38)	-	-	(38)	-
Capitalized borrowing costs paid in cash	(50)	(145)	(85)	(365)	(356)
Repayment and interest from ERG on promissory	-	-	-	-	64
Proceeds from sale of Kevitsa	-	-	69	-	728
Acquisition of KPMC	(179)			(179)	
Other investing activities	8	3	7	21	6
Cash flows from (used by) continuing financing activities:					
Net movement in debt and trading facilities	733	306	(63)	1,269	(141)
Early redemption costs on senior notes		-	-	(54)	-
Other financing activities	42	64	43	186	146
Exchange gains (losses) on cash and cash equivalents	5	11	(1)	35	(16)
Net cash flows – continuing operations	226	26	(245)	137	204
Net cash flows – discontinued operations	-	-	-	-	(4)
Cash balance	702	476	565	702	565
Total assets	21,623	20,513	19,483	21,623	19,483
Total current liabilities	2,068	2,357	2,224	2,068	2,224
Total long-term liabilities	9,427	7,953	6,974	9,427	6,974
Net Debt ¹	5,575	5,059	4,381	5,575	4,381
Cash flows from continuing operating activities per share ¹	\$0.30	\$0.39	\$0.14	\$1.33	\$1.33

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

Cash flows from continuing operating activities were in line with 2016. Higher cash generated from operations, and increased stream contributions were offset by unfavorable movements in working capital.

The total VAT receivable accrued by the Company's Zambian operations at December 31, 2017, was \$312 million, of which \$239 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. Claims totalling Zambian kwacha 1,585 million (currently equivalent to \$160 million) made by Kansanshi prior to this date remain outstanding. A charge of \$20 million has been recognized to reflect the impact of discounting the balance over the expected timeframe to repayment. Cash totalling \$99 million has been received for claims subsequent to February 2015. The accrual for historical VAT receivables stems from the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. The Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding claims are fully recoverable.

Cash flows used by continuing investing activities in 2017 included capital expenditure of \$1,652 million compared to \$1,141 million for the same period in 2016 and is comprised primarily of \$1,256 million of Cobre Panama project capital expenditure. \$179 million was paid for the acquisition of LS-Nikko's 50% interest in KPMC as at December 31, 2017, and \$38 million for the Pebble Project Early Option Price Instalment. Cash flows used by continuing investing activities in 2016 included \$728 million in proceeds on the sale of Kevitsa to Boliden, net of cash disposed.

Cash flows from continuing financing activities of \$1,401 million included \$264 million in contributions from KPMC for the development of the Cobre Panama project, and proceeds from trading and other debt facilities of \$1,269 million during the year.

Liquidity outlook

At December 31, 2017, the Company had \$390 million of committed undrawn facilities, \$702 million in net unrestricted cash (includes overdrafts), and working capital of \$1,025 million. These, together with expected future cash flows support the Company's belief in its ability to meet current obligations as they become due. The Company was also in full compliance with all its financial covenants and expects to remain in compliance throughout the next 12 months.

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

On February 5, 2018, the Company signed a new \$230 million term facility agreement in connection with the Kalumbila subsidiary, which owns the Sentinel mine, available for up to 5 years. Repayments on the facility commence December 2019.

On February 9, 2018, Kansanshi issued a notice to repay the outstanding balance of \$175 million on the Kansanshi senior term loan. The net result of these two events will increase the Company's liquidity by \$55 million in the first quarter of 2018.

The Company has continued to advance the process to put in place financing for the Cobre Panama project. The Project Finance process progressed well towards completing a \$2.25 billion financing with a mix of Export Credit Rating Agencies ("ECAs") guaranteed finance and an uncovered commercial tranche. The transaction was launched to commercial lenders in November 2017 and was well supported. The Company has received signed commitment letters from an international group of banks and is now in the documentation phase with completion and drawdown expected in the second quarter of 2018.

At December 31, 2017, the Company had total commitments of \$628 million, of which approximately \$586 million related to the twelve months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment for 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 December 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	6,097	6,198	137	1,891	1,970	2,200
Debt – finance charges	-	1,970	430	838	456	246
Trading facilities	180	180	180	-	-	-
Trade and other payables	533	533	533	-	-	-
Derivative instruments	288	288	288	-	-	-
Liability to joint venture ¹	925	1,679	-	388	182	1,109
Joint venture consideration	424	485	185	200	100	-
Current taxes payable	139	139	139	-	-	-
Deferred payments	51	51	5	10	10	26
Finance leases	22	29	5	9	7	8
Commitments	-	628	586	34	5	3
Restoration provisions	618	1,015	8	39	86	882

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

Hedging programs

The Company has hedging programs in respect of future copper 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:	December 31, 2017	December 31, 2016
Asset position	13	22
Liability position	(288)	(302)

The Company has entered into derivative contracts to ensure that the exposure to the price of copper on future sales is managed so as to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project while maintaining compliance with financial covenants. The Company will continue to protect downside copper price risk while retaining upside potential through the continued use of other financial instruments such as the zero cost collars or put options. As at December 31, 2017, 104,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.61 per lb are outstanding with periods of maturity to September 2018. The Company also had zero cost collar unmargined sales contracts for 134,500 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 2018. The Company has elected to apply hedge accounting, with the hedges expected to be highly effective in offsetting changes in cash flows of future sales.

At February 12, 2018, 66,500 tonnes of unmargined copper forward sales contracts at an average price of \$2.63 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmargined sales contracts for 120,000 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 2018. The Company has also purchased put options for 49,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018.

Approximately 48% of expected copper sales in 2018 are hedged to unmargined forward, zero cost collar sales contracts, and put options at an average floor price of \$2.74 per lb.

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

During the year ended December 31, 2017, a loss for settled hedges of \$568 million was realized through sales revenues. Fair value losses on outstanding contracts of \$63 million have been recognized in other comprehensive income and as a derivative liability at December 31, 2017.

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 December 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	81,875	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018
Commodity contracts:				
Copper	82,703	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018

As at December 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 had 689,384,334 shares outstanding.

JOINT VENTURE

On November 8, 2017 the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation and holds a 20% interest in Cobre Panama. The purchase consideration of \$664 million, comprising the acquisition consideration of \$635 million and the reimbursement of cash advances of \$29 million, of which \$179 million was paid on completion of the transaction in other payables. The remaining consideration is payable in five instalments to November 2021. \$176 million is included within other current liabilities and \$244 million within other non-current liabilities.

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

SUMMARY OF RESULTS

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

Consolidated continuing operations	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Sales revenues</i>											
Copper	\$1,968	\$576	\$519	\$478	\$565	\$2,138	\$643	\$655	\$719	\$785	\$2,802
Nickel	234	57	37	43	45	182	43	39	58	8	148
Gold	225	69	82	70	50	271	54	66	63	53	236
Zinc and other elements	84	18	21	14	29	82	26	22	37	39	124
Total sales revenues	2,511	720	659	605	689	2,673	766	782	877	885	3,310
Gross profit	287	105	102	80	52	339	69	66	83	117	335
Comparative EBITDA	732	269	257	220	218	964	265	267	304	318	1,154
Net earnings (loss) attributable to shareholders of the Company	(501)	49	125	36	12	222	(114)	(35)	(52)	(115)	(316)
Comparative earnings (loss)	256	63	38	37	27	165	(29)	(18)	(28)	(36)	(111)
Basic earnings (loss) per share	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)
Comparative earnings (loss) per share	\$0.40	\$0.09	\$0.06	\$0.05	\$0.04	\$0.24	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.05)	(\$0.16)
Diluted earnings (loss) per share	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)
Dividends declared per common share (CDN\$ per share)	\$0.0817	\$0.0100	-	\$0.0050	-	\$0.0150	\$0.0050	-	\$0.0050	-	\$0.0100
Basic weighted average # shares (000's) ¹	646,823	685,795	685,783	685,594	685,739	685,746	685,827	685,845	686,323	686,402	685,936
<i>Cash flows per share from operating activities</i>											
	\$1.69	\$0.37	\$0.44	\$0.38	\$0.14	\$1.33	\$0.35	\$0.30	\$0.39	\$0.30	\$1.33
<i>Copper statistics</i>											
Total copper production (tonnes)	411,025	119,287	131,349	142,721	146,101	539,458	132,356	141,912	145,376	154,319	573,963
Total copper sales (tonnes)	391,653	131,267	132,030	136,051	136,265	535,613	139,810	139,521	148,894	151,905	580,130
Realized copper price (per lb)	\$2.49	\$2.38	\$2.21	\$2.23	\$2.18	\$2.26	\$2.20	\$2.24	\$2.37	\$2.50	\$2.33
TC/RC (per lb)	(0.15)	(0.11)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)	(0.09)	(0.12)	(0.08)	(0.09)
Freight charges (per lb)	(0.06)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)	(0.03)	(0.06)	(0.08)	(0.05)
Net realized copper price (per lb)	\$2.28	\$2.26	\$2.08	\$2.12	\$2.04	\$2.13	\$2.08	\$2.12	\$2.19	\$2.34	\$2.19
Cash cost – copper (C1) (per lb)	\$1.21	\$1.03	\$0.98	\$0.97	\$1.22	\$1.06	\$1.26	\$1.12	\$1.21	\$1.30	\$1.23
All-in sustaining cost (AISC) (per lb)	\$1.85	\$1.36	\$1.32	\$1.36	\$1.71	\$1.46	\$1.59	\$1.50	\$1.75	\$1.76	\$1.65
Total cost – copper (C3) (per lb)	\$2.14	\$1.86	\$1.80	\$1.74	\$1.91	\$1.83	\$2.05	\$1.95	\$2.03	\$2.19	\$2.06
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	-	17,837
Nickel sales (contained tonnes)	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	865	18,683
Nickel produced (payable tonnes)	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	4,866	-	13,694
Nickel sales (payable tonnes)	21,073	6,813	4,101	4,082	4,539	19,535	3,981	4,228	5,455	674	14,338
Realized nickel price (per payable lb)	\$5.18	\$3.88	\$4.15	\$4.68	\$4.50	\$4.25	\$4.93	\$4.17	\$4.77	\$5.37	\$4.67
TC/RC (per payable lb)	(0.14)	(0.09)	-	0.01	-	(0.03)	-	-	-	-	-
Net realized nickel price (per payable lb)	\$5.04	\$3.79	\$4.15	\$4.69	\$4.50	\$4.22	\$4.93	\$4.17	\$4.77	\$5.37	\$4.67
Cash cost – nickel (C1) (per payable lb)	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$(0.61)	\$4.45
All-in sustaining cost (AISC) (per lb)	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$(0.51)	\$5.29
Total cost – nickel (C3) (per payable lb)	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$(0.51)	\$6.17
<i>Gold statistics</i>											
Total gold production (ounces)	211,067	56,191	50,630	52,957	54,234	214,012	50,579	50,040	47,213	51,904	199,736
Total gold sales (ounces)	213,927	63,141	69,898	54,124	45,620	232,783	46,904	52,020	51,729	50,723	201,376
Net realized gold price (per ounce)	\$1,050	\$1,097	\$1,180	\$1,282	\$1,097	\$1,165	\$1,161	\$1,268	\$1,209	\$1,055	\$1,174
<i>Zinc statistics</i>											
Zinc production (tonnes)	41,139	6,223	6,491	5,064	11,084	28,862	6,253	6,538	4,376	3,556	20,723
Zinc sales (tonnes)	41,618	5,997	4,740	4,653	11,971	27,361	7,956	5,234	5,379	3,282	21,851

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	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	70,729	15,957	22,210	21,710	15,058	74,935	13,656	17,028	15,864	8,707	55,255
Ore mined (000's tonnes)	34,105	7,940	7,790	8,318	7,631	31,679	7,008	10,078	9,039	10,478	36,603
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	8,296	2,888	2,860	2,973	3,267	11,988	3,291	3,202	3,179	3,298	12,970
Sulphide ore grade processed (%)	0.8	0.7	0.9	0.8	0.8	0.8	0.7	0.8	0.7	0.8	0.8
Sulphide ore recovery (%)	91	88	92	93	93	92	93	90	88	94	91
Sulphide concentrate grade (%)	21.1	19.9	22.6	20.6	22.3	21.4	22.8	22.4	21.7	21.8	22.2
Mixed ore processed (000's tonnes)	10,949	1,990	1,984	1,986	1,993	7,953	2,010	1,992	1,983	2,012	7,997
Mixed ore grade processed (%)	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0	1.0
Mixed ore recovery (%)	72	88	83	80	79	84	87	86	81	88	85
Mixed concentrate grade (%)	24.8	23.4	26.0	24.6	27.2	25.2	31.1	33.4	29.9	27.7	30.4
Oxide ore processed (000's tonnes)	6,795	1,637	1,747	1,881	1,811	7,076	1,650	1,750	1,705	1,811	6,916
Oxide ore grade processed (%)	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.6	1.5	1.5	1.5
Oxide ore recovery (%)	80	92	89	94	95	94	93	87	80	89	87
Oxide concentrate grade (%)	23.6	25.5	26.7	32.0	29.2	28.6	32.6	32.8	30.0	29.8	31.3
Copper cathode produced (tonnes)	80,986	19,394	19,213	20,194	20,867	79,668	17,882	19,858	17,128	23,874	78,742
Copper in concentrate produced (tonnes)	145,688	38,681	43,145	46,695	45,083	173,604	45,316	44,239	41,578	40,926	172,059
Total copper production (tonnes)	226,674	58,075	62,358	66,889	65,950	253,272	63,198	64,097	58,706	64,800	250,801
Gold produced (ounces)	136,257	35,743	34,313	37,833	40,331	148,220	36,017	34,918	33,297	36,363	140,595
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	709,188	244,144	309,063	276,368	314,399	1,143,974	327,095	334,269	202,093	348,283	1,211,740
Copper anodes produced (tonnes) ¹	150,292	52,506	69,210	62,984	72,630	257,330	83,070	82,383	48,819	83,281	297,553
Smelter copper recovery (%)	98	98	97	97	95	97	97	95	94	97	96
Acid tonnes produced (000's)	645	239	309	266	295	1,109	307	307	189	325	1,128
<i>Cash Costs (per lb)</i>											
Mining	\$0.62	\$0.70	\$0.67	\$0.58	\$0.68	\$0.65	\$0.66	\$0.46	\$0.55	\$0.54	\$0.54
Processing	0.65	0.52	0.49	0.49	0.46	0.49	0.50	0.50	0.51	0.46	0.49
Site administration	0.06	0.06	0.06	0.06	0.09	0.07	0.07	(0.10) ²	(0.06) ²	0.07	-
TC/RC and freight charges	0.29	0.07	0.06	0.14	0.15	0.11	0.16	0.15	0.23	0.18	0.18
Gold credit	(0.26)	(0.30)	(0.34)	(0.35)	(0.22)	(0.30)	(0.25)	(0.34)	(0.32)	(0.21)	(0.27)
Total smelter costs	0.02	0.13	0.13	0.13	0.14	0.13	0.14	0.08	0.08	0.12	0.11
Cash cost (C1) (per lb)	\$1.38	\$1.18	\$1.07	\$1.05	\$1.30	\$1.15	\$1.28	\$0.75	\$0.99	\$1.16	\$1.05
All-in sustaining cost (AISC) (per lb)	\$2.22	\$1.59	\$1.49	\$1.48	\$1.76	\$1.57	\$1.59	\$1.18	\$1.79	\$1.55	\$1.54
Total cost (C3) (per lb)	\$2.28	\$1.94	\$1.76	\$1.68	\$1.81	\$1.78	\$1.89	\$1.41	\$1.64	\$1.86	\$1.71
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$464	\$74	\$91	\$99	\$110	\$374	\$101	\$115	\$101	\$164	\$481
Copper anode	403	239	208	185	209	841	285	183	201	303	972
Copper in concentrates	279	10	12	9	17	48	14	9	77	21	121
Gold	139	50	52	51	33	186	40	43	46	37	166
Total sales revenues	\$1,285	\$373	\$363	\$344	\$369	\$1,449	\$440	\$350	\$425	\$525	\$1,740
Copper cathode sales (tonnes)	81,848	15,892	18,772	21,219	21,201	77,084	17,903	20,661	16,511	24,660	79,735
Copper anode sales (tonnes)	83,022	52,866	44,631	40,107	39,291	176,895	51,299	33,250	32,531	46,480	163,560
Copper in concentrate sales (tonnes)	65,323	3,464	3,813	2,791	4,412	14,480	3,074	2,228	15,269	3,834	24,405
Gold sales (ounces)	131,972	44,132	43,220	38,896	30,592	156,840	33,732	33,039	37,054	35,910	139,735

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

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

Sentinel statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
					Pre- Commercial production	Post- Commercial production						
<i>Mining</i>												
Waste mined (000's tonnes)	95,181	18,530	20,617	23,022	7,864	12,065	82,098	16,006	24,382	26,254	21,853	88,495
Ore mined (000's tonnes)	13,907	8,635	9,352	9,185	3,519	7,269	37,960	9,272	10,641	12,692	12,039	44,644
<i>Processing</i>												
Copper ore processed (000's tonnes)	14,016	8,281	8,860	8,831	3,397	7,000	36,369	8,800	10,019	11,434	11,834	42,087
Copper ore grade processed (%)	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Recovery (%)	41	44	64	76	75	88	68	81	84	89	90	87
Copper concentrate produced (tonnes)	32,971	20,902	31,987	38,926	12,652	35,133	139,600	36,274	43,686	53,533	57,190	190,683
Concentrate grade (%)	-	-	-	-	-	26.4	26.4	26.4	24.0	23.5	24.2	24.4
<i>Cash Costs (per lb)</i>												
Mining	-	-	-	-	-	\$0.51	\$0.51	\$0.72	\$0.72	\$0.59	\$0.66	\$0.67
Processing	-	-	-	-	-	0.45	0.45	0.70	0.66	0.60	0.57	0.62
Site administration	-	-	-	-	-	0.13	0.13	(0.09) ¹	0.12	0.09	0.03	0.05
TC/RC and freight charges	-	-	-	-	-	0.25	0.25	0.20	0.19	0.22	0.27	0.22
Total smelter costs	-	-	-	-	-	0.13	0.13	0.14	0.17	0.12	0.14	0.14
Cash cost (C1) (per lb)	-	-	-	-	-	\$1.47	\$1.47	\$1.67	\$1.86	\$1.62	\$1.67	\$1.70
All-in sustaining cost (AISC) (per lb)	-	-	-	-	-	\$2.13	\$2.13	\$2.07	\$2.29	\$2.05	\$2.36	\$2.19
Total cost (C3) (per lb)	-	-	-	-	-	\$2.16	\$2.16	\$2.45	\$2.61	\$2.30	\$2.49	\$2.45
<i>Revenues (\$ millions)</i>												
Copper anode	-	-	-	-	-	\$110	\$110	\$170	\$239	\$229	\$213	\$851
Copper in concentrates	-	-	-	-	-	\$43	\$43	\$19	\$17	\$71	\$68	\$175
Total sales revenues	-	-	-	-	-	\$153	\$153	\$189	\$256	\$300	\$281	\$1,026
Copper anode sales (tonnes)	-	-	-	-	-	20,294	20,294	29,929	43,705	36,734	32,026	142,394
Copper concentrate sales (tonnes)	-	-	-	-	-	10,034	10,034	4,362	3,742	14,121	12,741	34,966

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

Las Cruces statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	15,459	1,737	2,310	7,478	2,119	13,644	1,870	4,383	5,067	3,269	14,589
Ore mined (000's tonnes)	1,537	267	340	442	281	1,330	371	381	802	868	2,422
<i>Processing</i>											
Copper ore processed (000's tonnes)	1,500	378	389	409	362	1,538	398	409	392	420	1,619
Copper ore grade processed (%)	5.2	5.2	5.2	5.2	5.1	5.2	5.2	5.1	5.0	5.0	5.1
Recovery (%)	90	92	92	94	93	92	91	90	88	89	90
Copper cathode produced (tonnes)	70,029	18,045	18,426	20,016	17,156	73,643	18,793	18,683	17,488	18,700	73,664
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$0.90	\$0.84	\$0.80	\$0.67	\$0.94	\$0.81	\$0.78	\$0.79	\$0.93	\$0.93	\$0.86
All-in sustaining cost (AISC) (per lb)	\$1.18	\$0.96	\$0.94	\$0.98	\$1.20	\$1.01	\$0.93	\$1.00	\$1.20	\$1.12	\$1.06
Total cost (C3) (per lb)	\$1.93	\$1.82	\$1.85	\$1.72	\$1.93	\$1.83	\$1.89	\$2.09	\$2.25	\$2.40	\$2.15
<i>Revenues (\$ millions)</i>											
Copper cathode	\$394	\$89	\$94	\$93	\$82	\$358	\$119	\$111	\$109	\$122	\$461
Copper cathode sales (tonnes)	70,566	18,972	19,708	19,203	15,656	73,539	20,228	19,484	17,049	17,903	74,664

Guelb Moghrein statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	17,545	3,823	2,529	2,249	3,465	12,066	4,041	3,349	3,055	3,607	14,052
Ore mined (000's tonnes)	2,918	693	731	559	717	2,700	810	983	792	519	3,104
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	4,015	1,014	971	986	927	3,898	863	820	832	874	3,389
Sulphide ore grade processed (%)	1.2	1.2	1.0	0.8	0.7	0.9	1.0	1.0	0.9	0.9	0.9
Recovery (%)	92	93	90	91	91	91	92	92	92	91	92
Copper in concentrate produced (tonnes)	45,001	11,062	8,522	7,156	6,078	32,818	7,533	7,347	6,756	7,155	28,791
Gold produced (ounces)	64,007	17,240	13,363	12,208	11,140	53,951	12,133	12,375	11,435	13,270	49,213
<i>Cash Costs (per lb)</i>											
Mining	\$0.38	\$0.30	\$0.41	\$0.45	\$0.70	\$0.44	\$0.57	\$0.61	\$0.70	\$0.79	\$0.66
Processing	0.67	0.60	0.78	0.92	1.05	0.80	0.80	1.01	0.93	0.97	0.93
Site administration	0.16	0.14	0.19	0.26	0.25	0.20	0.16	0.17	0.20	0.19	0.18
TC/RC and freight charges	0.57	0.46	0.45	0.56	0.32	0.45	0.49	0.50	0.51	0.51	0.51
Gold and iron credit	(0.77)	(0.82)	(0.94)	(1.05)	(1.13)	(0.96)	(0.88)	(1.05)	(0.91)	(1.12)	(1.00)
Cash cost (C1) (per lb)	\$1.01	\$0.68	\$0.89	\$1.14	\$1.19	\$0.93	\$1.14	\$1.24	\$1.43	\$1.34	\$1.28
All-in sustaining cost (AISC) (per lb)	\$1.45	\$1.13	\$1.34	\$1.72	\$2.21	\$1.51	\$1.67	\$1.53	\$1.86	\$1.60	\$1.65
Total cost (C3) (per lb)	\$1.67	\$1.31	\$1.61	\$1.96	\$2.18	\$1.68	\$1.93	\$2.08	\$2.30	\$2.25	\$2.13
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$209	\$35	\$53	\$27	\$25	\$140	\$30	\$44	\$37	\$39	\$150
Gold	76	16	28	15	14	73	11	23	13	13	60
Iron	-	-	-	-	-	-	-	-	-	7	7
Total sales revenues	\$285	\$51	\$81	\$42	\$39	\$213	\$41	\$67	\$50	\$59	\$217
Copper in concentrate sales (tonnes)	47,322	9,622	13,998	6,870	5,840	36,330	6,122	9,301	6,765	6,811	28,999
Gold sales (ounces)	70,680	15,573	23,765	12,038	11,959	63,335	10,293	16,160	11,616	12,384	50,453

Çayeli statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	1,233	328	303	323	313	1,267	207	253	279	202	941
<i>Processing</i>											
Ore milled (000's tonnes)	1,229	326	326	313	320	1,285	204	253	274	212	943
Copper ore grade processed (%)	2.5	2.5	2.2	2.3	2.0	2.3	1.7	2.1	2.2	1.7	2.0
Copper ore recovery (%)	81	86	87	87	89	87	89	88	90	90	89
Zinc ore grade processed (%)	3.0	1.7	1.6	1.8	1.3	1.6	1.1	1.4	0.9	0.8	1.1
Zinc ore recovery (%)	54	39	37	41	39	39	39	40	27	23	34
Copper produced (tonnes)	24,304	6,878	6,376	6,335	5,741	25,330	3,115	4,632	5,492	3,284	16,523
Zinc produced (tonnes)	19,808	2,170	1,944	2,338	1,610	8,062	867	1,427	653	379	3,326
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.29	\$1.18	\$1.26	\$1.11	\$1.25	\$1.20	\$1.52	\$1.44	\$1.21	\$2.05	\$1.50
All-in sustaining cost (AISC) (per lb)	\$1.70	\$1.36	\$1.48	\$1.24	\$1.42	\$1.37	\$1.64	\$1.73	\$1.41	\$2.48	\$1.75
Total cost – Copper (C3) (per lb)	\$2.15	\$1.83	\$1.95	\$1.76	\$1.90	\$1.86	\$2.53	\$2.34	\$2.50	\$2.06	\$2.37
<i>Revenues (\$ millions)</i>											
Copper	\$92	\$26	\$18	\$24	\$29	\$97	\$15	\$16	\$33	\$23	\$87
Zinc	18	2	-	3	3	8	4	-	5	-	9
Other	6	1	2	1	1	5	1	-	1	-	2
Total sales revenues	\$116	\$29	\$20	\$28	\$33	\$110	\$20	\$16	\$39	\$23	\$98
Copper sales (tonnes)	22,401	7,295	5,733	6,510	7,257	26,795	3,392	3,596	6,462	4,266	17,716
Zinc sales (tonnes)	19,479	2,062	-	2,376	2,387	6,825	2,491	-	1,944	-	4,435

Pyhäsalmi statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	1,384	320	349	379	382	1,430	345	335	319	316	1,315
<i>Processing</i>											
Ore milled (000's tonnes)	1,379	343	335	352	350	1,380	328	311	315	306	1,260
Copper ore grade processed (%)	0.9	1.3	1.1	1.0	1.0	1.1	1.1	1.1	1.1	1.1	1.1
Copper ore recovery (%)	97	98	97	95	97	97	97	97	96	97	97
Zinc ore grade processed (%)	1.7	1.3	1.5	0.9	2.9	1.7	1.8	1.8	1.3	1.2	1.5
Zinc ore recovery (%)	91	88	89	86	93	90	90	90	88	89	89
Copper produced (tonnes)	12,046	4,325	3,680	3,399	3,391	14,795	3,443	3,467	3,401	3,190	13,501
Zinc produced (tonnes)	21,331	4,053	4,547	2,726	9,474	20,800	5,385	5,111	3,725	3,176	17,397
Pyrite produced (tonnes)	839,706	177,149	195,679	112,882	4,770	490,480	184,464	168,319	184,486	154,855	692,124
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$0.30	\$0.14	\$0.33	\$0.61	(\$1.14)	\$0.04	(\$0.59)	(\$0.39)	\$0.03	(\$0.10)	(\$0.26)
All-in sustaining cost (AISC) (per lb)	\$0.48	\$0.22	\$0.41	\$0.64	(\$1.18)	\$0.07	(\$0.59)	(\$0.39)	\$0.03	(\$0.09)	(\$0.26)
Total cost – Copper (C3) (per lb)	\$2.42	\$2.04	\$2.28	\$2.59	\$0.84	\$1.99	\$1.57	\$1.92	\$2.43	\$2.35	\$2.06
<i>Revenues (\$ millions)</i>											
Copper	\$56	\$17	\$14	\$15	\$15	\$61	\$18	\$18	\$18	\$20	\$74
Zinc	25	4	7	3	16	30	10	12	7	8	37
Pyrite	21	7	3	3	3	16	4	3	3	6	16
Other	12	4	2	6	4	16	4	2	6	4	16
Total sales revenues	\$114	\$32	\$26	\$27	\$38	\$123	\$36	\$35	\$34	\$38	\$143
Copper sales (tonnes)	12,275	4,360	3,435	3,799	3,114	14,708	3,501	3,554	3,452	3,184	13,691
Zinc sales (tonnes)	22,139	3,935	4,740	2,277	9,584	20,536	5,466	5,234	3,434	3,282	17,416
Pyrite sales (tonnes)	750,729	210,183	107,348	89,118	111,273	517,922	105,449	107,013	91,569	114,712	418,743

Ravensthorpe statistics	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017
<i>Processing</i>											
Beneficiated ore (000's tonnes)	2,334	709	538	563	700	2,510	619	800	792	-	2,211
Beneficiated ore grade (%)	1.4	1.3	1.2	1.2	1.2	1.3	1.1	1.1	1.1	-	1.1
Nickel recovery – leach feed to NI produced (%)	88	84	80	79	80	81	82	79	76	-	79
Nickel produced (contained tonnes)	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	-	17,837
Nickel produced (payable tonnes)	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	4,866	-	13,694
<i>Cash Costs (per lb)</i>											
Mining	\$0.87	\$0.99	\$0.91	\$1.06	\$1.00	\$0.99	\$1.17	\$1.19	\$1.01	-	\$1.12
Processing	3.12	2.97	3.32	3.56	3.10	3.21	3.41	3.20	3.17	-	3.25
Site administration	0.36	0.27	0.41	0.42	0.38	0.36	0.38	0.36	0.34	-	0.37
TC/RC and freight charges	0.51	0.46	0.30	0.22	0.24	0.33	0.34	0.24	0.26	0.10	0.27
Cobalt credit	(0.26)	(0.21)	(0.21)	(0.25)	(0.26)	(0.23)	(0.46)	(0.56)	(0.62)	(0.71)	(0.56)
Cash cost (C1) (per lb)	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$(0.61)	\$4.45
All-in sustaining cost (AISC) (per lb)	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$(0.51)	\$5.29
Total cost (C3) (per lb)	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$(0.51)	\$6.17
<i>Revenues (\$ millions)</i>											
Nickel	\$234	\$57	\$36	\$42	\$50	\$185	\$41	\$39	\$58	\$8	\$146
Cobalt	12	3	2	3	2	10	4	5	7	1	17
Total sales revenues	\$246	\$60	\$38	\$45	\$52	\$195	\$45	\$44	\$65	\$9	\$163
Nickel sales (contained tonnes)	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	865	18,683
Nickel sales (payable tonnes)	21,073	6,813	4,101	4,083	4,539	19,536	3,981	4,228	5,455	674	14,338

REGULATORY DISCLOSURES

Seasonality

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

Off-balance sheet arrangements

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

Non-GAAP financial measures

This document refers to cash cost (C1), all-in sustaining cost (AISC) and total cost (C3) per unit of payable production, operating cash flow per share, comparative EBITDA, Net Debt and comparative earnings, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers. These measures are used internally by management and serve to provide additional information and should not be considered in isolation to measures prepared under IFRS.

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

Calculation of cash cost, all-in sustaining cost, total cost, sustaining capital expenditure and deferred stripping costs capitalized

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

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

AISC is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping and royalties and is used by management to evaluate performance inclusive of sustaining expenditure required to maintain current production levels.

C3 total cost is defined as AISC less sustaining capital expenditure, deferred stripping and general and administrative expenses net of insurance, plus depreciation and exploration. This metric is used by management to evaluate the operating performance inclusive of costs not classified as sustaining in nature such as exploration and depreciation.

Comparative EBITDA and comparative earnings

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

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

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

	2017	2016
Purchase and deposits on property, plant and equipment	1,652	1,141
Sustaining capital expenditure and deferred stripping	302	209
Project capital expenditure – Panama	1,256	764
Project capital expenditure – Other sites	94	105
Pre-commercial costs	-	63
Total capital expenditure	1,652	1,141

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

For the three months ended December 31, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(307)	(230)	(96)	(47)	(12)	(32)	(724)	(30)	(14)	(768)
Adjustments:										
Depreciation	79	61	58	11	-	16	225	-	3	228
By-product credits	37	-	-	20	-	18	75	-	1	76
Royalties	30	23	2	1	1	-	57	-	-	57
Treatment and refining charges	(7)	(15)	-	(5)	(2)	(2)	(31)	-	-	(31)
Freight costs	(15)	(7)	-	-	(1)	-	(23)	-	-	(23)
Finished goods	11	(28)	(1)	(1)	1	-	(18)	-	5	(13)
Other	8	3	-	-	(1)	-	10	30	6	46
Cash cost (C1)	(164)	(193)	(37)	(21)	(14)	-	(429)	-	1	(428)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(69)	(68)	(60)	(12)	-	(16)	(225)		(1)	(226)
Royalties	(30)	(23)	(2)	(1)	(1)	-	(57)		-	(57)
Other	(2)	(2)	1	(1)	-	-	(4)		-	(4)
Total cost (C3)	(265)	(286)	(98)	(35)	(15)	(16)	(715)		-	(715)
Cash cost (C1)	(164)	(193)	(37)	(21)	(14)	-	(429)		1	(428)
Adjustments:										
General and administrative expenses	(8)	(8)	(1)	(1)	-	-	(18)		-	(18)
Sustaining capital expenditure and deferred stripping	(21)	(46)	(5)	(1)	(2)	-	(75)		-	(75)
Royalties	(30)	(23)	(2)	(1)	(1)	-	(57)		-	(57)
AISC	(223)	(270)	(45)	(24)	(17)	-	(579)		1	(578)
AISC (per lb)	\$1.55	\$2.36	\$1.12	\$1.60	\$2.48	(\$0.09)	\$1.76		(\$0.51)	
Cash cost – (C1) (per lb)	\$1.16	\$1.67	\$0.93	\$1.34	\$2.05	(\$0.10)	\$1.30		(\$0.61)	
Total cost – (C3) (per lb)	\$1.86	\$2.49	\$2.40	\$2.25	\$2.06	\$2.35	\$2.16		(\$0.51)	

For the year ended December 31, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(1,104)	(860)	(355)	(176)	(82)	(119)	(2,696)	(59)	(220)	(2,975)
Adjustments:										
Depreciation	291	224	205	45	30	66	861	1	32	894
By-product credits	166	-	-	67	11	69	313	-	17	330
Royalties	92	63	7	6	2	-	170	-	8	178
Treatment and refining charges	(39)	(47)	-	(19)	(11)	(10)	(126)	-	-	(126)
Freight costs	(39)	(17)	-	-	(4)	(1)	(61)	-	-	(61)
Finished goods	50	(43)	2	(1)	3	(1)	10	-	14	24
Other	16	1	2	-	(1)	4	22	58	15	95
Cash cost (C1)	(567)	(679)	(139)	(78)	(52)	8	(1,507)	-	(134)	(1,641)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(261)	(231)	(205)	(45)	(29)	(66)	(837)		(41)	(878)
Royalties	(92)	(63)	(7)	(6)	(2)	-	(170)		(8)	(178)
Other	(7)	(5)	1	(1)	-	-	(12)		(3)	(15)
Total cost (C3)	(927)	(978)	(350)	(130)	(83)	(58)	(2,526)		(186)	(2,712)
Cash cost (C1)	(567)	(679)	(139)	(78)	(52)	8	(1,507)		(134)	(1,641)
Adjustments:										
General and administrative expenses	(26)	(30)	(6)	(4)	(2)	-	(68)		(6)	(74)
Sustaining capital expenditure and deferred stripping	(149)	(103)	(20)	(13)	(5)	-	(290)		(12)	(302)
Royalties	(92)	(63)	(7)	(6)	(2)	-	(170)		(8)	(178)
AISC	(834)	(875)	(172)	(101)	(61)	8	(2,035)		(160)	(2,195)
AISC (per lb)	\$1.54	\$2.19	\$1.06	\$1.65	\$1.75	(\$0.26)	\$1.65		\$5.29	
Cash cost – (C1) (per lb)	\$1.05	\$1.70	\$0.86	\$1.28	\$1.50	(\$0.26)	\$1.23		\$4.45	
Total cost – (C3) (per lb)	\$1.71	\$2.45	\$2.15	\$2.13	\$2.37	\$2.06	\$2.05		\$6.17	

For the three months ended December 31, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(272)	(136)	(67)	(37)	(25)	(29)	(566)	(6)	(65)	(637)
Adjustments:										
Depreciation	51	29	36	11	9	14	150	-	10	160
By-product credits	34	-	-	14	3	21	72	-	3	75
Royalties	20	8	1	1	1	-	31	-	3	34
Treatment and refining charges	10	(8)	1	(4)	(4)	(3)	(8)	-	-	(8)
Freight costs	(5)	(5)	-	-	(2)	-	(12)	-	-	(12)
Finished goods	(26)	7	(5)	(1)	3	1	(21)	-	1	(20)
Other	4	(1)	(2)	1	(1)	2	3	6	2	11
Cash cost (C1)	(184)	(106)	(36)	(15)	(16)	6	(351)	-	(46)	(397)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(53)	(43)	(36)	(14)	(8)	(14)	(168)		(16)	(184)
Royalties	(20)	(8)	(1)	(1)	(1)	-	(31)		(3)	(34)
Other	-	-	-	1	1	-	2		2	4
Total cost (C3)	(257)	(157)	(73)	(29)	(24)	(8)	(548)		(63)	(611)
Cash cost (C1)	(184)	(106)	(36)	(15)	(16)	6	(351)		(46)	(397)
Adjustments:										
General and administrative expenses	(8)	(6)	(2)	(1)	(1)	1	(17)		(2)	(19)
Sustaining capital expenditure and deferred stripping	(34)	(36)	(9)	(12)	(1)	-	(92)		(1)	(93)
Royalties	(20)	(8)	(1)	(1)	(1)	-	(31)		(3)	(34)
AISC	(246)	(156)	(48)	(29)	(19)	7	(491)		(52)	(543)
AISC (per lb)	\$1.76	\$2.13	\$1.20	\$2.21	\$1.42	\$(1.18)	\$1.71		\$5.03	
Cash cost – (C1) (per lb)	\$1.30	\$1.47	\$0.94	\$1.19	\$1.25	\$(1.14)	\$1.22		\$4.46	
Total cost – (C3) (per lb)	\$1.81	\$2.16	\$1.93	\$2.18	\$1.90	\$0.84	\$1.91		\$6.16	

For the year ended December 31, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(1,229)	(136)	(299)	(168)	(94)	(114)	(2,040)	(22)	(272)	(2,334)
Adjustments:										
Depreciation	305	29	160	47	35	61	637	-	49	686
By-product credits	186	-	-	73	14	62	335	-	10	345
Royalties	98	8	5	7	1	-	119	-	9	128
Treatment and refining charges	(40)	(8)	3	(26)	(18)	(11)	(100)	-	(1)	(101)
Freight costs	(12)	(5)	-	-	(6)	(1)	(24)	-	-	(24)
Finished goods	54	7	-	4	3	(1)	67	-	20	87
Other	17	(1)	-	2	1	2	21	22	3	46
Cash cost (C1)	(621)	(106)	(131)	(61)	(64)	(2)	(985)	-	(182)	(1,167)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(256)	(43)	(160)	(45)	(34)	(61)	(599)		(54)	(653)
Royalties	(98)	(8)	(5)	(7)	(1)	-	(119)		(9)	(128)
Other	(8)	-	-	(2)	-	-	(10)		(3)	(13)
Total cost (C3)	(983)	(157)	(296)	(115)	(99)	(63)	(1,713)		(248)	(1,961)
Cash cost (C1)	(621)	(106)	(131)	(61)	(64)	(2)	(985)		(182)	(1,167)
Adjustments:										
General and administrative expenses	(37)	(6)	(8)	(4)	(4)	-	(59)		(11)	(70)
Sustaining capital expenditure and deferred stripping	(111)	(36)	(20)	(30)	(5)	(1)	(203)		(6)	(209)
Royalties	(98)	(8)	(5)	(7)	(1)	-	(119)		(9)	(128)
AISC	(867)	(156)	(164)	(102)	(74)	(3)	(1,366)		(208)	(1,574)
AISC (per lb)	\$1.57	\$2.13	\$1.01	\$1.51	\$1.37	\$0.07	\$1.46		\$5.29	
Cash cost – (C1) (per lb)	\$1.15	\$1.47	\$0.81	\$0.93	\$1.20	\$0.04	\$1.06		\$4.66	
Total cost – (C3) (per lb)	\$1.78	\$2.16	\$1.83	\$1.68	\$1.86	\$1.99	\$1.83		\$6.34	

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

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

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

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

	Q4 17	Q3 17	Q4 16	2017	2016
Operating profit from continuing operations	49	37	43	183	280
Adjustments:					
Depreciation	228	234	160	894	686
Impairment and related charges	26	-	13	26	13
Foreign exchange (gain) loss and changes in fair value relating to option time value	11	26	7	35	(13)
(Gain) loss on disposal of assets	4	(2)	(3)	5	(3)
Costs associated with moving Ravensthorpe into care and maintenance	-	7	-	7	-
Revisions in estimates of restoration provisions at closed sites	-	2	(2)	4	1
Total adjustments excluding depreciation	41	33	15	77	(2)
Comparative EBITDA	318	304	218	1,154	964

	Q4 17	Q3 17	Q4 16	2017	2016
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(115)	(52)	12	(316)	222
Adjustments attributable to shareholders of the Company:					
Loss on extinguishment of senior notes	-	-	-	84	-
Finance expense on discounting non-current VAT	20			20	
Total adjustments to comparative EBITDA	41	33	15	77	(2)
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	18	(9)	-	24	(55)
Comparative earnings (loss)	(36)	(28)	27	(111)	165
Earnings (loss) per share as reported	(\$0.17)	(\$0.08)	\$0.02	(\$0.46)	\$0.32
Comparative earnings (loss) per share	(\$0.05)	(\$0.04)	\$0.04	(\$0.16)	\$0.24

Change in significant accounting standards

IFRS 15 – Revenue from contracts with customers

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

- Deferred revenue relating to proceeds received from Franco-Nevada under the terms of the precious metal streaming agreement for Cobre Panama will be adjusted to reflect a significant financing component. This will have a material impact on the financial statements. Financing costs (accounting policy 3giii) are capitalized in the period prior to commercial production. On the effective date of IFRS 15, this will increase the financial liability and property, plant and equipment by \$74 million (note 12).
- The Company sells a proportion of its products on terms where there is a responsibility for providing shipping services after the date at which control of the goods passes to the customer at the loading port. Under IAS 18, this revenue is recognized in full on loading. Under IFRS 15 this would be accounted for as a separate performance obligation with a variation in the phasing of revenue. Based on analysis performed by the Company, this will not have a material impact on the Company.

IFRS 9 – Financial instruments: Classification and Measurement

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

- Equity investments currently held by the Company at cost will be fair valued through either profit or loss or upon an irrevocable election, at fair value through other comprehensive income ("FVOCI"). The company intends to elect for FVOCI.
- IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. An assessment has been performed to determine the expected credit loss of financial assets, and given that the Company's trading contracts are established long-term contracts with international trading companies, a portion of which are backed by a letter of credit, we do not anticipate credit losses associated with trading balances.
- Under IAS 39, non-substantial modifications to financial liabilities are permitted to be reflected in the carrying value of the financial liability and adjusted via an amended effective interest rate. Under IFRS 9, the present value of the cash flows of the original and modified terms will be discounted at the original effective rate with this difference reflected in the carrying value of the financial liability.

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

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

IFRS 16 – Leases

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

The Company is currently reviewing contracts and will continue to evaluate the impact on the consolidated financial statements of IFRS 16 during 2018. It is expected that the introduction of IFRS 16 will result in an increase in assets and liabilities

recognized together with an increase in depreciation and finance costs as fewer leases will qualify for expensing to the income statement, as is the case with operating leases under the current standard.

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.

- 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 (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

- Achievement of commercial production – (accounting policy note 3f(i))

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

During the year ended December 31, 2016, the Company concluded that the Sentinel mine in north-west Zambia, was operating in a manner intended by management and commercial production was effective from November 1, 2016.

- Taxes – (accounting policy note 3l)

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 - (accounting policy note 3k)

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 are providing \$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 – (accounting policy note 3i)

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. Following the decision to place Ravensthorpe mine into care

and maintenance an impairment test was performed using assumptions determined by management. Further details are provided in (note 9).

- Derecognition of financial liabilities

Judgement is required in determining if an exchange of issued listed tradeable bonds results in, amongst other factors, a change to the 'existing lender' and, if so, whether that constitutes an extinguishment of an existing financial liability and recognition of a new financial liability. Judgment that an exchange of such instruments in 2017 was an extinguishment of the existing financial liability resulted in material impacts on the carrying value of debt and finance costs in the year ended December 31, 2017 (note 13).

(i) 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 (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

- Review of asset carrying values and impairment charges – (accounting policy note 3i)

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

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

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

The Company's most significant CGUs are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators. The Ravensthorpe mine was placed in care and maintenance in October 2017. As disclosed in note 9 its value is sensitive to longer term nickel price assumptions and the movements in the discount rate.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 7 and note 8 respectively, and by mine location in note 26.

- Estimation of the amount and timing of restoration and remediation costs – (accounting policy note 3j)

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. The carrying amount of the Company's restoration provision is disclosed in note 15.

- Taxes – (accounting policy note 3l)

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. Deferred income tax assets are disclosed in note 16.

- Inventory

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

Financial instruments risk exposure

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

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at December 31, 2017, substantially all cash and short-term deposits are with counterparties of investment grade.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. More than 67% of the Company's trade receivables are generated from five customers together representing greater than 37% of the total sales for the year. A total balance of \$52 million was past due from these customers at the balance sheet date and is classified as current receivable. The Company continues to trade with these customers. Revenues earned from these customers are included within the Kansanshi segment. 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.

Significant credit risk exposures to any single counterparty or group of counterparties having similar characteristics are as follows:

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 years ended December 31, 2017 and December 31, 2016. If the Company breaches a covenant in its financing agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the year ended December 31, 2017, a fair value loss of \$63 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$568 million has been recognized through sales revenues. As at December 31, 2017, 104,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.61 per lb are outstanding with periods of maturity to September 2018. The Company also had zero cost collar unmargined sales contracts for 134,500 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 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 December 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 December 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 ("ZMW"), Australian dollar ("A\$") Mauritanian ouguiya ("MRO"), the euro ("EUR"), and the Turkish lira ("TRY"); and to the local currencies of suppliers who provide capital equipment for project development, principally the A\$, EUR and the South African rand ("ZAR").

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

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 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, 2017 by the Company's management, including the Chief Executive Officer and Chief Financial Officer based on the Control - Integrated Framework (2013) established by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended December 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. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at Cobre Panama and Enterprise and are subject to the impact of ore grades on future production, the potential of production disruptions, capital expenditure and mine production costs, the outcome of mine permitting, other required permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, nickel, zinc, pyrite, cobalt 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, the United States and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Mauritania and Panama, labour disruptions, potential social and environmental challenges, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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