

Management's Discussion and Analysis

For the year ended December 31, 2017



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

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Cautionary statement on forward-looking information" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of February 12, 2018.

OVERVIEW

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

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

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

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

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

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

FULL YEAR HIGHLIGHTS

Operational and Financial

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

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

Cobre Panama Development

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

Corporate Developments

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

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

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

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

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

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

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

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

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

⁵ 2016 figures include discontinued operations.

FULL YEAR FINANCIAL SUMMARY

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

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

Comparative EBITDA \$190 million higher than 2016

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

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

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

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

Comparative loss of \$111 million

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

FOURTH QUARTER FINANCIAL SUMMARY

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

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

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

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

Comparative loss of \$36 million

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

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the year with \$702 million of net unrestricted cash and cash equivalents in addition to \$390 million of committed undrawn facilities and was in compliance with all financial covenants.
- On March 22, 2017, the Company completed the offering of \$2.2 billion of senior notes comprising \$1.1 billion due 2023 (the "2023 Notes") and \$1.1 billion due 2025 (the "2025 Notes"). Interest accrues at the rate of 7.25% on the 2023 Notes and at the rate of 7.50% on the 2025 Notes, both payable semi-annually. The Notes are senior obligations of the Company and are guaranteed by certain of the Company's subsidiaries. The proceeds of the offering have been used to purchase the Company's senior notes due 2019 and 2020 as well as notes issued by Inmet Mining Corporation due 2020 and 2021, which have now been cancelled, fully repay without cancelling the Company's senior revolving debt, repay a portion of the Company's senior term debt and cover fees associated with the offering, with the remainder of the proceeds being used for general corporate purposes.
- On October 19, 2017 the Company signed a new Term Loan and Revolving Credit Facility with its core relationship banks, replacing the existing \$1.875 billion Term Loan and Revolving Credit Facility. The new Facility of \$2.2 billion comprises of a \$0.7 billion Term Loan Facility and a \$1.5 billion Revolving Credit Facility, maturing in December 2020 with an option to extend for a further two years where certain conditions are met. The new Facility includes revised financial covenants and an extended repayment schedule that commences in December 2019. Under the new Facility, the current Net Debt to EBITDA covenant ratio of 5.0x will be maintained until June 2018. The ratio will then reduce to 4.75x until June 2019, then to 4.5x until December 2019, then to 4.0x until June 2020, and then to 3.5x until final maturity.
- On February 5, 2018, the Company signed a new \$230 million term facility agreement under the Kalumbila subsidiary, which owns the Sentinel mine, available for up to 5 years. Repayments on the facility commence December 2019.
- On February 9, 2018, Kansanshi issued a notice to repay the outstanding balance of \$175 million on the Kansanshi senior term loan.
- The Company has continued to advance the process to put in place financing for the Cobre Panama project. The Project Finance process progressed well towards completing a \$2.25 billion financing with a mix of Export Credit Rating Agencies ("ECAs") guaranteed finance and an uncovered commercial tranche. The transaction was launched to commercial lenders in November 2017 and was well supported. The Company has received signed commitment letters from an international group of banks and is now in the documentation phase with completion and drawdown expected in the second quarter of 2018.
- The Company continuously manages its capital structure and assesses its liquidity and financing sources regularly. Pricing, covenant flexibility and prevailing market conditions are all among considerations that are analyzed when assessing the Company's funding sources.
- At February 12, 2018, 66,500 tonnes of unmarginated copper forward sales contracts at an average price of \$2.63 per lb are outstanding with periods of maturity to September 2018. The Company has zero cost collar unmarginated sales contracts for 120,000 tonnes at prices ranging from low side (or put) prices of \$2.56 per lb to high side (or call) prices of \$3.44 per lb with maturities to December 2018. The Company has also taken put options for 49,500 tonnes copper at a strike price of \$3.10 per lb with maturities to April 2018.
- Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet.

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

CORPORATE DEVELOPMENTS SUMMARY

Power

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

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

Increase of ownership in Cobre Panama to 90%

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

Additional precious metal stream with Franco-Nevada

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

Framework agreement relating to the Pebble project

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

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

Litigation

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

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

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

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

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

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

Dividends

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

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

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

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

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

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

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

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

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

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

Enterprise Project, Zambia

The Enterprise nickel project is designed to produce approximately 38,000 tonnes of nickel in concentrate per annum with scope to increase to 60,000 tonnes per annum when market conditions are considered suitable. Given the operational and infrastructure synergies with the Sentinel copper mine, located 12 kilometres away, Enterprise is expected to be a low-cost mine. Environmental approval has been granted and preparatory works around the project have been undertaken to allow pre-stripping to commence when market conditions improve. Construction of the process plant was completed in 2016, and some sections of the plant have been incorporated into the Sentinel process circuit to provide additional processing flexibility in the short-term should conditions permit. These areas are flotation, concentrate thickening and filtration and reagent composition. Enterprise continues to be on hold with pre-strip mining activities deferred.

EXPLORATION

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

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

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

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

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

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

HEALTH & SAFETY

The health and safety of all of our employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. Tragically, despite this, three fatal incidents occurred at the Company's operations in 2017, two at Kansanshi and one at Çayeli. These fatalities were subject to internal and external investigation, as well as Board review. These tragic incidents have been thoroughly analyzed and the Company is committed to learning from these findings and appropriate actions are being taken. The Lost Time Injury Frequency Rates ("LTIFR") is an area of focus and a key performance metric for the Company, our rolling 12-month LTIFR for the year ended December 31, 2017 was 0.11 per 200,000 hours worked on average, consistent with the prior year.

MARKET GUIDANCE

Guidance is based on a number of assumptions and estimates as of December 31, 2017, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

Cobre Panama

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

Key elements for the capital expenditure on mill eight include:

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

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

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

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

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

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

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

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

Production guidance

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

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

Production guidance by operation (excluding Cobre Panama)

Copper

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

Gold

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

Zinc

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

Cash cost and all-in sustaining cost

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

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

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

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

Capital expenditure¹

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

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

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

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

⁴ Based on the current 90% ownership.

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

OPERATING REVIEW

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

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

Full year

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

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

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

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

Fourth quarter

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

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

Sale of Kevitsa

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

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

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

Unit Cost

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

¹ Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

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

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

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

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

OPERATIONS

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

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

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

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

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

Kansanshi Mining Operations

Full year

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

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

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

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

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

Fourth quarter

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

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

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

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

Kansanshi Copper Smelter

Full year

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

Fourth quarter

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

Outlook

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

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

Sentinel ¹	Q4 17	Q3 17	Q4 16	Q4 16	2017	2016
			Post- Commercial production	Pre- Commercial production		
Copper ore processed (000's tonnes)	11,834	11,434	7,000	3,397	42,087	36,369
Copper ore grade processed (%)	0.5	0.5	0.6	0.5	0.5	0.6
Copper recovery (%)	90	89	88	75	87	68
Copper production (tonnes)	57,190	53,533	35,133	12,652	190,683	139,600
Copper sales (tonnes)	44,767	50,855	30,328	9,166	177,360	115,782
All-in sustaining cost (AISC) (per lb) ²	\$2.36	\$2.05	\$2.13	-	\$2.19	\$2.13
Cash cost (C1) (per lb) ²	\$1.67	\$1.62	\$1.47	-	\$1.70	\$1.47
Total cost (C3) (per lb) ²	\$2.49	\$2.30	\$2.16	-	\$2.45	\$2.16
Sales revenues	281	300	153	-	1,026	153
Gross profit	51	51	17	-	166	17
Comparative EBITDA ²	110	113	46	-	385	46

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

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

Full year

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

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

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

Fourth quarter

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

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

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

Outlook

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

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

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

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

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

Full year

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

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

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

Fourth quarter

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

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

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

Outlook

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

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

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

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

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

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

Full year

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

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

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

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

Fourth quarter

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

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

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

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

Outlook

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

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

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

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

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

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

Full year

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

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

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

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

Fourth quarter

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

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

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

Outlook

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

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

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

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

Full year

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

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

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

Fourth quarter

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

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

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

Outlook

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

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

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

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

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

Full year

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

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

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

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

Fourth quarter

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

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

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

Impairment recognized on specific assets

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

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

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

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

Outlook

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

SALES REVENUES

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

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

Full year

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

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

Fourth quarter

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

Realized Prices

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

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

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

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

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

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

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

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

SUMMARY FINANCIAL RESULTS

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

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

Full Year

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

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

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

Fourth quarter

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

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

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

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

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

Liquidity outlook

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

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

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

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

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

At December 31, 2017, the Company had total commitments of \$628 million, of which approximately \$586 million related to the twelve months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment for the development of Cobre Panama. In addition, the Company's Board of Directors has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

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

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

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

Hedging programs

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

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

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

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

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

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

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

Provisional pricing and derivative contracts

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

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

	Open Positions (tonnes/ounces)	Average Contract Price	Closing Market Price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	81,875	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018
Commodity contracts:				
Copper	82,703	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.5/lb	February 2018

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

EQUITY

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

JOINT VENTURE

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

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

SUMMARY OF RESULTS

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

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

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

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

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

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

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

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

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

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

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

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

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

REGULATORY DISCLOSURES

Seasonality

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

Off-balance sheet arrangements

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

Non-GAAP financial measures

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

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

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

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

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

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

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

Comparative EBITDA and comparative earnings

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Change in significant accounting standards

IFRS 15 – Revenue from contracts with customers

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

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

IFRS 9 – Financial instruments: Classification and Measurement

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

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

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

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

IFRS 16 – Leases

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

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

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

Significant judgments, estimates and assumptions in applying accounting policies

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

- Determination of ore reserves and resources

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

Changes in the judgments surrounding proven and probable reserves may impact the carrying value of property, plant and equipment (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

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

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

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

- Taxes – (accounting policy note 3l)

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

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

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

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

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

- Assessment of impairment indicators – (accounting policy note 3i)

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

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

- Derecognition of financial liabilities

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

(i) Significant accounting estimates and assumptions

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

- Determination of ore reserves and life of mine plan

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

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

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

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 7), restoration provisions (note 15), recognition of deferred income tax amounts (note 16) and depreciation (note 7).

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

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

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

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

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

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

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

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

The provision represents management's best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet. The carrying amount of the Company's restoration provision is disclosed in note 15.

- Taxes – (accounting policy note 3l)

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

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

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets. Deferred income tax assets are disclosed in note 16.

- Inventory

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

Financial instruments risk exposure

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

Credit risk

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

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

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

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

from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures and prepaid taxes.

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

Liquidity risk

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

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the years ended December 31, 2017 and December 31, 2016. If the Company breaches a covenant in its financing agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

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

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

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

Interest rate risk

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

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

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

Foreign exchange risk

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

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

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

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

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

Limitations of Controls and Procedures

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

Cautionary statement on forward-looking information

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

“does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

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

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