

Management's Discussion and Analysis

First quarter ended March 31, 2018



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three months ended March 31, 2018. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Cautionary statement on forward-looking information" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of April 26, 2018.

FIRST QUARTER 2018 HIGHLIGHTS

Operational and Financial

- The Company achieved copper production of 145,358 tonnes, approximately 10% higher than the comparable period of 2017 reflecting higher output from Sentinel. Sentinel copper production of 50,310 tonnes compared to 36,274 tonnes in the comparable period of 2017, on higher throughput and recovery as a result of operational improvements. Production in the first quarter of most years from our Zambian operations is typically lower than the rest of the year as the heaviest rainfall of the wet season normally occurs in this period.
- The Kansanshi smelter achieved another record quarterly production and throughput, having treated 350,591 dry metric tonnes ("DMT") of concentrate and produced 86,777 tonnes of copper anode in the quarter.
- Gold production of 45,929 ounces was 9% lower than the first quarter of 2017 mainly due to lower gold feed grade in the quarter.
- Gross profit of \$181 million and comparative EBITDA of \$363 million were 162% and 37% higher, respectively, than the comparable period of 2017, mainly reflecting higher sales revenues driven by higher copper prices as the price profile of the sales hedge program improved.
- Comparative earnings amounted to \$49 million (\$0.07 per share), net earnings to \$47 million (\$0.07 per share), and cash flows from operating activities to \$796 million (\$1.16 per share). These results include a \$121 million loss realized on the corporate sales hedge program for which no tax credit is available.
- Copper all-in sustaining cost ("AISC") of \$1.72 per lb and cash cost of copper production ("C1") of \$1.27 per lb were in line with management expectations.
- Senior notes totalling \$1.85 billion were issued in the quarter with proceeds used to repay and cancel amounts owed under the senior corporate facility and for general corporate purposes.
- A \$230 million term loan facility was completed in February 2018 under the Kalumbila subsidiary, owner of the Sentinel mine. Under the terms of the agreement the facility was upsized to \$400 million in March 2018 and \$170 million was drawn in April 2018.

Cobre Panama Development

- Inclusive of the increased scope announced in February 2018, the Cobre Panama project was 70% complete at the end of the quarter as the engineering and procurement near completion. Other construction activities are well advanced for the scheduled phased commissioning of the project during 2018, and continued ramp-up over 2019 and 2020. Power generation from the power station is expected by mid-2018.
- Industrial action, which started on March 9, 2018, resulted in work stoppage at a number of areas at the project. Following a resolution, workers returned to site and work ramped up to pre-stoppage levels during April 2018.

Corporate Developments

- On March 19, 2018, the Company received an assessment by the Zambia Revenue Authority ("ZRA") for ZMW 76.5 billion (approximately \$8 billion) on imports by Sentinel from 2013 through 2017. The Company unequivocally refutes this

assessment and is engaged with the ZRA in providing all required documentation to resolve the matter. Based on the work undertaken to date, the final value of the claim is not expected to be material.

- In March 2018, the Company finalized an additional precious metal stream agreement with a subsidiary of Franco-Nevada Corporation (“Franco-Nevada”) for the Cobre Panama project, through Minera Panama S.A. (“MPSA”), an 80% owned subsidiary of the Company. A payment of \$356 million was received by MPSA and has been used to repay shareholder loans to Korea Panama Mining Corporation (“KPMC”), a company jointly controlled with Korea Resources Corporation (“KORES”) and which owns 20% of MPSA. Consistent with the existing precious metal streaming agreement, the amount received will be treated as deferred revenue.

Consolidated Operating Information ^{1,2}	Q1 2018	Q4 2017	Q1 2017
Copper production (tonnes) ³	145,358	154,319	132,356
Copper sales (tonnes)	138,021	151,905	139,810
Cash cost of copper production (C1)(per lb) ⁴	\$1.27	\$1.30	\$1.26
Total cost of copper production (C3)(per lb) ⁴	\$2.16	\$2.16	\$2.05
All-in sustaining cost (AISC)(per lb) ⁴	\$1.72	\$1.76	\$1.59
Realized copper price (per lb)	\$2.74	\$2.50	\$2.20
Gold production (ounces)	45,929	51,904	50,579
Gold sales (ounces)	48,815	50,723	46,904
Consolidated Financial Information	Q1 2018	Q4 2017	Q1 2017
Sales revenues	885	885	766
Gross profit	181	117	69
Net earnings (loss) attributable to shareholders of the Company	47	(115)	(114)
Basic and diluted earnings (loss) per share	\$0.07	(\$0.17)	(\$0.17)
Comparative EBITDA ¹	363	318	265
Comparative earnings (loss) ¹	49	(36)	(29)
Comparative earnings (loss) per share ¹	\$0.07	(\$0.05)	(\$0.04)

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 29-32 for a reconciliation of comparative EBITDA and comparative earnings. The use of comparative earnings and comparative EBITDA represents the Company’s adjusted earnings metrics.

	Q1 2018	Q4 2017	Q1 2017
Net earnings (loss) attributable to shareholders of the Company	47	(115)	(114)
Adjustments attributable to shareholders of the Company:			
Loss on extinguishment of debt	-	-	84
Finance expense on discounting of non-current VAT	-	20	-
Total adjustments to comparative EBITDA	(5)	41	1
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	7	18	-
Comparative earnings (loss)	49	(36)	(29)

² Operating performance measures include Ravensthorpe. 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 29 for further information.

FINANCIAL SUMMARY

Sales revenues increased due to higher realized metal prices

- Sales revenues of \$885 million in Q1 2018 increased by \$119 million compared to 2017, reflecting a \$155 million increase in copper revenues due to higher realized copper prices. Sentinel contributed revenues of \$385 million, or \$196 million in incremental revenues over the same period of 2017, reflecting increased copper sales volumes and realized copper price. The increase in revenues was partially offset by the absence of nickel revenues this quarter while Ravensthorpe is on care and maintenance and no copper sales from Çayeli due to the timing of shipments.
- The realized price for copper of \$2.74 per lb for the quarter was \$0.54 per lb higher than the same period of 2017, however below the average LME price on account of the Company's copper sales hedge program, which reduced revenues by \$121 million in the quarter and lowered the net realized copper price by \$0.40 per lb.

Comparative EBITDA \$98 million higher than Q1 2017

- Comparative EBITDA of \$363 million, compared to \$265 million in the same period of 2017, includes \$159 million from Sentinel. Comparative EBITDA excludes \$4 million of foreign exchange gains, a \$1 million loss on disposal of assets and \$2 million for closed site restoration provisions.

Gross profit of \$181 million higher than Q1 2017 from higher realized metal prices

Gross profit in Q1 2017	69
Higher realized metal prices (net of hedges)	163
Lower sales volumes	(9)
Lower cash costs (excluding royalties)	2
Higher by-product sales	1
Increase in treatment and refining charges ("TC/RCs")	(5)
Increase in royalty rate and volume	(19)
Movement in previously recognized operational provisions at Sentinel in 2017	(16)
Foreign exchange	(5)
Gross profit in Q1 2018 ¹	181

¹ Gross profit is reconciled to comparative EBITDA by including exploration costs of \$7 million, general and administrative costs of \$18 million, other income of \$7 million, adding back depreciation of \$205 million, and excluding foreign exchange gain of \$4 million, loss on disposal of assets of \$1 million and revisions in estimates of restoration provisions at closed sites of \$2 million (a reconciliation of comparative EBITDA is included on page 32).

Increase in comparative earnings to \$49 million

- Comparative earnings of \$49 million in Q1 2018 compares to comparative loss of \$29 million in the comparable period of 2017. A reconciliation of comparative metrics is included on pages 29-32.
- Net earnings attributable to shareholders of \$47 million in Q1 2018 compare to a net loss attributable to shareholders of \$114 million for the same period in 2017. The 2018 result includes \$121 million in sales hedge losses for which no tax credit is available, \$4 million in foreign exchange gains, a \$1 million loss on disposal of assets, \$2 million for closed site restoration provisions, and \$7 million in tax expense and minority interest relating to foreign exchange revaluation and comparative adjustments.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the quarter with \$810 million of net unrestricted cash and cash equivalents in addition to \$1,670 million of committed undrawn facilities and was in compliance with all financial covenants.
- On February 27, 2018, the Company completed the offering of \$1.85 billion of senior notes comprising \$850 million due 2024 ("2024 Notes") and \$1 billion due 2026 ("2026 Notes"). Interest will accrue at the rate of 6.50% on the 2024 Notes and at the rate of 6.875% on the 2026 Notes, both payable semi-annually. The proceeds of the offering were used to repay in full, and cancel, the Term Loan of the Company's senior debt facility, repay the outstanding balance of the Company's senior revolving credit debt facility which remains available to draw upon as well as pay transactions fees associated with the offering, and for general corporate purposes. Following the completion of the senior notes offering in February 2018, the Company discontinued the project financing process.

- In February 2018, the Company completed a \$230 million term facility under the Kalumbila subsidiary, which owns the Sentinel mine. The facility was upsized to \$400 million in March 2018 in accordance with the accordion feature of the facility agreement and \$170 million was drawn in April 2018.
- In February 2018, the outstanding balance of \$175 million on the Kansanshi senior term was repaid in full and cancelled.
- At April 26, 2018 30,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.70 per lb are outstanding with periods of maturity to September 2018. The Company also has zero cost collar unmargined sales contracts for 90,500 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$3.49 per lb with maturities to December 2018. The Company has also taken put options for 22,500 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 March 31, 2018, was \$368 million, of which \$271 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.

OTHER DEVELOPMENTS

Assessment by Zambia Revenue Authority

On March 19, 2018, the Company received an assessment by the Zambia Revenue Authority (“ZRA”) for ZMW 76.5 billion (approximately \$8 billion, comprising \$6 billion in interest and \$2 billion in penalties on the \$150 million assessment claim on duties). The assessment relates to the import of capital items, consumables, and spare parts for use at Sentinel from January 2013 to December 2017.

A process for provision of all relevant documentation has been agreed between the Company and the ZRA. The Company, an external international accounting firm and shipping agent are working to provide to the ZRA all relevant documentation in its rebuttal of the assessment and this is progressing well. Documentation relating to approximately two thirds of the value of the imported items has been reviewed, and based on the work undertaken to date the final value of the claim is not expected to be material. The Company unequivocally refutes this assessment and remains engaged with the ZRA and committed to ensuring transparency in all discussions between both parties.

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, which was initiated in December 2017.

The Option Agreement will entitle an affiliate of the Company 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. The Company will not have any ownership of the Pebble project or related entities unless and until it exercises the option. Finalization of the Option Agreement and associated commercial agreements are expected to occur in the first half of 2018.

Legal proceedings

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC (“ZCCM”) under the Kansanshi Mining PLC (“KMP”) Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited, the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including FQM Finance Ltd. (“FQM Finance”), and certain directors and an executive of the named corporate defendants. Aside from the parties,

the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

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

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

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

A panel of arbitrators was 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’s procedural errors. The Court has since granted leave to appeal against this judgment and the litigants have agreed to a stay pending the appeal.

The Arbitration required ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing in the Arbitration on whether permission is granted or denied took place in January 2018. The Arbitral Tribunal heard arguments from both sides for three days. On February 22, 2018, the Arbitral Tribunal issued a ruling denying ZCCM permission to continue the proceedings. On March 21, 2018 ZCCM served an application seeking to challenge the Arbitral Tribunal’s ruling through the English court.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Cobre Panama development activity continued during the first quarter of 2018 and the overall project progress at the end of Q1 was 70% complete. There is a slight re-adjustment to percentage progress with the increased scope and quantities associated with the now larger \$6.3 billion project. The project was impacted in March by industrial action culminating in a 10-day work stoppage which affected a number of the work areas for as long as six weeks, and as at the end of the quarter the works were restarting in a controlled manner. The return to work process, including return to pre-work stoppage headcount and production levels, was completed during April 2018.

The advancement of the power station continued and is now 89% complete overall. Commissioning of the set 1 power and utility systems are well underway and set 2 power commissioning commenced this quarter. The first 150MW set is scheduled to be generating power in Q2 2018 followed by the second set in Q3 2018. The process plant and mine site were 58% complete at end of Q1, and peak construction levels are planned to continue as the process plant advances towards staged commissioning later this year.

Engineering is 95% complete and the remaining focus is on closing final vendor deliverables along with electrical, instrumentation and controls design.

Procurement was 97% committed, with the remaining procurement being final orders for bulk commodities, electrical, instrumentation, and buildings. The focus is on completion of manufacturing and delivering to site with the overall procurement effort being 74% complete.

Some key milestones achieved through the quarter include: the successful steam blows of set 1 boiler, start of commissioning activities on set 2 boiler, mechanical installation commenced for the primary crusher units in the mine, commencement of operations of the ultra-class mining fleet, and the mobilization of key commissioning personnel for the process plant.

Key status for the construction of the project at the end of the quarter includes the mine pre-strip at 78% complete, and the tailings management facility earthworks at 79% completion. There are 1,233 long-term operations personnel currently engaged and focused on recruitment, training and the development of operating procedures in support of operational readiness. The project remains scheduled for phased commissioning during 2018 with continued ramp-up over 2019 and 2020.

The total project capital expenditure during Q1 2018 was \$338 million (First Quantum's share \$236 million), against the full year plan of \$1,180 million (First Quantum's share \$826 million). Project spending to date amounts to \$5.0 billion, including \$1.7 billion contributed by third parties.

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 continued. Various access agreements with communities are being renegotiated in 2018 to maintain activities.

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

During the first quarter of 2018, 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 throughout 2018.

Sustained investment in information gathering and reconnaissance on a large number of copper porphyry targets around the world during the recent downturn has delivered a promising portfolio of opportunities for drilling in 2018. During Q1 2018, drill programs were active on three grassroots prospects in Peru, Chile and Papua New Guinea. Each of these programs has successfully intercepted a new mineralized copper-gold porphyry. Follow-up drilling will be required 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. 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 12 months ended March 31, 2018 was 0.08 per 200,000 hours worked, reflecting improvement from the 2017 LTIFR of 0.11 per 200,000 hours worked.

MARKET GUIDANCE

Guidance is based on a number of assumptions and estimates as of March 31, 2018, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

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

Total production guidance is unchanged. There has been a small decrease in indicated copper production for Guelb Moghrein to reflect a change in forecast grade with a small increase at Las Cruces.

Production guidance by operation (excluding Cobre Panama)

Copper

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

Gold

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

Zinc

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

Cash cost and all-in sustaining cost

Cash costs and AISC guidance in the table below does not include any costs in respect of Cobre Panama and is unchanged from previously provided.

Copper

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

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

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

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

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

OPERATING REVIEW

Production Summary ¹	Q1 2018	Q4 2017	Q1 2017
Copper production (tonnes) ²			
Kansanshi	63,585	64,800	63,198
Sentinel	50,310	57,190	36,274
Las Cruces	18,238	18,700	18,793
Guelb Moghrein	6,135	7,155	7,533
Çayeli	4,225	3,284	3,115
Pyhäsalmi	2,865	3,190	3,443
Total copper production (tonnes)	145,358	154,319	132,356
Total nickel production (contained tonnes)	-	-	5,592
Total gold production (ounces)	45,929	51,904	50,579
Total zinc production (tonnes)	5,227	3,556	6,253

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

² Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

Copper production in the first quarter was 10% higher than the comparable period of 2017, reflecting strong production at Sentinel, which produced an additional 14,036 tonnes of copper in the quarter. Sentinel performed well despite the challenging conditions presented by the wet season mainly due to improvements in ore supply from the mine and water management.

The Kansanshi smelter achieved quarterly records in throughput and copper anode production, having treated 350,591 DMT of concentrate and produced 86,777 tonnes of copper anode in Q1 2018. The smelter also produced 325,000 tonnes of sulphuric acid this quarter.

Gold production of 45,929 ounces was 9% lower than the same period of 2017, reflecting lower gold production at Kansanshi in the quarter which decreased from 36,017 ounces in the comparable quarter of 2017 to 32,080 ounces.

Sales Volume Summary ¹	Q1 2018	Q4 2017	Q1 2017
Copper sales volume (tonnes)			
Kansanshi	51,684	74,974	72,276
Sentinel	58,342	44,767	34,291
Las Cruces	18,771	17,903	20,228
Guelb Moghrein	6,387	6,811	6,122
Çayeli	-	4,266	3,392
Pyhäsalmi	2,837	3,184	3,501
Total copper sales volume (tonnes)	138,021	151,905	139,810
Total nickel sales volume (contained tonnes)	-	865	5,197
Total gold sales volume (ounces)	48,815	50,723	46,904
Total zinc sales volume (tonnes)	4,810	3,282	7,956

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

Copper sales volumes of 138,021 tonnes were broadly in line with the comparable period of 2017. Despite increased sales volumes from Zambian operations, which lagged behind production volumes in the quarter, these were offset by the lack of sales at Çayeli in the quarter due to vessel availability. Shipments from Çayeli resumed in the first week of April.

Unit Cost

Unit Cost Summary	Q1 2018	Q4 2017	Q1 2017
Copper C1 cash cost (\$ per lb)			
Kansanshi	\$1.00	\$1.16	\$1.28
Sentinel	\$1.83	\$1.67	\$1.67
Las Cruces	\$0.86	\$0.93	\$0.78
Other sites ¹	\$0.21	\$1.24	\$0.77
Total copper C1 cash cost (\$ per lb)	\$1.27	\$1.30	\$1.26
Copper AISC (\$ per lb)			
Kansanshi	\$1.46	\$1.55	\$1.59
Sentinel	\$2.36	\$2.36	\$2.07
Las Cruces	\$1.03	\$1.12	\$0.93
Other sites ¹	\$0.75	\$1.48	\$1.07
Total copper AISC (\$ per lb)	\$1.72	\$1.76	\$1.59

¹ Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

Copper C1 cash cost for the first quarter of \$1.27 per lb was broadly in line with the comparable period of 2017 and lower than the previous quarter. Kansanshi C1 cash cost decreased by \$0.28 per lb in the same period and benefited from lower electricity costs and lower smelter unit costs. Sentinel C1 cash cost of \$1.83 per lb was \$0.16 per lb higher than 2017 while C1 cash cost at Sentinel in the prior year quarter was impacted by a review of operational provisions, which reduced site administration costs for the comparable period and which are at more representative levels in the current quarter. Higher by-product credits at Kansanshi, Guelb Moghrein and Pyhäsalmi also positively impacted total C1 cash cost in the quarter.

Copper AISC of \$1.72 per lb was \$0.13 per lb higher than the same period in 2017. AISC for the quarter was impacted by higher royalty costs at the Company's Zambian operations due to the increased royalty rate payable on the higher copper LME prices in the current quarter compared with the same quarter of 2017, as well as increased sustaining capital expenditure.

OPERATIONS

Kansanshi	Q1 2018	Q4 2017	Q1 2017
Sulphide ore tonnes milled (000's)	3,182	3,298	3,291
Sulphide ore grade processed (%)	0.79	0.76	0.74
Sulphide copper recovery (%)	88	94	93
Mixed ore tonnes milled (000's)	2,009	2,012	2,010
Mixed ore grade processed (%)	1.16	0.99	1.05
Mixed copper recovery (%)	81	88	87
Oxide ore tonnes milled (000's)	1,791	1,811	1,650
Oxide ore grade processed (%)	1.59	1.51	1.46
Oxide copper recovery (%)	80	89	93
Copper production (tonnes) ¹	63,585	64,800	63,198
Copper smelter:			
Concentrate processed (DMT) ²	350,591	348,283	327,095
Copper anodes produced (tonnes) ²	86,777	83,281	83,070
Smelter copper recovery (%)	97	97	97
Acid tonnes produced (000's)	325	325	307
Copper sales (tonnes) ³	51,684	74,974	72,276
Gold production (ounces)	32,080	36,363	36,017
Gold sales (ounces)	33,666	35,910	33,732
All-in sustaining cost (AISC) (per lb) ⁴	\$1.46	\$1.55	\$1.59
Cash costs (C1) (per lb) ⁴	\$1.00	\$1.16	\$1.28
Total costs (C3) (per lb) ⁴	\$1.82	\$1.86	\$1.89
Sales revenues	393	525	440
Gross profit	156	218	111
Comparative EBITDA ⁴	212	294	195

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

Copper production for the first quarter of 2018 was 1% higher than the same period in 2017 due primarily to an increase in total plant feed grade, partially offset by lower overall plant recovery. Plant recovery was impacted by a decrease in oxide, mixed and sulphide ore recoveries. Leach efficiency and subsequently mixed and oxide cathode recovery were negatively impacted by ore changes. Plans are underway to improve leach efficiency and float recoveries. A total of 25,440 tonnes of concentrate containing 6,974 tonnes of copper was processed through the high pressure leach unit in the first quarter.

Gold production of 32,080 ounces was 11% lower than the same period of 2017, resulting from lower gold feed grade.

AISC of \$1.46 per lb was \$0.13 per lb lower than the comparable period in 2017, reflecting lower C1 cash cost partially offset by higher royalty costs and sustaining capital expenditures. C1 cash cost was lower due to lower electricity costs, higher by-product credits and lower smelter unit costs. Higher royalty costs resulted from higher Zambian royalty rates, which range from 4% to 6% depending on the LME copper price.

Sales revenues of \$393 million were 11% lower compared to the same period in 2017, reflecting lower sales volumes, partially offset by higher realized metal prices excluding the impact of the corporate sales hedge program. Gross profit increased by 41% compared to the same period in 2017, reflecting a reduction in processing and smelter costs and lower depreciation.

Kansanshi Copper Smelter

In the first quarter of 2018, the smelter treated 350,591 DMT of concentrate, an increase of 7% from the first quarter of 2017, and produced a record 86,777 tonnes of copper in anode and 325,000 tonnes of sulphuric acid. The quality of concentrate treated remained at 26% copper in concentrate grade for the current quarter. The smelter achieved an overall copper recovery rate of 97%.

Outlook

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

Sentinel	Q1 2018	Q4 2017	Q1 2017
Copper ore processed (000's tonnes)	11,735	11,834	8,800
Copper ore grade processed (%)	0.47	0.54	0.51
Copper recovery (%)	91	90	81
Copper production (tonnes)	50,310	57,190	36,274
Copper sales (tonnes)	58,342	44,767	34,291
All-in sustaining cost (AISC) (per lb) ¹	\$2.36	\$2.36	\$2.07
Cash cost (C1) (per lb) ¹	\$1.83	\$1.67	\$1.67
Total cost (C3) (per lb) ¹	\$2.60	\$2.49	\$2.45
Sales revenues	385	281	189
Gross profit	93	51	52
Comparative EBITDA ¹	159	110	90

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

Copper production of 50,310 tonnes was 39% higher than the comparable period of 2017. The increase in production was achieved despite a tough and prolonged wet season due to improved ore supply from the mine, with 26% higher total mining volumes, as a result of improved mine geometry, dewatering infrastructure and improved mining conditions. Significant improvements in water management resulted in a 75% decrease in weather-related production downtime compared to the same period of 2017.

Improved throughput and recovery performance was achieved during the quarter. Throughput was positively impacted by operational improvements to the pebble and secondary crushers. The wet season had minimal impact on flotation performance, as a result of a focus on minimizing blasted stocks to reduce tarnishing, improved pit water management, minimal stockpile dozing and fresher ore feed which has advanced the site's ability to respond to various ore types. Milling rates were more consistent than the same quarter of 2017 due to improved ore supply from the pit, better operational and metallurgical control and higher front end availability, which allowed milling rates to exceed design. Operational improvements implemented include better classification controls and ball mill operating modes, by increasing ball charges and mill speeds to increase power draw and reduce the circulating load which was a major bottleneck.

AISC of \$2.36 per lb was \$0.29 per lb higher than the same period in 2017, reflecting higher sustaining capital expenditure and movement in C1 cash costs, partially offset by lower deferred stripping and higher copper production volume. Last year, C1 cash costs were \$0.21 per lb lower due to movements in previously recognized operational provisions. Excluding the impact of this, C1 cash costs were 3% lower in the current quarter compared with the comparable period in 2017.

Sales revenues of \$385 million were 104% higher than the same period in 2017, on higher copper sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode, with a higher proportion of revenues realized from copper anode.

Outlook

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

Improved mining performance is expected along with optimization of the drilling and blasting practices as well as a focus on the expansion of the trolley assist program. Additional waste stripping in the main pit is planned to continue until the middle of the year, with the advancement of waste stripping in the first major push-back toward the eastern side of the pit due to commence in the second quarter.

The increase in the trolley-assist program is expected to augment waste mining. The addition of a new wheel loader and other items of fleet are expected to reduce the disruptions of feed to the primary crushers, which should increase ore throughput.

A five-day total plant shutdown was completed in April. The major shutdown activities included change-out of the Crusher 3 concave and mantle, pit top bin repairs, train 1 & train 2 milling and flotation and maintenance of the cleaner and Jameson cells and thickeners on the concentrate circuits.

Las Cruces	Q1 2018	Q4 2017	Q1 2017
Ore tonnes processed (000's)	390	420	398
Copper ore grade processed (%)	5.07	4.99	5.17
Copper recovery (%)	92	89	91
Copper cathode production (tonnes)	18,238	18,700	18,793
Copper cathode sales (tonnes)	18,771	17,903	20,228
All-in sustaining cost (AISC) (per lb) ¹	\$1.03	\$1.12	\$0.93
Cash cost (C1) (per lb) ¹	\$0.86	\$0.93	\$0.78
Total cost (C3) (per lb) ¹	\$2.15	\$2.40	\$1.89
Sales revenues	131	122	119
Gross profit	42	26	34
Comparative EBITDA ¹	94	91	81

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

Copper production decreased by 3% compared to the same period in 2017 due to a 2% decrease in throughput and lower copper grade, which were partially offset by higher overall recoveries. The increase in copper recovery was due to increased availability of the pressure filters and lower copper losses in the secondary raffinate production phase.

AISC of \$1.03 per lb was \$0.10 per lb higher compared to the same period in 2017, mainly due to strengthening of the euro against the US dollar, and higher processing costs including higher electricity and reagent costs.

Sales revenues increased by 10% compared to the same period in 2017 due to higher realized copper prices, partially offset by lower copper sales volumes. In Q1 2017, there were additional sales from a drawdown in the year end cathode stockpile. The increase in revenue flowed through to gross profit, resulting in an \$8 million increase over the same period last year.

Outlook

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

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

Work on the polymetallic refinery project to exploit the primary massive sulphides is continuing with the focus currently on the underground mine design, water management, and the overall project economics. The investigation ramp commenced late last year to facilitate additional exploration drilling and is expected to be completed in Q3 2018.

Planned maintenance shutdowns for the remainder of the year include eight days in the second quarter and one day in the fourth quarter.

Guelb Moghrein	Q1 2018	Q4 2017	Q1 2017
Sulphide ore tonnes milled (000's)	861	874	863
Sulphide ore grade processed (%)	0.79	0.90	0.95
Sulphide copper recovery (%)	90	91	92
Copper production (tonnes)	6,135	7,155	7,533
Copper sales (tonnes)	6,387	6,811	6,122
Gold production (ounces)	11,740	13,270	12,133
Gold sales (ounces)	13,008	12,384	10,293
Magnetite concentrate production (WMT) ¹	93,472	-	-
Magnetite concentrate sales (WMT) ¹	79,560	-	-
All-in sustaining cost (AISC) (per lb) ²	\$1.84	\$1.60	\$1.67
Cash costs (C1) (per lb) ²	\$0.99	\$1.34	\$1.14
Total costs (C3) (per lb) ²	\$1.86	\$2.25	\$1.93
Sales revenues	60	59	41
Gross profit	15	12	7
Comparative EBITDA ¹	24	22	16

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

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

Copper production for the first quarter of 2018 was 19% lower than the same period in 2017 due to a decrease in feed grade resulting from the treatment of low grade ore from stockpiles while waste mining progressed. The decrease in feed grade resulted in lower copper recovery, which further impacted production.

Gold in concentrate production was 3% lower than the same period in 2017, impacted by lower gold circuit recovery associated with treating low copper grade ore.

Operations at the magnetite plant were restarted in Q4 2017, with 93,472 WMT of magnetite concentrate produced this quarter.

AISC of \$1.84 per lb was \$0.17 per lb higher than the same period in 2017, reflecting lower C1 cash costs which were more than offset by higher deferred stripping costs. Lower C1 cash cost of \$0.99 per lb benefited from higher by-product credits including the resumption of sale from the magnetite plant and higher gold sales volumes, partially offset by higher processing costs and the impact of lower copper production volumes.

Sales revenue for the first quarter of 2018 was 46% higher than Q1 2017. The increase was mainly driven by higher copper and gold sales volumes, improved realized metals prices, and the resumption of magnetite sales. Gross profit of \$15 million for Q1 2018 was higher than the comparative period of the prior year reflecting the increase in sales revenues.

Outlook

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

The focus for the second quarter of 2018 is planned to be on waste stripping and advancing into ore in Cut 3. The planned maintenance work on the process plant scheduled for 2018 will be carried out during Q2 2018. By merging maintenance activities planned for 2018, improvements in process plant equipment utilization are expected to be realized, particularly for the SAG mill and gravity circuits.

Cost-saving efforts for the year are expected to focus on reconditioning components and parts for mobile and fixed plant equipment for subsequent reuse.

Following positive results during Q1 2018, efforts to pursue magnetite sales opportunities will continue with a focus on debottlenecking the magnetite plant and increasing production together with maximizing realized market price through production of high iron content magnetite. Magnetite concentrate sales of 320,000 tonnes are expected in 2018.

A planned 5-day shutdown for relining and maintenance of the mill is expected to be completed by the end of April, and a total of 9 shutdown days are planned for the remainder of 2018.

Çayeli	Q1 2018	Q4 2017	Q1 2017
Ore tonnes milled (000's)	257	212	204
Copper ore grade processed (%)	1.88	1.72	1.70
Copper recovery (%)	88	90	89
Zinc ore grade processed (%)	1.05	0.78	1.09
Zinc recovery (%)	26	23	39
Copper production (tonnes)	4,225	3,284	3,115
Copper sales (tonnes)	-	4,266	3,392
Zinc production (tonnes)	701	379	867
Zinc sales (tonnes)	-	-	2,491
All-in sustaining cost (AISC) (per lb) ¹	\$1.56	\$2.48	\$1.64
Cash cost (C1) (per lb) ¹	\$1.31	\$2.05	\$1.52
Total cost (C3) (per lb) ¹	\$2.14	\$2.06	\$2.53
Sales revenues	(1)	23	20
Gross profit (loss)	(6)	11	2
Comparative EBITDA ¹	(4)	10	8

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

Copper production increased by 36% compared to the same period in 2017 primarily due to higher throughput and copper grade, partially offset by lower recovery. Throughput in 2017 was negatively impacted by a shaft hoisting incident and a fatality in the first quarter, which restricted hoisting activity to upper areas of the mine until the end of May last year. Copper grade in the quarter was positively impacted by intense waste development activities that were accelerated to open up new mining fronts, reduce congestion and increase flexibility for 2018.

Zinc production decreased by 19% compared to the same period in 2017 due to the processing of more zinc-poor stockwork ore as well as frequent bypassing of the zinc circuit, which resulted in lower zinc recovery.

AISC of \$1.56 per lb in 2018 was \$0.08 per lb lower than the comparable period in 2017, resulting from a \$0.21 per lb decrease in C1 cash cost, which reflected the impact of higher copper metal production and lower operating expenditures attributable to the appreciation of US dollar against the Turkish lira. The decrease in C1 cash cost was partially offset by higher deferred development costs and sustaining capital expenditure.

There were no sales in the quarter due to the availability of vessels in March, which resulted in the first copper sale being deferred into the first week of April. The \$1 million reflects negative finalization adjustments on sales from previous periods. The gross loss in the quarter was impacted by the absence of sales volumes in the quarter.

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.

An emphasis on lead waste development to open up new reserves has provided some production flexibility and stability and is expected to continue in the coming quarters.

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

Sales have resumed in the second quarter of 2018. The Company had 4,461 tonnes of copper and 1,547 tonnes of zinc on March 31, 2018 ready to ship in the second quarter of 2018.

Turkish government mining authorities in recent weeks have stepped up a country-wide effort to improve mine safety. As part of this campaign, Çayeli has come under greater scrutiny due to the surface landslide risk in the vicinity, which is unrelated to the underground mining. This situation is being closely monitored by management.

Pyhäsalmi	Q1 2018	Q4 2017	Q1 2017
Ore tonnes milled (000's)	301	306	328
Copper ore grade processed (%)	0.98	1.07	1.08
Copper recovery (%)	97	97	97
Zinc ore grade processed (%)	1.66	1.17	1.82
Zinc recovery (%)	91	89	90
Copper production (tonnes)	2,865	3,190	3,443
Copper sales (tonnes)	2,837	3,184	3,501
Zinc production (tonnes)	4,526	3,177	5,386
Zinc sales (tonnes)	4,810	3,282	5,465
Pyrite production (tonnes)	145,975	154,855	184,464
Pyrite sales (tonnes)	120,572	114,712	105,449
All-in sustaining cost (AISC) (per lb) ¹	(\$0.81)	(\$0.09)	(\$0.59)
Cash cost (C1) (per lb) ¹	(\$0.81)	(\$0.10)	(\$0.59)
Total cost (C3) (per lb) ¹	\$1.24	\$2.35	\$1.57
Sales revenues	38	38	36
Gross profit	12	6	9
Comparative EBITDA ¹	24	22	24

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

Copper production decreased by 17% compared to the same period in 2017 due to lower throughput and grade. Zinc production was also negatively affected by the lower throughput and zinc grade, partially offset by higher zinc recovery. The reduced throughput is consistent with planned levels as the mine nears depletion, and the fluctuation in copper and zinc grades reflects the constraint on available work areas at this stage in the mine life.

AISC of (\$0.81) per lb was lower than the comparable period of 2017, with higher mining and site administration costs driven primarily by foreign exchange, as well as the impact of lower copper production offset by higher by-product credits.

Sales revenues of \$38 million were 6% higher than the comparable period of 2017 reflecting higher realized metal prices, partially offset by lower copper and zinc sales volumes. Gross profit reflected higher sales revenues and lower depreciation, partially offset by higher operating costs.

Outlook

2018 is expected to be the operation's final full year of production. Production is forecasted at 10,000 tonnes of copper, 5,000 ounces of gold, 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.

Planned shutdown periods include eight days in the second quarter, 11 days in the third quarter and eight days in the fourth quarter of 2018.

Ravensthorpe

Ravensthorpe remained on care and maintenance activities during Q1 2018, with the mine at a level ready for a resumption of operations should market conditions improve. Care and maintenance costs in the quarter were \$2 million. Fuel costs were higher than expected as a result of increased activity focused on evaporating waste water and managing dust.

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 cost, should favourable conditions prevail, is estimated at \$10 million. Refurbishment of a further two atmospheric leach tanks is expected to commence in the second quarter with a target completion in Q4 at an anticipated capital cost of \$5 million.

SALES REVENUES

Sales Revenues by Segment		Q1 2018	Q4 2017	Q1 2017
Kansanshi	- copper	349	488	400
	- gold	42	37	40
	- acid	2	-	-
Sentinel	- copper	385	281	189
Las Cruces	- copper	131	122	119
Guelb Moghrein	- copper	39	39	30
	- gold	16	13	11
	- magnetite	5	7	-
Çayeli	- copper	(1)	23	15
	- zinc, gold and silver	-	-	5
Pyhäsalmi	- copper	16	20	18
	- zinc	12	8	10
	- pyrite, gold and silver	10	10	8
Ravensthorpe	- nickel	-	8	41
	- cobalt	-	1	4
Corporate ¹		(121)	(172)	(124)
Sales revenues		885	885	766
	Copper	798	785	643
	Gold	61	53	54
	Zinc and other	26	39	26
	Nickel	-	8	43
		885	885	766

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

Higher volumes of gold sales and higher realized metal prices led to a 16% increase in sales revenues than the comparable period of 2017, to \$885 million. Copper sales for Q1 2018 have been impacted by the timing of Zambian anode sales. The anode inventory level increased to approximately 50,000 tonnes at the end of March 2018, and is expected to reduce over the remainder of the year. Combined Zambian sales volumes were up 3% compared to the first quarter of 2017, while revenues from these operations increased 24% from higher realized metal prices. Total revenues were reduced by \$121 million from the corporate copper sales hedge program, which lowered the net realized copper price by \$0.40 per lb.

Realized Prices

Copper selling price (per lb)	Q1 2018	Q4 2017	Q1 2017
Average LME cash price	\$3.16	\$3.09	\$2.65
Realized copper price	\$2.74	\$2.50	\$2.20
Treatment/refining charges (“TC/RC”) and freight charges	(\$0.12)	(\$0.16)	(\$0.12)
Net realized copper price	\$2.62	\$2.34	\$2.08

The copper sales hedging program reduced sales revenues by \$121 million for the quarter. The impact on net realized copper price was a reduction of \$0.40 per lb.

Details of the Company’s hedging program at March 31, 2018 and April 26, 2018 are included on page 22.

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.

SUMMARY FINANCIAL RESULTS

	Q1 2018	Q4 2017	Q1 2017
Gross profit (loss):			
Kansanshi	156	218	111
Sentinel	93	51	52
Las Cruces	42	26	34
Guelb Moghrein	15	12	7
Çayeli	(6)	11	2
Pyhäsalmi	12	6	9
Ravensthorpe	(3)	(5)	(18)
Corporate ¹	(128)	(202)	(128)
Total gross profit	181	117	69
Exploration	(7)	(8)	(3)
General and administrative	(18)	(19)	(17)
Impairment and related charges	-	(26)	-
Other income (expense)	7	(15)	2
Net finance expense	(5)	(24)	(5)
Loss on extinguishment of debt	-	-	(84)
Income tax expense	(86)	(118)	(56)
Net earnings (loss) for the period:	72	(93)	(94)
Non-controlling interests	25	22	20
Shareholders of the Company	47	(115)	(114)
Comparative earnings (loss)	49	(36)	(29)
Basic	\$0.07	(\$0.17)	(\$0.17)
Diluted	\$0.07	(\$0.17)	(\$0.17)
Comparative	\$0.07	(\$0.05)	(\$0.04)
Basic weighted average number of shares (in 000's)	686,387	686,402	685,827

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

Gross profit was \$112 million higher compared with the same period in 2017 with the majority of operations generating improved results due to higher realized metal prices. Sentinel contributed gross profit of \$93 million in the quarter, \$41 million more than the same period of 2017 reflecting increased copper sales volumes and higher metal prices.

Exploration expense was \$4 million higher than the first quarter of 2017. Other income of \$7 million included a foreign exchange gain of \$4 million. The first quarter of 2017 included a loss on extinguishment of debt of \$84 million.

Net earnings for the quarter of \$72 million included a tax expense of \$86 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 \$121 million realized under the Company's copper sales hedge program. Excluding hedge losses, the underlying effective tax rate for the quarter was 31%.

LIQUIDITY AND CAPITAL RESOURCES

	Q1 2018	Q4 2017	Q1 2017
Cash flows from operating activities	796	203	239
Cash flows from (used by) investing activities:			
Payments and deposits for property, plant and equipment	(439)	(498)	(311)
Investment in Pebble project Early Option Price Instalment	-	(38)	-
Capitalized borrowing costs paid in cash	(72)	(50)	(124)
Acquisition of KPMC	(105)	(179)	-
Other investing activities	5	8	10
Cash flows from (used by) financing activities:			
Net movement in debt and trading facilities	60	733	127
Early redemption costs on senior notes	-	-	(54)
Other financing activities	(148)	42	(4)
Exchange gains on cash and cash equivalents	11	5	1
Net cash flows	108	226	(116)
Cash balance	810	702	449
Total assets	22,143	21,623	19,723
Total current liabilities	1,886	2,068	2,205
Total long-term liabilities	9,994	9,427	7,348
Net debt ¹	5,575	5,575	4,661
Cash flows from operating activities per share ¹	\$1.16	\$0.30	\$0.35

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

Cash flows from operating activities were \$557 million higher than the same period in 2017. \$426 million was received from Franco Nevada under the precious metal stream agreement inclusive of \$356 million related to the additional stream agreement, \$376 million more than the same period in 2017. Further contributing to increased operating cash flows in the quarter was higher cash generated from producing operations.

The total VAT receivable accrued by the Company's Zambian operations at March 31, 2018 was \$368 million, of which \$271 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 \$145 million) made by Kansanshi prior to this date remain outstanding. A charge of \$20 million was recognized in the year-ended December 31, 2017 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 investing activities in the quarter included capital expenditure of \$439 million compared to \$311 million for the same period in 2017 and is comprised primarily of \$338 million of Cobre Panama project capital expenditure. A further \$105 million instalment was paid for the acquisition of LS-Nikko's 50% interest in KPMC under the share purchase agreement that was finalized in November 2017.

Cash flows used by financing activities of \$88 million included \$356 million that was paid to KPMC following finalization of the additional precious metal stream, of which \$178 million was received back as a cashflow from joint venture, representing the 50% interest that the Company has in KPMC. \$70 million was received from KPMC for the funding of the Cobre Panama development project, of which the Company funded half as the 50% joint shareholder.

Liquidity outlook

At March 31, 2018, the Company had \$1,670 million of committed undrawn facilities, \$810 million in net unrestricted cash (includes overdrafts), and working capital of \$873 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 February 27, 2018, the Company completed the offering of \$1.85 billion of senior notes comprising \$850 million due 2024 ("2024 Notes") and \$1 billion due 2026 ("2026 Notes"). Interest will accrue at the rate of 6.50% on the 2024 Notes and at the rate of 6.875% on the 2026 Notes, both payable semi-annually. The proceeds of the offering were used to repay in full, and cancel, the Term Loan of the Company's senior debt facility, repay the outstanding balance of the Company's senior revolving credit debt facility which remains available to draw upon, pay transactions fees associated with the offering and general corporate purposes.

Following the completion of the senior notes offering in February 2018, the Company discontinued the project financing process.

On February 15, 2018, the Company completed a \$230 million term facility under the Kalumbila subsidiary, which owns the Sentinel mine. The facility was upsized to \$400 million in March 2018 in accordance with the accordion feature of the facility agreement. Repayments on the facility commence December 2019.

On February 14, 2018, Kansanshi repaid the outstanding balance of \$175 million on the Kansanshi senior term loan.

At March 31, 2018, the Company had total commitments of \$831 million, of which approximately \$810 million related to the 12 months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment for the development of Cobre Panama.

As at March 31, 2018, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cash flows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal repayments	6,213	6,288	20	1,368	850	4,050
Debt – finance charges	-	2,546	543	911	665	427
Trading facilities	172	172	172	-	-	-
Trade and other payables	676	676	676	-	-	-
Derivative instruments	37	37	37	-	-	-
Liability to joint venture ¹	659	1,206	-	286	130	790
Joint venture consideration	327	380	80	200	100	-
Current taxes payable	189	189	189	-	-	-
Deferred payments	48	48	5	10	10	23
Finance leases	21	27	4	9	7	7
Commitments	-	831	810	12	5	4
Restoration provisions	621	1,015	6	40	86	883

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

Hedging programs

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

Commodity contracts:	March 31, 2018	December 31, 2017
Asset position	18	13
Liability position	(37)	(288)

The Company has entered into derivative contracts to ensure that the exposure to the price of copper on future sales is managed so as to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project while maintaining compliance with financial covenants. As at March 31, 2018, 35,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.74 per lb are outstanding with periods of maturity to September 2018, and put options for 22,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018. The Company also had zero cost collar unmargined sales contracts for 90,500 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$3.49 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 April 26, 2018, 30,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.70 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmargined sales contracts for 90,500 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$3.49 per lb with maturities to December 2018. The Company has also taken put options for 22,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018.

Approximately 32% of remaining expected copper sales in 2018 are hedged to unmargined forward, zero cost collar sales contracts, and put options at an average floor price of \$2.81 per lb.

During the three months ended March 31, 2018, a loss for settled hedges of \$121 million was realized through sales revenues. Fair value losses on outstanding contracts of \$31 million have been recognized as a derivative liability at March 31, 2018.

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forwards	35,000	\$2.74/lb	\$3.03/lb	September 2018
Copper zero cost collars	90,500	\$2.77-3.17/lb	\$3.03/lb	December 2018
Copper puts	22,500	\$3.10/lb	\$3.03/lb	April 2018

Provisional pricing and derivative contracts

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

As at March 31, 2018, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	47,888	\$3.12/lb	\$3.03/lb	July 2018
Gold	16,804	\$1,316/oz	\$1,324/oz	May 2018
Zinc	1,100	\$1.53/lb	\$1.51/lb	April 2018
Commodity contracts:				
Copper	46,446	\$3.12/lb	\$3.30/lb	July 2018
Gold	16,804	\$1,316/oz	\$1,324/oz	May 2018
Zinc	1,100	\$1.53/lb	\$1.51/lb	April 2018

As at March 31, 2018, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company had 689,384,334 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 was \$664 million, of which the remaining \$380 million has been discounted and is repayable in four instalments to November 2021.

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

SUMMARY OF RESULTS

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

Consolidated operations	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Sales revenues</i>											
Copper	\$576	\$519	\$478	\$565	\$2,138	\$643	\$655	\$719	\$785	\$2,802	\$798
Nickel	57	37	43	45	182	43	39	58	8	148	-
Gold	69	82	70	50	271	54	66	63	53	236	61
Zinc and other elements	18	21	14	29	82	26	22	37	39	124	26
Total sales revenues	720	659	605	689	2,673	766	782	877	885	3,310	885
Gross profit	105	102	80	52	339	69	66	83	117	335	181
Comparative EBITDA	269	257	220	218	964	265	267	304	318	1,154	363
Net earnings (loss) attributable to shareholders of the Company	49	125	36	12	222	(114)	(35)	(52)	(115)	(316)	47
Comparative earnings (loss)	63	38	37	27	165	(29)	(18)	(28)	(36)	(111)	49
Basic earnings (loss) per share	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)	\$0.07
Comparative earnings (loss) per share	\$0.09	\$0.06	\$0.05	\$0.04	\$0.24	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.05)	(\$0.16)	\$0.07
Diluted earnings (loss) per share	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)	\$0.07
Dividends declared per common share (CDN\$ per share)	\$0.0100	-	\$0.0050	-	\$0.0150	\$0.0050	-	\$0.0050	-	\$0.0100	\$0.0050
Basic weighted average # shares (000's) ¹	685,795	685,783	685,594	685,739	685,746	685,827	685,845	686,323	686,402	685,936	686,387
<i>Cash flows per share from operating activities</i>	\$0.37	\$0.44	\$0.38	\$0.14	\$1.33	\$0.35	\$0.30	\$0.39	\$0.30	\$1.33	\$1.16
<i>Copper statistics</i>											
Total copper production (tonnes)	119,287	131,349	142,721	146,101	539,458	132,356	141,912	145,376	154,319	573,963	145,358
Total copper sales (tonnes)	131,267	132,030	136,051	136,265	535,613	139,810	139,521	148,894	151,905	580,130	138,021
Realized copper price (per lb)	\$2.38	\$2.21	\$2.23	\$2.18	\$2.26	\$2.20	\$2.24	\$2.37	\$2.50	\$2.33	\$2.74
TC/RC (per lb)	(0.11)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)	(0.09)	(0.12)	(0.08)	(0.09)	(0.07)
Freight charges (per lb)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)	(0.03)	(0.06)	(0.08)	(0.05)	(0.05)
Net realized copper price (per lb)	\$2.26	\$2.08	\$2.12	\$2.04	\$2.13	\$2.08	\$2.12	\$2.19	\$2.34	\$2.19	\$2.62
Cash cost – copper (C1) (per lb)	\$1.03	\$0.98	\$0.97	\$1.22	\$1.06	\$1.26	\$1.12	\$1.21	\$1.30	\$1.23	\$1.27
All-in sustaining cost (AISC) (per lb)	\$1.36	\$1.32	\$1.36	\$1.71	\$1.46	\$1.59	\$1.50	\$1.75	\$1.76	\$1.65	\$1.72
Total cost – copper (C3) (per lb)	\$1.86	\$1.80	\$1.74	\$1.91	\$1.83	\$2.05	\$1.95	\$2.03	\$2.19	\$2.06	\$2.16
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	-	17,837	-
Nickel sales (contained tonnes)	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	865	18,683	-
Nickel produced (payable tonnes)	5,295	3,711	3,974	4,650	17,630	4,291	4,537	4,866	-	13,694	-
Nickel sales (payable tonnes)	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)	\$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)	(0.09)	-	0.01	-	(0.03)	-	-	-	-	-	-
Net realized nickel price (per payable lb)	\$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)	\$4.48	\$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)	\$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)	\$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)	56,191	50,630	52,957	54,234	214,012	50,579	50,040	47,213	51,904	199,736	45,929
Total gold sales (ounces)	63,141	69,898	54,124	45,620	232,783	46,904	52,020	51,729	50,723	201,376	48,815
Net realized gold price (per ounce)	\$1,097	\$1,180	\$1,282	\$1,097	\$1,165	\$1,161	\$1,268	\$1,209	\$1,055	\$1,174	\$1,249
<i>Zinc statistics</i>											
Zinc production (tonnes)	6,223	6,491	5,064	11,084	28,862	6,253	6,538	4,376	3,556	20,723	5,227
Zinc sales (tonnes)	5,997	4,740	4,653	11,971	27,361	7,956	5,234	5,379	3,282	21,851	4,810

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

Kansanshi statistics	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Mining</i>											
Waste mined (000's tonnes)	15,957	22,210	21,710	15,058	74,935	13,656	17,028	15,864	8,707	55,255	10,941
Ore mined (000's tonnes)	7,940	7,790	8,318	7,631	31,679	7,008	10,078	9,039	10,478	36,603	9,846
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,888	2,860	2,973	3,267	11,988	3,291	3,202	3,179	3,298	12,970	3,182
Sulphide ore grade processed (%)	0.70	0.88	0.79	0.79	0.79	0.74	0.76	0.74	0.76	0.75	0.79
Sulphide ore recovery (%)	88	92	93	93	92	93	90	88	94	91	88
Sulphide concentrate grade (%)	19.9	22.6	20.6	22.3	21.4	22.8	22.4	21.7	21.8	22.2	22.5
Mixed ore processed (000's tonnes)	1,990	1,984	1,986	1,993	7,953	2,010	1,992	1,983	2,012	7,997	2,009
Mixed ore grade processed (%)	1.02	1.01	1.03	0.99	1.01	1.05	1.08	1.09	0.99	1.05	1.16
Mixed ore recovery (%)	88	83	80	79	84	87	86	81	88	85	81
Mixed concentrate grade (%)	23.4	26.0	24.6	27.2	25.2	31.1	33.4	29.9	27.7	30.4	30.3
Oxide ore processed (000's tonnes)	1,637	1,747	1,881	1,811	7,076	1,650	1,750	1,705	1,811	6,916	1,791
Oxide ore grade processed (%)	1.49	1.44	1.62	1.44	1.50	1.46	1.57	1.49	1.51	1.51	1.59
Oxide ore recovery (%)	92	89	94	95	94	93	87	80	89	87	80
Oxide concentrate grade (%)	25.5	26.7	32.0	29.2	28.6	32.6	32.8	30.0	29.8	31.3	32.2
Copper cathode produced (tonnes)	19,394	19,213	20,194	20,867	79,668	17,882	19,858	17,128	23,874	78,742	22,514
Copper in concentrate produced (tonnes)	38,681	43,145	46,695	45,083	173,604	45,316	44,239	41,578	40,926	172,059	41,071
Total copper production (tonnes)	58,075	62,358	66,889	65,950	253,272	63,198	64,097	58,706	64,800	250,801	63,585
Gold produced (ounces)	35,743	34,313	37,833	40,331	148,220	36,017	34,918	33,297	36,363	140,595	32,080
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	244,144	309,063	276,368	314,399	1,143,974	327,095	334,269	202,093	348,283	1,211,740	350,591
Copper anodes produced (tonnes) ¹	52,506	69,210	62,984	72,630	257,330	83,070	82,383	48,819	83,281	297,553	86,777
Smelter copper recovery (%)	98	97	97	95	97	97	95	94	97	96	97
Acid tonnes produced (000's)	239	309	266	295	1,109	307	307	189	325	1,128	325
<i>Cash Costs (per lb)</i>											
Mining	\$0.70	\$0.67	\$0.58	\$0.68	\$0.65	\$0.66	\$0.46	\$0.55	\$0.54	\$0.54	\$0.56
Processing	0.52	0.49	0.49	0.46	0.49	0.50	0.50	0.51	0.46	0.49	0.49
Site administration	0.06	0.06	0.06	0.09	0.07	0.07	(0.10) ²	(0.06) ²	0.07	-	0.08
TC/RC and freight charges	0.07	0.06	0.14	0.15	0.11	0.16	0.15	0.23	0.18	0.18	0.14
By-product credits	(0.30)	(0.34)	(0.35)	(0.22)	(0.30)	(0.25)	(0.34)	(0.32)	(0.21)	(0.27)	(0.36)
Total smelter costs	0.13	0.13	0.13	0.14	0.13	0.14	0.08	0.08	0.12	0.11	0.09
Cash cost (C1) (per lb)	\$1.18	\$1.07	\$1.05	\$1.30	\$1.15	\$1.28	\$0.75	\$0.99	\$1.16	\$1.05	\$1.00
All-in sustaining cost (AISC) (per lb)	\$1.59	\$1.49	\$1.48	\$1.76	\$1.57	\$1.59	\$1.18	\$1.79	\$1.55	\$1.54	\$1.46
Total cost (C3) (per lb)	\$1.94	\$1.76	\$1.68	\$1.81	\$1.78	\$1.89	\$1.41	\$1.64	\$1.86	\$1.71	\$1.82
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$74	\$91	\$99	\$110	\$374	\$101	\$115	\$101	\$164	\$481	\$145
Copper anode	239	208	185	209	841	285	183	201	303	972	194
Copper in concentrates	10	12	9	17	48	14	9	77	21	121	10
Gold	50	52	51	33	186	40	43	46	37	166	42
Acid	-	-	-	-	-	-	-	-	-	-	2
Total sales revenues	\$373	\$363	\$344	\$369	\$1,449	\$440	\$350	\$425	\$525	\$1,740	\$393
Copper cathode sales (tonnes)	15,892	18,772	21,219	21,201	77,084	17,903	20,661	16,511	24,660	79,735	21,334
Copper anode sales (tonnes)	52,866	44,631	40,107	39,291	176,895	51,299	33,250	32,531	46,480	163,560	28,846
Copper in concentrate sales (tonnes)	3,464	3,813	2,791	4,412	14,480	3,074	2,228	15,269	3,834	24,405	1,504
Gold sales (ounces)	44,132	43,220	38,896	30,592	156,840	33,732	33,039	37,054	35,910	139,735	33,666

¹ Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel concentrate processed.

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

Sentinel statistics	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
				Pre- Commercial production	Post- Commercial production							
<i>Mining</i>												
Waste mined (000's tonnes)	18,530	20,617	23,022	7,864	12,065	82,098	16,006	24,382	26,254	21,853	88,495	21,611
Ore mined (000's tonnes)	8,635	9,352	9,185	3,519	7,269	37,960	9,272	10,641	12,692	12,039	44,644	10,172
<i>Processing</i>												
Copper ore processed (000's tonnes)	8,281	8,860	8,831	3,397	7,000	36,369	8,800	10,019	11,434	11,834	42,087	11,735
Copper ore grade processed (%)	0.58	0.56	0.58	0.50	0.57	0.57	0.51	0.52	0.53	0.54	0.52	0.47
Recovery (%)	44	64	76	75	88	68	81	84	89	90	87	91
Copper concentrate produced (tonnes)	20,902	31,987	38,926	12,652	35,133	139,600	36,274	43,686	53,533	57,190	190,683	50,310
Concentrate grade (%)	-	-	-	-	26.4	26.4	26.4	24.0	23.5	24.2	24.4	24.9
<i>Cash Costs (per lb)</i>												
Mining	-	-	-	-	\$0.51	\$0.51	\$0.72	\$0.72	\$0.59	\$0.66	\$0.67	\$0.71
Processing	-	-	-	-	0.45	0.45	0.70	0.66	0.60	0.57	0.62	0.68
Site administration	-	-	-	-	0.13	0.13	(0.09) ¹	0.12	0.09	0.03	0.05	0.10
TC/RC and freight charges	-	-	-	-	0.25	0.25	0.20	0.19	0.22	0.27	0.22	0.21
Total smelter costs	-	-	-	-	0.13	0.13	0.14	0.17	0.12	0.14	0.14	0.13
Cash cost (C1) (per lb)	-	-	-	-	\$1.47	\$1.47	\$1.67	\$1.86	\$1.62	\$1.67	\$1.70	\$1.83
All-in sustaining cost (AISC) (per lb)	-	-	-	-	\$2.13	\$2.13	\$2.07	\$2.29	\$2.05	\$2.36	\$2.19	\$2.36
Total cost (C3) (per lb)	-	-	-	-	\$2.16	\$2.16	\$2.45	\$2.61	\$2.30	\$2.49	\$2.45	\$2.60
<i>Revenues (\$ millions)</i>												
Copper anode	-	-	-	-	\$110	\$110	\$170	\$239	\$229	\$213	\$851	\$328
Copper in concentrates	-	-	-	-	\$43	\$43	\$19	\$17	\$71	\$68	\$175	\$57
Total sales revenues	-	-	-	-	\$153	\$153	\$189	\$256	\$300	\$281	\$1,026	\$385
Copper anode sales (tonnes)	-	-	-	-	20,294	20,294	29,929	43,705	36,734	32,026	142,394	48,227
Copper concentrate sales (tonnes)	-	-	-	-	10,034	10,034	4,362	3,742	14,121	12,741	34,966	10,115

¹ Includes movements in previously recognized operational provisions.

Las Cruces statistics	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Mining</i>											
Waste mined (000's tonnes)	1,737	2,310	7,478	2,119	13,644	1,870	4,383	5,067	3,269	14,589	1,631
Ore mined (000's tonnes)	267	340	442	281	1,330	371	381	802	868	2,422	648
<i>Processing</i>											
Copper ore processed (000's tonnes)	378	389	409	362	1,538	398	409	392	420	1,619	390
Copper ore grade processed (%)	5.18	5.18	5.23	5.12	5.18	5.17	5.10	5.04	4.99	5.07	5.07
Recovery (%)	92	92	94	93	92	91	90	88	89	90	92
Copper cathode produced (tonnes)	18,045	18,426	20,016	17,156	73,643	18,793	18,683	17,488	18,700	73,664	18,238
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$0.84	\$0.80	\$0.67	\$0.94	\$0.81	\$0.78	\$0.79	\$0.93	\$0.93	\$0.86	\$0.86
All-in sustaining cost (AISC) (per lb)	\$0.96	\$0.94	\$0.98	\$1.20	\$1.01	\$0.93	\$1.00	\$1.20	\$1.12	\$1.06	\$1.03
Total cost (C3) (per lb)	\$1.82	\$1.85	\$1.72	\$1.93	\$1.83	\$1.89	\$2.09	\$2.25	\$2.40	\$2.15	\$2.15
<i>Revenues (\$ millions)</i>											
Copper cathode	\$89	\$94	\$93	\$82	\$358	\$119	\$111	\$109	\$122	\$461	\$131
Copper cathode sales (tonnes)	18,972	19,708	19,203	15,656	73,539	20,228	19,484	17,049	17,903	74,664	18,771

Guelb Moghrein statistics	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Mining</i>											
Waste mined (000's tonnes)	3,823	2,529	2,249	3,465	12,066	4,041	3,349	3,055	3,607	14,052	3,961
Ore mined (000's tonnes)	693	731	559	717	2,700	810	983	792	519	3,104	97
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	1,014	971	986	927	3,898	863	820	832	874	3,389	861
Sulphide ore grade processed (%)	1.17	0.98	0.80	0.72	0.92	0.95	0.97	0.88	0.90	0.93	0.79
Recovery (%)	93	90	91	91	91	92	92	92	91	92	90
Copper in concentrate produced (tonnes)	11,062	8,522	7,156	-	-	7,533	7,347	6,756	7,155	28,791	6,135
Gold produced (ounces)	17,240	13,363	12,208	11,140	53,951	12,133	12,375	11,435	13,270	49,213	11,740
Magnetite concentrate produced (tonnes)	-	-	-	-	-	-	-	-	-	-	93,472
<i>Cash Costs (per lb)</i>											
Mining	\$0.30	\$0.41	\$0.45	\$0.70	\$0.44	\$0.57	\$0.61	\$0.70	\$0.79	\$0.66	\$0.51
Processing	0.60	0.78	0.92	1.05	0.80	0.80	1.01	0.93	0.97	0.93	1.07
Site administration	0.14	0.19	0.26	0.25	0.20	0.16	0.17	0.20	0.19	0.18	0.19
TC/RC and freight charges	0.46	0.45	0.56	0.32	0.45	0.49	0.50	0.51	0.51	0.51	0.61
Gold and magnetite credit	(0.82)	(0.94)	(1.05)	(1.13)	(0.96)	(0.88)	(1.05)	(0.91)	(1.12)	(1.00)	(1.39)
Cash cost (C1) (per lb)	\$0.68	\$0.89	\$1.14	\$1.19	\$0.93	\$1.14	\$1.24	\$1.43	\$1.34	\$1.28	\$0.99
All-in sustaining cost (AISC) (per lb)	\$1.13	\$1.34	\$1.72	\$2.21	\$1.51	\$1.67	\$1.53	\$1.86	\$1.60	\$1.65	\$1.84
Total cost (C3) (per lb)	\$1.31	\$1.61	\$1.96	\$2.18	\$1.68	\$1.93	\$2.08	\$2.30	\$2.25	\$2.13	\$1.86
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$35	\$53	\$27	\$25	\$140	\$30	\$44	\$37	\$39	\$150	\$39
Gold	16	28	15	14	73	11	23	13	13	60	16
Magnetite concentrate	-	-	-	-	-	-	-	-	7	7	5
Total sales revenues	\$51	\$81	\$42	\$39	\$213	\$41	\$67	\$50	\$59	\$217	\$60
Copper in concentrate sales (tonnes)	9,622	13,998	6,870	5,840	36,330	6,122	9,301	6,765	6,811	28,999	6,387
Gold sales (ounces)	15,573	23,765	12,038	11,959	63,335	10,293	16,160	11,616	12,384	50,453	13,008
Magnetite concentrate sold (tonnes)	-	-	-	-	-	-	-	-	-	-	79,560
<i>Çayeli statistics</i>											
<i>Mining</i>											
Ore mined (000's tonnes)	328	303	323	313	1,267	207	253	279	202	941	259
<i>Processing</i>											
Ore milled (000's tonnes)	326	326	313	320	1,285	204	253	274	212	943	257
Copper ore grade processed (%)	2.46	2.24	2.34	2.01	2.26	1.70	2.07	2.24	1.72	1.96	1.88
Copper ore recovery (%)	86	87	87	89	87	89	88	90	90	89	88
Zinc ore grade processed (%)	1.70	1.63	1.81	1.27	1.60	1.09	1.41	0.90	0.78	1.05	1.05
Zinc ore recovery (%)	39	37	41	39	39	39	40	27	23	34	26
Copper produced (tonnes)	6,878	6,376	6,335	5,741	25,330	3,115	4,632	5,492	3,284	16,523	4,225
Zinc produced (tonnes)	2,170	1,944	2,338	1,610	8,062	867	1,427	653	379	3,326	701
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.18	\$1.26	\$1.11	\$1.25	\$1.20	\$1.52	\$1.44	\$1.21	\$2.05	\$1.50	\$1.31
All-in sustaining cost (AISC) (per lb)	\$1.36	\$1.48	\$1.24	\$1.42	\$1.37	\$1.64	\$1.73	\$1.41	\$2.48	\$1.75	\$1.56
Total cost – Copper (C3) (per lb)	\$1.83	\$1.95	\$1.76	\$1.90	\$1.86	\$2.53	\$2.34	\$2.50	\$2.06	\$2.37	\$2.14
<i>Revenues (\$ millions)</i>											
Copper	\$26	\$18	\$24	\$29	\$97	\$15	\$16	\$33	\$23	\$87	(\$1)
Zinc	2	-	3	3	8	4	-	5	-	9	-
Other	1	2	1	1	5	1	-	1	-	2	-
Total sales revenues	\$29	\$20	\$28	\$33	\$110	\$20	\$16	\$39	\$23	\$98	(\$1)
Copper sales (tonnes)	7,295	5,733	6,510	7,257	26,795	3,392	3,596	6,462	4,266	17,716	-
Zinc sales (tonnes)	2,062	-	2,376	2,387	6,825	2,491	-	1,944	-	4,435	-

Pyhäsalmi statistics	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Mining</i>											
Ore mined (000's tonnes)	320	349	379	382	1,430	345	335	319	316	1,315	323
<i>Processing</i>											
Ore milled (000's tonnes)	343	335	352	350	1,380	328	311	315	306	1,260	301
Copper ore grade processed (%)	1.29	1.13	1.02	0.99	1.11	1.08	1.15	1.13	1.07	1.11	0.98
Copper ore recovery (%)	98	97	95	97	97	97	97	96	97	97	97
Zinc ore grade processed (%)	1.34	1.52	0.90	2.91	1.67	1.82	1.83	1.34	1.17	1.55	1.66
Zinc ore recovery (%)	88	89	86	93	90	90	90	88	89	89	91
Copper produced (tonnes)	4,325	3,680	3,399	3,391	14,795	3,443	3,467	3,401	3,190	13,501	2,865
Zinc produced (tonnes)	4,053	4,547	2,726	9,474	20,800	5,386	5,111	3,723	3,177	17,397	4,526
Pyrite produced (tonnes)	177,149	195,679	112,882	4,770	490,480	184,464	168,319	184,486	154,855	692,124	145,975
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$0.14	\$0.33	\$0.61	(\$1.14)	\$0.04	(\$0.59)	(\$0.39)	\$0.03	(\$0.10)	(\$0.26)	(\$0.81)
All-in sustaining cost (AISC) (per lb)	\$0.22	\$0.41	\$0.64	(\$1.18)	\$0.07	(\$0.59)	(\$0.39)	\$0.03	(\$0.09)	(\$0.26)	(\$0.81)
Total cost – Copper (C3) (per lb)	\$2.04	\$2.28	\$2.59	\$0.84	\$1.99	\$1.57	\$1.92	\$2.43	\$2.35	\$2.06	\$1.24
<i>Revenues (\$ millions)</i>											
Copper	\$17	\$14	\$15	\$15	\$61	\$18	\$18	\$18	\$20	\$74	\$16
Zinc	4	7	3	16	30	10	12	7	8	37	12
Pyrite	7	3	3	3	16	4	3	3	6	16	6
Other	4	2	6	4	16	4	2	6	4	16	4
Total sales revenues	\$32	\$26	\$27	\$38	\$123	\$36	\$35	\$34	\$38	\$143	\$38
Copper sales (tonnes)	4,360	3,435	3,799	3,114	14,708	3,501	3,554	3,452	3,184	13,691	2,837
Zinc sales (tonnes)	3,935	4,740	2,277	9,584	20,536	5,465	5,234	3,435	3,282	17,416	4,810
Pyrite sales (tonnes)	210,183	107,348	89,118	111,273	517,922	105,449	107,013	91,569	114,712	418,743	120,572

Ravensthorpe statistics	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18
<i>Processing</i>											
Beneficiated ore (000's tonnes)	709	538	563	700	2,510	619	800	792	-	2,211	-
Beneficiated ore grade (%)	1.34	1.25	1.22	1.22	1.26	1.13	1.10	1.10	-	1.11	-
Nickel recovery – leach feed to Nickel produced (%)	84	80	79	80	81	82	79	76	-	79	-
Nickel produced (contained tonnes)	7,106	4,982	5,330	6,206	23,624	5,592	5,920	6,325	-	17,837	-
Nickel produced (payable tonnes)	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	\$0.99	\$0.91	\$1.06	\$1.00	\$0.99	\$1.17	\$1.19	\$1.01	-	\$1.12	-
Processing	2.97	3.32	3.56	3.10	3.21	3.41	3.20	3.17	-	3.25	-
Site administration	0.27	0.41	0.42	0.38	0.36	0.38	0.36	0.34	-	0.37	-
TC/RC and freight charges	0.46	0.30	0.22	0.24	0.33	0.34	0.24	0.26	0.10	0.27	-
Cobalt credit	(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)	\$4.48	\$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)	\$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)	\$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	\$57	\$36	\$42	\$50	\$185	\$41	\$39	\$58	\$8	\$146	-
Cobalt	3	2	3	2	10	4	5	7	1	17	-
Total sales revenues	\$60	\$38	\$45	\$52	\$195	\$45	\$44	\$65	\$9	\$163	-
Nickel sales (contained tonnes)	8,940	5,415	5,454	6,073	25,882	5,197	5,522	7,099	865	18,683	-
Nickel sales (payable tonnes)	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 wet season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of December, January, February and March. As a result of the wet season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Off-balance sheet arrangements

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

Non-GAAP financial measures

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

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

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

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

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

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

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

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

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

	Q1 2018	Q4 2017	Q1 2017
Purchase and deposits on property, plant and equipment	439	498	311
Sustaining capital expenditure and deferred stripping	62	75	43
Project capital expenditure – Panama	338	391	243
Project capital expenditure – Other sites	39	32	25
Total capital expenditure	439	498	311

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.

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

For the three months ended March 31, 2018	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(237)	(292)	(89)	(45)	(5)	(26)	(694)	(7)	(3)	(704)
Adjustments:										
Depreciation	60	68	51	10	3	12	204	-	1	205
By-product credits	44	-	-	21	-	21	86	-	-	86
Royalties	29	24	2	2	1	-	58	-	-	58
Treatment and refining charges	(5)	(14)	-	(3)	-	(2)	(24)	-	-	(24)
Freight costs	(7)	(5)	-	-	-	-	(12)	-	-	(12)
Finished goods	(20)	16	1	2	(10)	1	(10)	-	-	(10)
Other	(3)	-	-	-	-	(1)	(4)	7	2	5
Cash cost (C1)	(139)	(203)	(35)	(13)	(11)	5	(396)	-	-	(396)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(75)	(60)	(50)	(9)	(7)	(12)	(213)	-	(1)	(214)
Royalties	(29)	(24)	(2)	(2)	(1)	-	(58)	-	-	(58)
Other	(2)	(1)	-	-	-	-	(3)	-	1	(2)
Total cost (C3)	(245)	(288)	(87)	(24)	(19)	(7)	(670)	-	-	(670)
Cash cost (C1)	(139)	(203)	(35)	(13)	(11)	5	(396)	-	-	(396)
Adjustments:										
General and administrative expenses	(6)	(9)	(2)	(1)	-	-	(18)	-	-	(18)
Sustaining capital expenditure and deferred stripping	(22)	(27)	(3)	(8)	(2)	-	(62)	-	-	(62)
Royalties	(29)	(24)	(2)	(2)	(1)	-	(58)	-	-	(58)
AISC	(196)	(263)	(42)	(24)	(14)	5	(534)	-	-	(534)
AISC (per lb)	\$1.46	\$2.36	\$1.03	\$1.84	\$1.56	(\$0.81)	\$1.72	-	-	
Cash cost – (C1) (per lb)	\$1.00	\$1.83	\$0.86	\$0.99	\$1.31	(\$0.81)	\$1.27	-	-	
Total cost – (C3) (per lb)	\$1.82	\$2.60	\$2.15	\$1.86	\$2.14	\$1.24	\$2.16	-	-	

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

For the three months ended March 31, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(329)	(137)	(85)	(34)	(18)	(27)	(630)	(4)	(63)	(697)
Adjustments:										
Depreciation	86	39	47	9	6	16	203	1	9	213
By-product credits	40	-	-	11	4	19	74	-	4	78
Royalties	21	14	2	2	-	-	39	-	2	41
Treatment and refining charges	(9)	(8)	-	(4)	(2)	(3)	(26)	-	-	(26)
Freight costs	(9)	(1)	1	-	(1)	-	(10)	-	-	(10)
Finished goods	19	(31)	3	(4)	-	(1)	(14)	-	1	(13)
Other	6	(4)	-	-	1	1	4	3	1	8
Cash cost (C1)	(175)	(128)	(32)	(20)	(10)	5	(360)	-	(46)	(406)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(65)	(45)	(44)	(11)	(6)	(16)	(187)	-	(13)	(200)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)	-	(2)	(41)
Other	(1)	-	(1)	1	-	-	(1)	-	(1)	(2)
Total cost (C3)	(262)	(187)	(79)	(32)	(16)	(11)	(587)	-	(62)	(649)
Cash cost (C1)	(175)	(128)	(32)	(20)	(10)	5	(360)	-	(46)	(406)
Adjustments:										
General and administrative expenses	(7)	(6)	(1)	(1)	-	-	(15)	-	(2)	(17)
Sustaining capital expenditure and deferred stripping	(17)	(11)	(3)	(6)	(1)	-	(38)	-	(5)	(43)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)	-	(2)	(41)
AISC	(220)	(159)	(38)	(29)	(11)	5	(452)	-	(55)	(507)
AISC (per lb)	\$1.59	\$2.07	\$0.93	\$1.67	\$1.64	(\$0.59)	\$1.59	-	\$5.81	
Cash cost – (C1) (per lb)	\$1.28	\$1.67	\$0.78	\$1.14	\$1.52	(\$0.59)	\$1.26	-	\$4.84	
Total cost – (C3) (per lb)	\$1.89	\$2.45	\$1.89	\$1.93	\$2.53	\$1.57	\$2.05	-	\$6.57	

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

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

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

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

	Q1 2018	Q4 2017	Q1 2017
Operating profit	163	49	51
Adjustments:			
Depreciation	205	228	213
Impairment and related charges	-	26	-
Foreign exchange (gain) loss and changes in fair value relating to option time value ¹	(4)	11	-
Loss on disposal of assets	1	4	-
Revisions in estimates of restoration provisions at closed sites	(2)	-	1
Total adjustments excluding depreciation	(5)	41	1
Comparative EBITDA	363	318	265

¹ Following the adoption of IFRS 9 on January 1, 2018, the changes in fair value relating to option time value are recognized in other comprehensive income ("OCI").

	Q1 2018	Q4 2017	Q1 2017
Net earnings (loss) attributable to shareholders of the Company	47	(115)	(114)
Adjustments attributable to shareholders of the Company:			
Loss on extinguishment of debt	-	-	84
Finance expense on discounting non-current VAT	-	20	-
Total adjustments to comparative EBITDA excluding depreciation	(5)	41	1
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	7	18	-
Comparative earnings (loss)	49	(36)	(29)
Earnings (loss) per share as reported	\$0.07	(\$0.17)	(\$0.17)
Comparative earnings (loss) per share	\$0.07	(\$0.05)	(\$0.04)

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

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

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

- *IFRS 9* contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The standard eliminates the previous *IAS 39* categories of held to maturity, loans and receivables and available for sale. Under *IFRS 9*, financial asset derivatives are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Refer to the table below for a summary of the classification changes upon transition to *IFRS 9*.
- Non-substantial modifications of financial liabilities are required to have a modification gain or loss recognized. This has resulted in an increase in the carrying value of senior debt on transition of \$44 million.
- The Company has elected to present all subsequent changes in the fair value of an investment in an equity instrument within OCI. These investments were previously held at cost or fair value through profit and loss. A fair value adjustment of \$10 million was recognized within accumulated other comprehensive loss.
- *IFRS 9* replaces the ‘incurred loss’ model in *IAS 39* with an ‘expected credit loss’ model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Under *IFRS 9*, credit losses are recognized earlier than under *IAS 39*. An assessment was performed to determine the expected credit loss of financial assets. Given that the Company’s trading contracts are established long-term contracts with international trading companies, a portion of which are backed by a letter of credit, we have determined the expected credit loss to be not material (December 31, 2017: no impairment recognized). The Company has also adopted consequential amendments to *IAS 1 Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company’s approach was to include any impairment of trade receivables in other expenses.
- *IFRS 9* marks a revised approach to hedge accounting, however this has not significantly impacted the hedge accounting applied by the Company. Under *IAS 39*, the change in fair value of the forward element of the forward exchange contracts (‘forward points’) was recognized immediately in profit and loss. However, under *IFRS 9* the forward points are separately accounted for as a cost of hedging and are recognized in OCI. On transition, \$12 million has been reclassified between retained earnings and accumulated other comprehensive loss.

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

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

Accounting standards issued but not yet effective

IFRS 16 Leases

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

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

- Determination of ore reserves and resources

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

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

- Achievement of commercial production

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

- Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in

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

- Precious metal stream arrangement

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation for the delivery of precious metals from the Cobre Panama project. Under this first agreement Franco-Nevada is providing \$1 billion deposit to the Cobre Panama project against future deliveries of gold and silver produced by the mine. In March 2018, the Company finalized an additional precious metal stream agreement with a subsidiary of Franco-Nevada, and \$356 million was received by MPSA.

Management has determined that under the terms of the agreement the Company meets the 'own-use' exemption criteria under *IFRS 9 Financial Instruments*. The Company also retains significant business risk relating to the completion of the project and delivery of produced gold and silver and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgment in determining the appropriate accounting treatment for the Franco-Nevada streaming agreement. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panama reserves and mine plan, that the Franco-Nevada contribution to capital expenditure constitutes a prepayment of revenues deliverable from future Cobre Panama production. In accordance with the requirements of IFRS 15, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue. See *New and amended standards adopted by the Company* for additional information.

- Assessment of impairment indicators

Management applies significant judgment in assessing each cash-generating unit and asset for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views. Following the decision to place Ravensthorpe mine into care and maintenance an impairment test was performed using assumptions determined by management.

- Derecognition of financial liabilities

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

Significant accounting estimates and assumptions

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

- Determination of ore reserves and life of mine plan

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

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

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

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

- Review of asset carrying values and impairment charges

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

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

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

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

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

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

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

- Taxes

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

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

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

- Inventory

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

Financial instruments risk exposure

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

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at March 31, 2018, substantially all cash and short-term deposits are with counterparties of investment grade.

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

Liquidity risk

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

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the years ended March 31, 2018 and December 31, 2017. If the Company breaches a covenant in its financing agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper sales. As at March 31, 2018, fair value losses on outstanding contracts of \$31 million have been recognized as a derivative liability and for the three months ended March 31, 2018 a fair value loss of \$121 million has been recognized through sales revenues.

As at March 31, 2018, 35,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.74 per lb are outstanding with periods of maturity to September 2018, and put options for 22,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018. The Company also had zero cost collar unmargined sales contracts for 90,500 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$3.49 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 March 31, 2018, and December 31, 2017, the Company had not entered into any diesel or sulphur derivatives.

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

Interest rate risk

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

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

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at March 31, 2018, and December 31 2017, the Company held no floating-to-fixed interest rate swaps.

Foreign exchange risk

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

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

Disclosure Controls and Procedures

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

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2017, under the supervision of the Company's Disclosure Committee and with the participation of management. Based on the results of the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in accordance with the securities legislation.

Since the December 31, 2017 evaluation, there have been no adverse changes to the Company's controls and procedures and they continue to remain effective.

Internal Control over Financial Reporting

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

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

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

There were no changes in the Company's business activities during the period ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

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

Cautionary statement on forward-looking information

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

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