



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Second Quarter – June 30, 2017

(unaudited)

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

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

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

		Three months ended June 30		Six months ended June 30	
	Note	2017	2016	2017	2016
Sales revenues	9	782	659	1,548	1,379
Cost of sales	10	(716)	(557)	(1,413)	(1,172)
Gross profit		66	102	135	207
Exploration		(3)	(3)	(6)	(6)
General and administrative		(18)	(17)	(35)	(34)
Other income (expense)		1	12	3	(3)
Operating profit		46	94	97	164
Finance income		1	-	2	2
Finance costs	11	(6)	(4)	(12)	(8)
Loss on extinguishment of senior notes		-	-	(84)	-
Earnings before income taxes		41	90	3	158
Income tax credit (expense)	12	(56)	52	(112)	32
Net earnings (loss) from continuing operations		(15)	142	(109)	190
Net loss from discontinued operations		-	(1)	-	(267)
Net profit (loss)		(15)	141	(109)	(77)
Net earnings (loss) from continuing operations					
Non-controlling interests		20	17	40	16
Shareholders of the Company	8b	(35)	125	(149)	174
Net earnings (loss) attributable to:					
Non-controlling interests		20	17	40	16
Shareholders of the Company	8b	(35)	124	(149)	(93)
Earnings (loss) per common share attributable to the shareholders of the Company					
Net earnings (loss) from continuing operations (\$ per share):					
Basic	8b	(0.05)	0.18	(0.22)	0.25
Diluted	8b	(0.05)	0.18	(0.22)	0.25
Net earnings (loss) (\$ per share)					
Basic	8b	(0.05)	0.18	(0.22)	(0.14)
Diluted	8b	(0.05)	0.18	(0.22)	(0.14)
Weighted average shares outstanding (000's)					
Basic	8b	685,845	685,783	685,844	685,774
Diluted	8b	685,845	689,348	685,844	689,325
Total shares issued and outstanding (000's)	8a	689,380	689,358	689,380	689,358

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

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

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Net earnings (loss) for the period	(15)	141	(109)	(77)
Other comprehensive income (loss)				
<i>Items that have been/may be subsequently reclassified to net earnings:</i>				
Cash flow hedges reclassified to net earnings	83	-	170	(72)
Gains (losses) on cash flow hedges arising during the period	7	(15)	(106)	4
Unrealized gain (loss) on available-for-sale investments	-	2	1	2
Total comprehensive income (loss) for the period	75	128	(44)	(143)
Total comprehensive income (loss) for the year attributable to:				
Non-controlling interests	20	17	40	16
Shareholders of the Company	55	111	(84)	(159)
Total comprehensive income (loss) for the period	75	128	(44)	(143)

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

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

(expressed in millions of U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Cash flows from continuing operating activities				
Net earnings (loss) from operations	(15)	142	(109)	190
Adjustments for				
Depreciation	219	182	432	366
Income tax expense (credit)	56	(52)	112	(32)
Share-based compensation expense	5	5	11	11
Net finance expense	5	4	10	6
Loss on extinguishment of senior notes	-	-	84	-
Other	(3)	(16)	(3)	16
	267	265	537	557
Taxes paid	(85)	(22)	(130)	(39)
Franco-Nevada Corporation ("Franco-Nevada") precious metal stream arrangement	53	38	103	38
Change in non-cash operating working capital				
Decrease (increase) in trade and other receivables and derivatives	(24)	22	(4)	(35)
Decrease (increase) in inventories	(35)	11	(55)	88
Increase (decrease) in trade and other payables	29	(10)	(7)	(51)
Net cash from operating activities of continuing operations	205	304	444	558
Net cash from operating activities of discontinued operations	-	22	-	9
Cash flows from (used by) investing activities				
Purchase and deposits on property, plant and equipment	(363)	(305)	(674)	(564)
Interest paid and capitalized to property, plant and equipment	(46)	(75)	(170)	(188)
Initial proceeds from sale of Kevitsa	-	663	-	663
Repayments and interest on ENRC Promissory note	-	32	-	64
Other	-	(4)	10	(1)
Net cash from (used by) investing activities of continuing operations	(409)	311	(834)	(26)
Net cash used by investing activities of discontinued operations	-	(4)	-	(13)
Cash flows from (used by) financing activities				
Net movement in trading facility	8	(58)	44	(60)
Movement in restricted cash	38	-	(14)	-
Proceeds from debt	100	23	2,276	23
Repayments of debt	(5)	(5)	(2,090)	(10)
Dividends paid to the shareholders of the Company	(3)	(5)	(3)	(5)
Early redemption costs on senior notes	-	-	(54)	-
Proceeds from Korea-Panama Mining Corporation ("KPMC")	53	38	103	76
Other	(4)	(2)	(6)	(4)
Net cash from (used by) financing activities of continuing operations	187	(9)	256	20
Increase (decrease) in cash and cash equivalents and bank overdrafts	(17)	624	(134)	548
Cash and cash equivalents and bank overdrafts – beginning of period	449	275	565	365
Exchange gains (losses) on cash and cash equivalents	18	-	19	(14)
Less: cash and cash equivalents held for sale	-	(4)	-	(4)
Cash and cash equivalents and bank overdrafts – end of period	450	895	450	895
Cash and cash equivalents and bank overdrafts comprising:				
Cash and cash equivalents	1,407	1,756	1,407	1,756
Bank overdrafts	(957)	(861)	(957)	(861)
	450	895	450	895

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

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

(expressed in millions of U.S. dollars)

	Note	June 30, 2017	December 31, 2016 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,407	1,463
Trade and other receivables		417	402
Inventories	3	1,076	1,032
Current portion of other assets	5	163	176
		3,063	3,073
Cash and cash equivalents - restricted cash		89	70
Non-current VAT receivable		182	176
Property, plant and equipment	4	16,364	15,811
Goodwill		237	237
Other assets	5	118	116
Total assets		20,053	19,483
Liabilities			
Current liabilities			
Bank overdraft		957	898
Trade and other payables		594	531
Current taxes payable		59	90
Current debt	6	472	385
Current portion of provisions and other liabilities	7	262	320
		2,344	2,224
Debt	6	4,749	4,561
Provisions and other liabilities	7	1,381	1,212
Deferred revenue		565	462
Deferred income tax liabilities		764	739
Total liabilities		9,803	9,198
Equity			
Share capital	8	5,565	5,553
Retained earnings		3,781	3,933
Accumulated other comprehensive loss		(227)	(292)
Total equity attributable to shareholders of the Company		9,119	9,194
Non-controlling interests		1,131	1,091
Total equity		10,250	10,285
Total liabilities and equity		20,053	19,483
Commitments & contingencies	15		

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

First Quantum Minerals Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(unaudited)

(expressed in millions of U.S. dollars)

		Three months ended June 30		Six months ended June 30	
	Note	2017	2016	2017	2016
Share capital					
Common shares					
Balance – beginning and end of period		5,642	5,642	5,642	5,642
Treasury shares					
Balance – beginning of period		(155)	(167)	(156)	(167)
Restricted and performance stock units vested		1	1	2	1
Balance – end of period		(154)	(166)	(154)	(166)
Contributed surplus					
Balance – beginning of period		73	63	67	56
Share-based compensation expense for the period (inclusive of capitalized amounts)		5	6	12	13
Restricted and performance stock units vested		(1)	(1)	(2)	(1)
Balance – end of period		77	68	77	68
Total share capital		5,565	5,544	5,565	5,544
Retained earnings					
Balance – beginning of period		3,816	3,763	3,933	3,985
Net earnings (loss) for the period attributable to shareholders of the Company		(35)	124	(149)	(93)
Dividends	8c	-	-	(3)	(5)
Balance – end of period		3,781	3,887	3,781	3,887
Accumulated other comprehensive loss					
Balance – beginning of period		(317)	(1)	(292)	52
Other comprehensive income (loss) for the period		90	(13)	65	(66)
Balance – end of period		(227)	(14)	(227)	(14)
Non-controlling interests					
Balance – beginning of period		1,111	1,064	1,091	1,065
Net earnings (loss) attributable to non-controlling interests		20	17	40	16
Balance – end of period		1,131	1,081	1,131	1,081

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

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

1 Nature of operations

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

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

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

2 Basis of presentation

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

Accounting standards issued but not yet effective

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

IFRS 15 – Revenue from contracts with customers

The new standard provides a five step framework for application to customer contracts: identification of customer contract, identification of the contract performance obligations, determination of the contract price, allocation of the contract price to the contract performance obligations, and revenue recognition as performance obligations are satisfied. A new requirement where revenue is variable stipulates that revenue may only be recognized to the extent that it is highly probable that significant reversal of revenue will not occur. The new standard will be effective for annual periods beginning on or after January 1, 2018. The Company has not elected for early adoption. Upon application of the standard, an adjustment will be made to the opening balance of retained earnings. Items identified as being impacted by IFRS 15 include:

- The timing of recognition of revenue may be affected by the existence of performance obligations not currently recognized separately, such as freight and insurance under some shipping contracts that may be entered into by the Company.
- Disclosure around the timing, nature, quantum and certainty of revenue from contracts with customers will be required.
- Deferred revenue recognized relating to proceeds received from Franco-Nevada under the terms of the precious metal streaming agreement for Cobre Panama is expected to be adjusted to reflect a significant financing component.

The Company continues to analyse the impact and implement the changes required by the introduction of IFRS 15.

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.
- An expected credit loss model is to be introduced under IFRS 9 for the purpose of calculating impairment of financial assets. Furthermore, IFRS 9 will require additional disclosure of credit risk and expected credit losses.
- IFRS 9 marks a revised approach to hedge accounting though this is not expected to significantly impact hedge accounting applied by the Company.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

The Company continues to analyse 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. Classification of leases by the lessor under *IFRS 16* continues as either an operating or a finance lease, as was the treatment under *IAS 17 Leases*. The treatment of leases by the lessee will require capitalization of all leases resulting in accounting treatment similar to finance leases under *IAS 17 Leases*. Exemptions for leases of very low value or short-term leases will be applicable. The new standard will result in an increase in lease assets and liabilities for the lessee. Under the new standard the treatment of all lease expense is aligned in the statement of earnings with depreciation, and an interest expense component recognized for each lease, in line with finance lease accounting under *IAS 17 Leases*. IFRS 16 will be applied prospectively for annual periods beginning on or after January 1, 2019. The Company will continue to evaluate the impact on the consolidated financial statements of IFRS 16 during 2017. 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.

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

3 Inventories

	June 30, 2017	December 31, 2016
Ore in stockpiles	213	200
Work-in-progress	34	38
Finished product	310	313
Total product inventory	557	551
Consumable stores	519	481
	1,076	1,032

4 Property, plant and equipment

	Plant and equipment	Capital work- in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2017	4,996	6,361	2,254	2,200	15,811
Additions	-	741	-	-	741
Disposals	(13)	-	-	-	(13)
Transfers between categories	133	(344)	196	15	-
Restoration provision	-	-	18	1	19
Capitalized interest	-	228	-	-	228
Depreciation charge	(302)	-	(120)	-	(422)
As at June 30, 2017	4,814	6,986	2,348	2,216	16,364
Cost	7,923	6,986	3,478	2,216	20,603
Accumulated depreciation	(3,109)	-	(1,130)	-	(4,239)

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

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

During the six months ended June 30, 2017, \$228 million of interest (six months ended June 30, 2016: \$208 million) was capitalized relating to the development of qualifying assets. The amount capitalized to June 30, 2017 was determined by applying the weighted average cost of borrowings of 7.6% (six months ended June 30, 2016: 7.6%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at June 30, 2017, is an amount of \$616 million related to capitalized deferred stripping costs (December 31, 2016: \$585 million).

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

5 Other assets

	June 30, 2017	December 31, 2016
Prepaid expenses	211	205
Investments	28	27
Deferred income tax assets	40	38
Derivative instruments (note 14)	2	22
Total other assets	281	292
Less: current portion of other assets	(163)	(176)
	118	116

Included within prepaid expenses is \$74 million (December 31, 2016: \$88 million) in relation to Sentinel which will be recovered through deductions on electricity invoices from ZESCO under the terms of the agreement to transfer powerline ownership.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

6 Debt

		June 30, 2017	December 31, 2016
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.25% due March 2023 ¹	(a)	1,086	-
First Quantum Minerals Ltd. 7.50% due March 2025 ¹	(b)	1,086	-
First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021 ¹	(c)	-	32
First Quantum Minerals Ltd. 6.75% due February 2020 ¹	(d)	-	1,091
First Quantum Minerals Ltd. 7.00% due February 2021	(e)	1,092	1,087
First Quantum Minerals Ltd. 7.25% due October 2019 ¹	(f)	-	345
First Quantum Minerals Ltd. 7.25% due May 2022	(g)	842	841
Kansanshi senior term loan		232	289
First Quantum Minerals Ltd. senior debt facility	(h)	704	1,116
Trading facilities		126	82
Equipment financing		53	63
Total debt		5,221	4,946
Less: Current maturities and short term debt		(472)	(385)
		4,749	4,561
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(i)	838	713
Trading facilities	(j)	184	228

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

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

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

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

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

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

h) First Quantum Minerals Ltd. senior debt facility

In May 2016, the Company announced that it had entered into a new Term Loan and Revolving Credit Facility ("the new Facility") to replace the previous \$3 billion Term Loan and Revolving Credit Facility ("the old Facility"). The \$1,815 million Facility was upsized to \$1,875 million in November 2016, increasing the Term Loan Facility to \$838 million and the Revolving Credit Facility to \$838 million, both maturing in December 2019 with interest at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

In March 2017, the Company repaid \$296 million of the Term Loan Facility and fully repaid, \$175 million (without cancelling) the Revolving Credit Facility using proceeds from the senior notes issued in March 2017. Of the amount outstanding at June 30, 2017, \$209 million relating to the Term Loan (December 31, 2016: \$167 million) is due within twelve months of the balance sheet date.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

7 Provisions and other liabilities

	June 30, 2017	December 31, 2016
Restoration provisions	560	530
Amount owed to related party	727	596
Derivative instruments (note 14)	244	302
Other	112	104
Total other liabilities	1,643	1,532
Less: current portion	(262)	(320)
	1,381	1,212

Amount owed to related party

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A. ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. As of June 30, 2017, the accrual for interest payable is \$114 million (December 31, 2016: \$86 million) and is included in the carrying value of the amount owed to related party, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of Net Debt banking covenant ratios.

8 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2016	689,374
Shares issued through Dividend Reinvestment Plan	6
Balance as at June 30, 2017	689,380

b) Earnings (loss) per share

	Three months ended June 30		Six months ended June 30	
Continuing basis	2017	2016	2017	2016
Basic and diluted (loss) earnings attributable to shareholders of the Company	(35)	125	(149)	174
Basic weighted average number of shares outstanding (000's of shares)	685,845	685,783	685,844	685,774
Effect of potential dilutive securities:				
Treasury shares	3,532	3,565	3,540	3,551
Diluted weighted average number of shares outstanding	685,845	689,348	685,844	689,325
(Loss) earnings per common share from continuing operations – basic (expressed in \$ per share)	(0.05)	0.18	(0.22)	0.25
(Loss) earnings per common share from continuing operations – diluted (expressed in \$ per share)	(0.05)	0.18	(0.22)	0.25

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

Including discontinued operations

Basic and diluted (loss) attributable to shareholders of the Company	(35)	124	(149)	(93)
Basic weighted average number of shares outstanding (000's of shares)	685,845	685,783	685,844	685,774
Effect of dilutive securities:				
Treasury shares	3,532	3,565	3,540	3,551
Diluted weighted average number of shares outstanding	685,845	689,348	685,844	685,774
Loss per common share – basic (expressed in \$ per share)	(0.05)	0.18	(0.22)	(0.14)
Loss per common share – diluted (expressed in \$ per share)	(0.05)	0.18	(0.22)	(0.14)

c) Dividends

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

On July 27, 2017, the Company declared an interim dividend of CDN\$0.005 per share in respect of the financial year ended December 31, 2017 (July 27, 2016: CDN\$0.005 per share or \$3 million). The dividend will be paid on September 19, 2017 to shareholders of record on August 28, 2017. The ex-dividend date is August 24, 2017.

9 Sales revenues by nature

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Copper	655	519	1,298	1,095
Nickel	39	37	82	94
Gold	66	82	120	151
Zinc	11	6	26	12
Other	11	15	22	27
	782	659	1,548	1,379

Copper revenues excludes \$108 million of proceeds from pre-commercial production at Sentinel for the six months ended June 30, 2016. Commercial production was declared at Sentinel effective November 1, 2016.

10 Cost of sales

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Costs of production	(504)	(335)	(991)	(693)
Depreciation	(223)	(152)	(422)	(308)
Movement in inventory	7	(40)	10	(113)
Movement in depreciation in inventory	4	(30)	(10)	(58)
	(716)	(557)	(1,413)	(1,172)

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

11 Finance costs

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Interest expense on financial liabilities measured at amortized cost	(118)	(107)	(234)	(211)
Accretion on restoration provision	(3)	(3)	(6)	(5)
Total finance costs	(121)	(110)	(240)	(216)
Less: interest capitalized (note 4)	115	106	228	208
	(6)	(4)	(12)	(8)

12 Income tax expense

A tax expense of \$112 million was recorded for the six months ended June 30, 2017, (six months ended June 30, 2016: \$32 million income tax credit) reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early redemption of senior notes.

13 Segmented information

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

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

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

Earnings by segment

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

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

¹ Excludes intersegment revenues of \$7 million.

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

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

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

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Notes to the Condensed Interim Consolidated Financial Statements

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

For the three-month period ended June 30, 2016, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	363	(212)	(90)	7	68	66
Las Cruces	94	(38)	(42)	5	19	-
Guelb Moghrein	81	(41)	(16)	(2)	22	3
Ravensthorpe	38	(49)	(10)	-	(21)	6
Çayeli	20	(12)	(8)	(1)	(1)	(5)
Pyhäsalmi	26	(11)	(16)	1	-	2
Corporate & other ⁴	37	(12)	-	(18)	7	(20)
Total	659	(375)	(182)	(8)	94	52

¹ Excludes intersegment revenues of \$11 million.

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

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

⁴ No segmented information for Sentinel or Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2016. The development costs for these properties are capitalized. Commercial production was declared at Sentinel effective November 1, 2016.

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

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

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

¹ Excludes intersegment revenues of \$15 million.

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

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

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

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Notes to the Condensed Interim Consolidated Financial Statements

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

For the six-month period ended June 30, 2016, segmented information for the statement of earnings is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax (expense) credit
Kansanshi ³	736	(476)	(181)	2	81	53
Las Cruces	183	(74)	(83)	3	29	(6)
Guelb Moghrein	132	(67)	(26)	(2)	37	(6)
Ravensthorpe	98	(120)	(25)	-	(47)	13
Çayeli	49	(29)	(17)	(1)	2	(2)
Pyhäsalmi	58	(25)	(33)	1	1	1
Corporate & other ⁴	123	(15)	(1)	(46)	61	(21)
Total	1,379	(806)	(366)	(43)	164	32

¹ Excludes intersegment revenues of \$16 million.

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

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

⁴ No segmented information for Sentinel or Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2016. The development costs for these properties are capitalized. Commercial production was declared at Sentinel effective November 1, 2016.

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

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2017			December 31, 2016		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	2,855	4,176	1,096	2,980	3,972	1,000
Sentinel	3,203	3,576	175	3,199	3,522	177
Las Cruces	744	1,228	337	817	1,203	322
Guelb Moghrein	179	304	54	199	318	58
Ravensthorpe	734	830	172	740	821	162
Çayeli	140	609	42	153	636	67
Pyhäsalmi	125	277	75	155	339	96
Cobre Panama ³	7,279	7,553	1,522	6,485	6,767	1,237
Corporate & other ⁴	1,140	1,500	6,330	1,134	1,905	6,079
Total	16,399	20,053	9,803	15,862	19,483	9,198

¹ Non-current assets include \$16,364 million of property plant and equipment (December 31, 2016: \$15,811 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

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

⁴ Included within the corporate segment are assets relating to the Haquira project, \$676 million (December 31, 2016: \$672 million), and to the Taca Taca project, \$429 million (December 31, 2016: \$428 million).

Capital expenditure by segment

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Kansanshi	43	34	69	55
Sentinel	32	-	56	-
Las Cruces	6	2	9	3
Guelb Moghrein	2	6	8	13
Ravensthorpe	7	2	12	3
Kevitsa	-	70	-	141
Çayeli	1	2	2	3
Pyhäsalmi	-	-	-	1
Cobre Panama	272	187	515	341
Corporate & other	-	2	3	4
Total	363	305	674	564

14 Financial instruments

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at June 30, 2017:

	Loans and receivables	Available- for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Trade and other receivables ¹	291	-	-	-	291	291
Other derivative instruments ²	-	-	2	-	2	2
Investments	-	-	-	-	-	-
At cost ³	-	21	-	-	21	n/a
At fair value	-	7	-	-	7	7
Financial liabilities						
Trade and other payables	-	-	-	594	594	594
Derivative instruments in designated hedge relationships	-	-	227	-	227	227
Other derivative instruments ²	-	-	17	-	17	17
Finance leases	-	-	-	23	23	23
Liability to related party	-	-	-	727	727	727
Debt	-	-	-	5,221	5,221	5,309

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

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

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

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Notes to the Condensed Interim Consolidated Financial Statements

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

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

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

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

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at June 30, 2017, in the fair value hierarchy as described in the annual consolidated financial statements for the year ended December 31, 2016:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	2	-	-	2
Derivative instruments – OTC contracts ²	-	-	-	-
Investments ³	7	-	-	7
Financial liabilities				
Derivative instruments – LME contracts ¹	14	-	-	14
Derivative instruments – OTC contracts ²	-	230	-	230

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

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

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

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

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

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

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

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

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of designated future sales. Commodity contracts outstanding as at June 30, 2017, were as follows:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	285,000	\$2.34/lb	\$2.68/lb	February 2018
Copper zero cost collar	61,000	\$2.54 - \$2.78/lb	\$2.68/lb	June 2018

Other derivatives

As at June 30, 2017, and December 31, 2016, the Company had entered into the following derivative contracts for copper, gold, nickel and zinc in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site and the date agreed for pricing the final settlement.

Excluding the copper contracts noted above, as at June 30, 2017, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	61,305	\$2.70/lb	\$2.68/lb	October 2017
Nickel	862	\$4.24/lb	\$4.21/lb	August 2017
Gold	21,786	\$1,243/oz	\$1,243/oz	August 2017
Zinc	1,325	\$1.18/lb	\$1.25/lb	August 2017
Commodity contracts:				
Copper	60,439	\$2.70/lb	\$2.68/lb	October 2017
Nickel	862	\$4.24/lb	\$4.21/lb	August 2017
Gold	21,786	\$1,243/oz	\$1,243/oz	August 2017
Zinc	1,325	\$1.18/lb	\$1.25/lb	August 2017

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

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

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

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

	June 30, 2017	December 31, 2016
Commodity contracts:		
Asset position	2	22
Liability position	(244)	(302)

15 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to \$865 million (December 31, 2016: \$564 million) in capital expenditures.

Other commitments & contingencies

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

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

In October 2016, the Company, through its subsidiary Kansanshi Holdings 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 KMP and Kansanshi Holdings Limited, the 80% shareholder in KMP. KMP also received a Statement of Claim filed in the High Court for Zambia naming additional defendants from the group companies including First Quantum, its subsidiary FQM Finance Ltd. ("FQM Finance"), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations repeated from the Notice of Arbitration and are in their nature inflammatory, vexatious and untrue.

This dispute is stated as a request for a derivative action, which will require ZCCM to obtain permission to proceed. The dispute arises from facts originating in 2007, and concern the rate of interest paid on select deposits made by KMP with the Company's financing entity, FQM Finance. The funds on deposits 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.

FQM Finance paid interest on the deposits to KMP 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.

Management's Discussion and Analysis

Second quarter ended June 30, 2017



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three and six months ended June 30, 2017. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

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

SECOND QUARTER 2017 HIGHLIGHTS^{1,2}

Comparative loss¹ of \$18 million (\$0.03 per share¹) and cash flows from continuing operating activities of \$205 million (\$0.30 per share¹) for the three months ended June 30, 2017. The comparative loss includes a \$97 million loss realized under the copper sales hedge program for which no tax credit is available. Net loss from continuing operations attributable to shareholders of the Company¹ amounted to \$35 million (\$0.05 per share) inclusive of the loss under the sales hedge program for which no tax credit is available.

STRONG OPERATING RESULTS

- Continued growth in copper production³:
 - 8% over Q2 2016 and 7% over Q1 2017 from the ramp-up of commercial operations at the Sentinel mine and strong production at the Kansanshi mine
 - Record throughput of 334,269 tonnes of concentrate at the Kansanshi copper smelter.
- Maintained low unit copper production cost⁴:
 - Cash cost ("C1") = \$1.12 per pound; All-in sustaining ("AISC") = \$1.50 per pound; Total cost ("C3") = \$1.95 per pound

MARKET GUIDANCE MAINTAINED

- Previously-disclosed market guidance for total production, production cost and capital expenditures for the years 2017 to 2019 has been maintained however, copper production guidance by operation for 2017 has been adjusted:
 - Kansanshi increased to 248,000 tonnes
 - Sentinel reduced to 185,000 tonnes
 - Las Cruces increased to 72,000 tonnes

COBRE PANAMA DEVELOPMENT ON TRACK

- Advanced to over 58% completion:
 - Pre-commissioning activities continued on the first 150 MW unit of the power station and associated infrastructure. Power generation into the Panamanian electricity grid now targeted for the first quarter of 2018.
 - Entire project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019.

FINANCIAL

- Realized an average price for copper of \$2.24 per pound, approximately \$0.33 per pound below the average LME price for the period, mainly on account of the copper sales hedge program. As at June 30, 2017, there were unsettled and unmarginated copper hedges for 285,000 tonnes with maturities to February 2018 at an average price of \$2.34 per pound in addition to zero cost collar unmarginated copper sales hedges for 61,000 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$2.86 per lb with maturities to June 2018.
- Sales hedge positions outstanding as at July 27, 2017 totaled 359,000 tonnes of copper at an average price of \$2.43 per pound.
- Remained in full compliance with all financial covenants and ended the quarter with \$838 million of committed undrawn facilities and \$450 million in net unrestricted cash.

- The process to put in place project financing for the Cobre Panama project continues. Market sounding of banks and export credit agencies was recently undertaken. Total process completion currently targeted for the end of 2017.
- Continuing to take action to manage operational and price risk and further strengthen the balance sheet. Commenced the process to refinance the existing facilities, aimed at extending the tenor and maintaining liquidity at the corporate level.

CORPORATE DEVELOPMENT

- Declared an interim dividend of CDN\$0.005 per share in respect of the financial year ended December 31, 2017. The dividend will be paid on September 19, 2017 to shareholders of record on August 28, 2017. The ex-dividend date is August 24, 2017.

	Three months ended June 30		Six months ended June 30	
Consolidated Operating Information – Continuing ²	2017	2016	2017	2016
Copper production (tonnes) ³	141,912	131,349	274,268	250,636
Copper sales (tonnes)	139,521	132,030	279,331	263,297
Cash cost of copper production (C1)(per lb) ⁴	\$1.12	\$0.98	\$1.19	\$1.00
All-in sustaining cost (AISC)(per lb) ⁴	\$1.50	\$1.32	\$1.54	\$1.33
Total cost of copper production (C3)(per lb) ⁴	\$1.95	\$1.80	\$2.00	\$1.83
Realized copper price (per lb)	\$2.24	\$2.21	\$2.22	\$2.29
Nickel production (contained tonnes)	5,920	4,982	11,512	12,088
Nickel sales (contained tonnes)	5,522	5,415	10,719	14,355
Cash cost of nickel production (C1)(per lb) ⁴	\$4.43	\$4.73	\$4.63	\$4.59
All-in sustaining cost (AISC)(per lb) ⁴	\$5.60	\$5.49	\$5.70	\$5.17
Total cost of nickel production (C3)(per lb) ⁴	\$6.09	\$6.63	\$6.32	\$6.26
Realized nickel price (per payable lb)	\$4.17	\$4.15	\$4.54	\$3.98
Gold production (ounces)	50,040	50,630	100,619	106,821
Gold sales (ounces)	52,020	69,898	98,924	133,039

	Three months ended June 30		Six months ended June 30	
Consolidated Financial Information ²	2017	2016	2017	2016
Sales revenues	782	659	1,548	1,379
Gross profit	66	102	135	207
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(35)	125	(149)	174
Net loss from discontinued operations	-	(1)	-	(267)
Net earnings (loss) per share from continuing operations attributable to shareholders of the Company	(\$0.05)	\$0.18	(\$0.22)	\$0.25
Net earnings (loss) per share ⁵	(\$0.05)	\$0.18	(\$0.22)	(\$0.14)
Basic and diluted earnings (loss) per share ⁵	(\$0.05)	\$0.18	(\$0.22)	(\$0.14)
Comparative EBITDA ¹	267	257	532	526
Comparative earnings (loss) ¹	(18)	38	(47)	101
Comparative earnings (loss) per share ¹	(\$0.03)	\$0.06	(\$0.07)	\$0.15

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

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

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

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

⁵ 2016 figures include discontinued operations.

OPERATIONS SUMMARY

Second quarter 2017 – continuing operations

Copper production 8% higher from production at Sentinel and Kansanshi

- Copper production of 141,912 tonnes was 8% higher than the same period in 2016 primarily as a result of increased production at Sentinel and Kansanshi.
- At Sentinel, copper production totaled 43,686 tonnes for the quarter compared to 31,987 tonnes for the same period in 2016. A planned five day maintenance shutdown of train 1 in late May reduced production slightly in the quarter.
- Kansanshi copper production of 64,097 tonnes increased 3% from the comparable period in 2016, reflecting higher throughput, mixed ore circuit recoveries and grades.
- The Kansanshi smelter processed 334,269 dry metric tonnes (“dmt”) of concentrate (2016: 309,063 dmt), produced 82,383 tonnes of copper anode (2016: 69,210 tonnes) and 307,000 tonnes of sulphuric acid (2016: 309,000 tonnes), and achieved an overall copper recovery of 95% (2016: 97%).

Nickel production 19% higher

- Nickel production of 5,920 tonnes was 19% higher than the comparable period in 2016, reflecting improved equipment availability and higher throughput at Ravensthorpe.

Gold production slightly lower than 2016

- Gold production of 50,040 ounces was slightly lower than the comparable period in 2016, with lower production at Guelb Moghrein as a result of lower throughput and recovery.

Copper sales volumes higher from increased Sentinel production

- Copper sales volumes of 139,521 tonnes were 6% higher than the comparable period in 2016, reflecting significantly higher copper production at Sentinel, partially offset by lower copper anode sales volumes at Kansanshi.

Copper C1 cash cost increased to \$1.12 per lb

- Copper C1 cash cost of \$1.12 per lb increased by \$0.14 per lb compared to the same period in 2016 reflecting the second full quarter of commercial production at Sentinel. C1 cash cost at Sentinel was impacted by increased maintenance costs arising from the planned five-day shutdown, and higher costs driven by increased waste mining required by the current mine plan. Excluding Sentinel, C1 cash costs of \$0.77 per lb decreased by \$0.21 per lb compared to the same period in 2016, reflecting mainly lower mining, site administration and smelter costs at Kansanshi combined with higher copper production.

Nickel C1 cash cost decreased to \$4.43 per lb

- Nickel C1 cash cost of \$4.43 per lb was lower by \$0.30 per lb compared to the same period in 2016, driven by higher nickel production and by-product credits at Ravensthorpe.

First half of 2017 – continuing operations

- Copper production of 274,268 tonnes was 9% higher than the same period in 2016 as a result of higher production at Sentinel, which contributed 79,960 tonnes of copper compared to 52,889 tonnes for the same period in 2016, and a 6% increase in production at Kansanshi to 127,295 tonnes compared to 120,433 tonnes for the same period in 2016. For the first half of 2017, the Kansanshi smelter processed 661,364 dmt of concentrate (2016: 553,207 dmt), produced 165,453 tonnes of copper anode (2016: 121,716 tonnes) and 614,000 tonnes of sulphuric acid (2016: 548,000 tonnes), and achieved an overall copper recovery of 96%.
- Copper sales volumes of 279,331 tonnes were 6% higher than the comparable period in 2016, reflecting significantly higher sales volumes at Sentinel, which doubled compared to the first half of 2016, partially offset by lower sales volumes at Kansanshi due to lower copper anode sales volumes in the second quarter of 2017.
- Copper C1 cash cost of \$1.19 per lb was significantly higher by 19% compared to the same period in 2016 reflecting Sentinel in commercial production for the first six months of 2017. C1 cash cost excluding Sentinel was \$0.95 per lb, a decrease of \$0.05 per lb from the comparable period in 2016.
- Nickel production and sales volumes were lower than the comparable period in 2016. The increase in nickel production in the second quarter partially offset the negative impact from equipment maintenance and flooding that occurred in the first quarter of 2017.
- Nickel C1 cash cost of \$4.63 per lb was higher by \$0.04 per lb compared to the nickel C1 cash cost for the same period in 2016 due to lower nickel production, partially offset by higher by-product credits.
- Gold production of 100,619 ounces was 6% lower than the comparable period in 2016 due to lower production at Guelb Moghrein resulting from lower throughput, gold feed grade and recovery. Gold sales volume of 98,924 ounces was 26% lower than the comparable period in 2016 due to lower gold sales volumes at Guelb Moghrein and Kansanshi.

FINANCIAL SUMMARY

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

- Sales revenues of \$782 million for the second quarter of 2017 increased by \$123 million compared to the same period in 2016 with copper sales revenue \$136 million higher and gold sales revenue \$16 million lower. The increase in copper sales revenue was driven by sales from Sentinel being in commercial production since November 2016 as well as slightly higher net realized copper prices, which together more than offset lower sales volumes at Kansanshi and Guelb Moghrein. The realized average price for copper of \$2.24 per lb for the second quarter was below the average LME price for the period on account of the Company's sales hedge program, which reduced revenues by \$97 million for the quarter and lowered the net realized copper price by \$0.31 per lb.

Comparative EBITDA on a continuing basis of \$267 million higher than the same period of 2016

- Comparative EBITDA on a continuing basis of \$267 million excludes the impact of foreign exchange gains, fair value adjustments for the time value of options, loss on disposal of assets and revisions in estimates of closed site restoration provisions. Comparative EBITDA is \$10 million higher than the same period last year.

Gross profit of \$66 million impacted by higher depreciation, partially offset by higher copper and nickel sales volumes and higher metal prices compared to the same period in 2016.

	Continuing Operations
Gross profit in Q2 2016	102
Higher realized metal prices	5
Higher copper and nickel sales volumes	14
Lower by-product sales volumes	(21)
Increase in royalties	(3)
Decrease in costs (excluding depreciation)	4
Increase in depreciation	(37)
Foreign exchange	2
Gross profit in Q2 2017 ¹	66

¹ Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$3 million, general and administrative costs of \$18 million, other income of \$3 million, and adding back depreciation of \$219 million.

Comparative loss of \$18 million excludes net impact of foreign exchange and related tax charges

- For the three months ended June 30, 2017, comparative loss was \$18 million compared to comparative earnings of \$38 million for the same period in 2016. Comparative loss of \$18 million excludes foreign exchange gains, fair value adjustments for the time value of options, loss on disposal of assets, revisions in estimates of closed site restoration provisions and related tax charges (*a reconciliation of comparative metrics is on pages 29-34*).
- The net loss attributable to shareholders for the second quarter of 2017 of \$35 million compared with net earnings attributable to shareholders of \$125 million for the same period in 2016 reflects the decrease in gross profit as well as the lack of tax relief on losses realized under the Company's sales hedge program. Losses incurred under the Company's sales hedge program were \$97 million for the three months ended June 30, 2017.
- For the six months ended June 30, 2017, net loss attributable to shareholders of \$149 million compared to net earnings of \$174 million for the same period in 2016. The net loss of \$149 million includes \$84 million in costs relating to the early redemption of the senior notes in the first quarter of 2017 and losses of \$223 million incurred under the Company's sales hedge program, for which no tax credit is recognized.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the period with \$450 million of net unrestricted cash and net cash equivalents in addition to \$838 million of committed undrawn facilities and was in compliance with all financial covenants. Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with debt covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet. The Company has commenced the process to refinance the existing facilities, aimed at extending the tenor and maintaining liquidity at the corporate level.
- The total amount of value-added tax ("VAT") accrued by the Company's Zambian operations at June 30, 2017, is \$308 million, of which \$259 million relates to Kansanshi. Management of the Company continues to engage in regular discussions with the relevant government authorities and considers that the outstanding VAT claims are fully recoverable.

- The process to put in place project financing for Cobre Panama continued during the quarter and market sounding of banks and export credit agencies (“ECAs”) was recently completed. Total project financing completion is targeted for the end of 2017.

CORPORATE DEVELOPMENTS SUMMARY

Power

The power supply situation in Zambia has improved and the Company’s local operations were provided a total of 306 MW during the second quarter, consistent with the power allocation in the first quarter and adequate for current operations. Subsequent to the end of the quarter, the allocation to Sentinel was increased to 155 MW from 141 MW.

Kansanshi and Sentinel were advised by ZESCO and the Zambian Ministry of Energy and Water Development that power tariffs effective January 1, 2017 for all mining companies would be a flat 9.30 cents per kWh. These tariffs have not been formally endorsed by the Energy Regulation Board (“ERB”) of Zambia, are disputed by the Company and discussions with ZESCO and the Government of Zambia are ongoing.

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 KMP and Kansanshi Holdings Limited, the 80% shareholder in KMP. KMP also received a Statement of Claim filed in the High Court for Zambia naming additional defendants from the group companies, including First Quantum, its subsidiary FQM Finance Ltd. (“FQM Finance”), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations repeated from the Notice of Arbitration and are in their nature inflammatory, vexatious and untrue.

This dispute is stated as a request for a derivative action, which will require ZCCM to obtain permission to proceed. The dispute arises from facts originating in 2007, and concern the rate of interest paid on select deposits made by KMP with the Company’s financing entity, FQM Finance. The funds on deposits 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.

FQM Finance paid interest on the deposits to KMP 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.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Good progress continues to be achieved at Cobre Panama, and the overall project progress as at the end of the second quarter is estimated to be just over 58% complete. The power station and associated infrastructure is well into pre-commissioning activities for the first 150 MW set, and the difficult construction works associated with the export jetty (for coal and concentrate movements) have been completed. Rectification of some specific components on both boiler units of set 1 and 2 is being undertaken to help ensure a smooth start up, which for set 1 is a planned ‘first firing’ of the boiler in the fourth quarter of 2017, leading to power generation into the Panamanian electricity grid in the first quarter of 2018. The second 150 MW set is expected to follow with power generation into the Panamanian electricity grid during the second quarter of 2018.

The construction of the process plant and associated infrastructure is on plan and is active in all areas, now having expanded to primary crushing, conveyors, concentrate regrind and utilities during this period. The project remains scheduled for phased commissioning during 2018, with continued ramp-up over 2019.

Detailed engineering and design is 87% complete and continues to focus on completion of the process plant and secondary infrastructure.

Key progress milestones for the quarter include mining pre-strip works now at 62% completion, the Tailings Management Facility (“TMF”) earthworks now at 67% completion, and the process plant earthworks essentially complete. The 230kv transmission line testing continues with energization forecast in the third quarter, connecting Cobre Panama to the national Panamanian electricity grid. The process plant construction has ramped up significantly, opening all work fronts and with labour increasing towards the peak expected in the fourth quarter of 2017. Equipment and construction bulk materials continue to be ordered during the period to support the construction program for the process plant.

The total capital expenditure for Cobre Panama to date in 2017 was \$515 million (First Quantum’s share \$309 million), while planned total expenditure for 2017 is expected to be approximately \$1,060 million (First Quantum’s share \$640 million).

Project spending to date amounts to \$4.0 billion, including \$0.8 billion contributed by Korea Panama Mining Corporation (“KPMC”), which owns a 20% interest in the project.

The Cobre Panama project has in place 640 long-term operations personnel, and key personnel for all facilities are 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 for Enterprise and preparatory works around the project have been undertaken to allow pre-stripping to commence when market conditions improve.

Construction of the process plant was completed in 2016, and some sections of the plant have been incorporated into the Sentinel process circuit to provide additional processing flexibility in the short term. These areas are flotation, concentrate thickening and filtration and reagent composition. As the nickel price remains depressed, Enterprise 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 in Argentina; near-mine resource expansion around 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 were negotiated for this purpose.

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 awarded to a local contractor and the results will be incorporated into the EIA for this infrastructure, which was also recently awarded to consultants. Communication with communities and relevant authorities continues.

During the second quarter of 2017, near-mine exploration activities were limited to Kansanshi in Zambia and Pyhäsalmi in Finland. At Kansanshi, a resource definition program designed to upgrade near-mine oxide reserves was ongoing during the quarter. Elsewhere in the Kansanshi district, a number of opportunities for satellite oxide resources have been identified through surface geochemistry and reconnaissance drilling. More detailed follow up reverse circulation and diamond drill programs are planned during the second half of the year.

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

HEALTH & SAFETY

The health and safety of all of our employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. Tragically, despite this, two fatalities occurred at the Company’s operations in the first quarter, at Kansanshi and at Çayeli. All fatalities are subject to internal and external investigation, as well as Board review. These unfortunate incidents have been thoroughly analyzed and the Company is committed to implementing the learnings from these findings and actions have been taken. The Lost Time Injury Frequency Rates (“LTIFR”) is an area of focus and a key performance metric for the Company, our rolling 12 month LTIFR has remained at 0.11 per 200,000 hours worked on average over the 12 month period to June 30, 2017.

MARKET GUIDANCE

Market guidance for total production, production cost and capital expenditures for the years 2017 to 2019 are unchanged from previously disclosed and incorporates a number of assumptions and estimates as of June 30, 2017, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

Production guidance

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

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

Production guidance by operations

Copper

000's tonnes	2017	2018	2019
Kansanshi ¹	248	245	245
Sentinel ²	185	215	235
Las Cruces ³	72	70	70
Guelb Moghrein	34	36	30
Çayeli	19	23	20
Pyhäsalmi	12	11	5

Nickel

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

Gold

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

Zinc

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

- (1) 2017 guidance has been increased by 8 thousand tonnes.
- (2) 2017 guidance has been decreased by 10 thousand tonnes.
- (3) 2017 guidance has been increased by 2 thousand tonnes.

Cash cost and all-in sustaining cost

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

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

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

Capital expenditure¹

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

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

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

OPERATIONS

Kansanshi	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Sulphide ore tonnes milled (000's)	3,202	2,860	6,493	5,748
Sulphide ore grade processed (%)	0.8	0.9	0.7	0.8
Sulphide copper recovery (%)	90	92	91	90
Mixed ore tonnes milled (000's)	1,992	1,984	4,002	3,974
Mixed ore grade processed (%)	1.1	1.0	1.1	1.0
Mixed copper recovery (%)	86	83	86	85
Oxide ore tonnes milled (000's)	1,750	1,747	3,400	3,384
Oxide ore grade processed (%)	1.6	1.4	1.5	1.5
Oxide copper recovery (%)	87	89	90	91
Copper production (tonnes) ¹	64,097	62,358	127,295	120,433
Copper smelter				
Concentrate processed (DMT) ²	334,269	309,063	661,364	553,207
Copper anodes produced (tonnes) ²	82,383	69,210	165,453	121,716
Smelter copper recovery (%)	95	97	96	98
Acid tonnes produced (000's)	307	309	614	548
Copper sales (tonnes) ³	56,139	67,216	128,415	139,438
Gold production (ounces)	34,918	34,313	70,935	70,056
Gold sales (ounces)	33,039	43,220	66,771	87,352
Cash costs (C1) (per lb) ⁴	\$0.75	\$1.07	\$1.02	\$1.13
All-in sustaining cost (AISC) (per lb) ⁴	\$1.18	\$1.49	\$1.41	\$1.52
Total costs (C3) (per lb) ⁴	\$1.41	\$1.76	\$1.66	\$1.83
Sales revenues	350	363	790	736
Gross profit	141	61	252	79
Comparative EBITDA ⁴	196	144	391	253

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

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

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

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

Kansanshi Mining Operations

Copper production for the second quarter of 2017 was 3% higher than the same period in 2016 due primarily to a 5% increase in total milling volumes, higher plant recovery on the mixed ore circuit and higher ore grades processed through the mixed and oxide circuits. Copper production for the first six months ended June 30, 2017 was 6% higher than the same period in 2016 due primarily to a 6% increase in total milling volumes, and higher plant recovery on the sulphide and mixed ore circuits. The improved plant performance for both the three and six months ended June 30, 2017 reflects the implementation of controlled potential sulphidization in the oxide and mixed circuits, debottlenecking the leaching circuit to allow increased treatment of mixed final tails ("MFT") and changing to a more efficient collector in the sulphide circuit. The plant benefited from an 18% increase in MFT processed through the leaching circuit in the first six months of 2017. No concentrate has been processed through the high pressure leach unit in 2017.

C1 cash cost was \$0.75 per lb for the second quarter of 2017, reflecting a decrease of \$0.32 per lb from the same period in 2016. Mining, site administration and smelter costs are lower this quarter following a review of recoverable costs and operational provisions resulting in revisions to underlying price levels. Fuel costs were lower in the quarter as a result of the application of exemptions to import duties. Lower costs were partially offset by higher treatment and refining charges. C1 cash cost was \$1.02 per lb for the first six months of 2017, reflecting a 10% decrease from the comparable period in 2016 due to lower mining, processing and site administration costs, partly offset by higher treatment and refining charges and a lower gold by-product credit.

Sales revenues of \$350 million for the second quarter of 2017 were 4% lower than the comparable period in 2016 due to lower copper and gold sales volumes. Gross profit of \$141 million for the first quarter of 2017 increased by 131% compared to the same period in 2016, reflecting lower operating costs and the reduced royalty rate that became effective June 1, 2016, which together exceeded the impact of lower sales revenues in the quarter.

For the six months ended June 30, 2016, sales revenues were 7% higher than the comparable period in 2016 despite a decrease in sales volumes, resulting from higher realized metals prices excluding the corporate sale hedge program. Gross profit of \$252 million was 219% higher than the comparable period of 2016, reflecting the increase in sales revenues and lower operating and royalty costs.

Kansanshi Copper Smelter

In the second quarter of 2017, the smelter treated 334,269 tonnes of concentrate, representing an increase of 8% from the second quarter of 2016, and produced 82,383 tonnes of copper in anode and 307,000 tonnes of sulphuric acid. The quality of concentrate treated improved significantly with 26% copper in concentrate grade for the current quarter compared to 23% for the second quarter of 2016. The overall copper recovery rate achieved for the second quarter of 2017 was 95%.

In the first six months of 2017, the smelter treated 661,364 tonnes of concentrate, representing an increase of 20% from the first half of 2016, and produced 165,453 tonnes of copper in anode and 614,000 tonnes of sulphuric acid. The quality of concentrate treated improved significantly with over 26% copper in concentrate grade for the first six months compared to 23% for the same period of 2016. The overall copper recovery rate achieved for the first six months of 2017 was 96%.

Outlook

Production in 2017 is expected to be approximately 248,000 tonnes of copper, and approximately 145,000 ounces of gold. The decrease from 2016 production is primarily due to lower grades expected during the course of 2017. Lower smelter recoveries realized in the first half of the year are expected to return to levels above 97% during the third quarter. A four –week maintenance shutdown is planned for the smelter in mid-August 2017.

Kansanshi is currently being allocated power of 165 MW, which is adequate for current operations.

Sentinel ¹	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Copper ore processed (000's tonnes)	10,019	8,860	18,819	17,141
Copper ore grade processed (%)	0.5	0.6	0.5	0.6
Copper recovery (%)	84	64	83	54
Copper production (tonnes)	43,686	31,987	79,960	52,889
Copper sales (tonnes)	47,447	21,940	81,738	40,736
Cash cost (C1) (per lb) ²	\$1.86	-	\$1.77	-
All-in sustaining cost (AISC) (per lb) ²	\$2.29	-	\$2.19	-
Total cost (C3) (per lb) ²	\$2.61	-	\$2.54	-
Sales revenues	256	-	445	-
Gross profit	12	-	64	-
Comparative EBITDA ²	72	-	162	-

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

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

Copper production was higher for the second quarter of 2017 compared with the comparable period of 2016 due to the ramp up of operations towards commercial production during 2016. The transition to a "terrace mining" layout is ongoing and expected to continue into the first half of 2018 with good progress being made, particularly in the mining of waste areas. The current grade encountered is in line with the average life of mine reserve grade. Production in the second quarter was also impacted by the planned five-day shutdown of train 1 for maintenance and mill relining in late May. Improvements to crushing rates and increased milling stability resulting from improved ore availability supported an increase in recoveries compared with the prior quarter.

There has been a continued focus on sustainability of ore reporting to the plant, with increased throughput in the quarter underlining improvements that have been made. The "steady state" of feed to the plant facilitates plant optimization and has been achieved through reductions in downtime due to power instability and unscheduled maintenance. Coupled with the commissioning of the Jameson cell in the quarter, plant optimization has improved recoveries during the second quarter. Power was increased to 141 MW during the quarter, necessary as operations continued to mill mainly harder primary ore as expected.

Production for the first six months of 2017 compared with 2016 was significantly higher, also reflecting the ramp up of operations during 2016. The rainy season in Zambia and the transition to a "terrace mining" layout have impacted production in 2017 together with the continued impact of lower copper grades as mining moved further into the pit, but indicative of the average grade expected for the mine. Plant optimization and improvements in ore reporting to the plant have resulted in increased throughput and yielded improvements in recoveries on the prior year.

C1 cash costs of \$1.86 per lb for the second quarter compared to the fourth quarter of 2016 reflect higher costs associated with the increased waste mining expense due to an increased bench strip ratio, weaker blasting performance caused by fragmentation issues arising from challenging ore characteristics, coupled with copper production that has been below nameplate capacity as operations continue to transition to a steady state. Increased contractor and maintenance costs associated with the scheduled plant shutdown were incurred during the quarter. C1 cash costs of \$1.77 per lb for the six months ended June 30, 2017 include increased mining costs and lower production compared with the fourth quarter of 2016, associated with the shift to "terrace mining" layout and the rainy season in Zambia earlier in the year, coupled with the impact on copper production of lower ore grades mined.

Sales revenues of \$256 million and \$445 million for the quarter and for the six months to date, respectively, comprised both sales of concentrate and anode. The average LME price for the six months ended June 30, 2017 was 9% higher than the quarter in which commercial production was declared. The proportion of revenues derived from the sale of copper anode has continued to increase, which typically realizes a higher margin than the sale of copper concentrate.

Outlook

Production in 2017 is expected to be approximately 185,000 tonnes of copper. Production in the remainder of the year is expected to be impacted by the copper ore grade that is being mined under the current ore control model though recoveries are expected to continue to increase as a result of improved stability of ore reporting to the plant and ongoing plant optimization. Further development of blasting techniques is expected to result in better blasting performance and reduce the fragmentation issues that have been encountered earlier in the year. Following the successful improvements implemented to two flash float cells in the quarter, it is targeted that all four cells will be online in the third quarter increasing float feed recovery. Sentinel has been allocated power of 155 MW from July.

Las Cruces	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Ore tonnes processed (000's)	409	389	807	767
Copper ore grade processed (%)	5.1	5.2	5.1	5.2
Copper recovery (%)	90	92	90	92
Copper cathode production (tonnes)	18,683	18,426	37,476	36,471
Copper cathode sales (tonnes)	19,484	19,708	39,712	38,680
Cash cost (C1) (per lb) ¹	\$0.79	\$0.80	\$0.79	\$0.82
All-in sustaining cost (AISC) (per lb) ¹	\$1.00	\$0.94	\$0.96	\$0.95
Total cost (C3) (per lb) ¹	\$2.09	\$1.85	\$1.99	\$1.84
Sales revenues	111	94	230	183
Gross profit	22	14	56	26
Comparative EBITDA ¹	73	56	154	109

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

Copper production for the second quarter increased by 1% compared to the same period in 2016. Higher plant throughput more than offset the lower copper recoveries and grade caused by higher levels of zinc and lead in the ore feed.

Copper production for the six months ended June 30, 2017, was higher than same period in 2016 by 3%, as a result of higher throughput which exceeded the impact of lower recoveries and grade. Plant throughput was higher than the same period of 2016 due to higher plant availability and equipment utilization.

C1 cash cost of \$0.79 for the three and six months ended June 30, 2017, were slightly lower than the comparable periods in 2016 due to higher copper production and a favourable impact of the US dollar against the euro, partially offset by higher electricity prices.

Sales revenues increased by 18% and 26% for the three and six months ended June 30, 2017, respectively, compared with same periods in 2016 due to higher realized copper prices excluding the corporate sale hedge program. Copper sales volumes were higher for the first half of the year, further contributing to the increase in sales revenues. The increases in sales revenues for the three and six months ended June 30, 2016, combined with lower operating costs, flowed through to gross profit, resulting in increases of 57% and 115%, respectively, over the comparable periods in 2016.

Outlook

Copper production for 2017 is expected to be approximately 72,000 tonnes.

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

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

Guelb Moghrein	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Sulphide ore tonnes milled (000's)	820	971	1,683	1,985
Sulphide ore grade processed (%)	1.0	1.0	1.0	1.1
Sulphide copper recovery (%)	92	90	92	92
Copper production (tonnes)	7,347	8,522	14,880	19,584
Copper sales (tonnes)	9,301	13,998	15,423	23,620
Gold production (ounces)	12,375	13,362	24,508	30,603
Gold sales (ounces)	16,160	23,765	26,453	39,338
Cash costs (C1) (per lb) ¹	\$1.24	\$0.89	\$1.17	\$0.75
All-in sustaining cost (AISC) (per lb) ¹	\$1.53	\$1.34	\$1.58	\$1.19
Total costs (C3) (per lb) ¹	\$2.08	\$1.61	\$1.99	\$1.41
Sales revenues	67	81	108	132
Gross profit	11	24	18	39
Comparative EBITDA ¹	25	39	41	63

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

Copper production for the second quarter of 2017 was 14% lower than the same period in 2016, reflecting a 16% decrease in tonnes milled due to the treatment of hard ore, partially offset by an increase in copper recovery. Copper production for the six months ended June 30, 2017 decreased by 24% compared to the same period in 2016 due to a 15% decrease in tonnes milled and an 11% decrease in copper feed grades.

Gold in concentrate production for the second quarter of 2017 was 7% lower than the same period in 2016 as a result of lower gold recovery and tonnes milled, partially offset by higher gold feed grade. Gold in concentrate production for the six months ended June 30, 2017 was 20% lower than the same period in 2016 due to lower tonnes milled as well as the impact of lower gold feed grade and recovery.

C1 cash cost for the three months ended June 30, 2017, of \$1.24 per lb was an increase of \$0.35 per lb compared to the second quarter of 2016 due to lower copper production and higher costs. Costs were driven by 35% higher volume mined, SAG mill complete reline and one-off crusher refurbishment, and higher contractor and maintenance activity to improve equipment availability.

C1 cash cost for the six months ended June 30, 2017, of \$1.17 was \$0.42 per lb higher than the same period in 2016, impacted by 18% higher volume mined, SAG mill complete reline and one-off crusher refurbishment, and higher contractor and maintenance activity to improve equipment availability.

Sales revenue for the three and six months ended June 30, 2017 decreased by 17% and 18%, respectively, compared to the same periods in 2016. The decreases were due to lower copper and gold sales volumes, partially offset by higher realized copper prices excluding the corporate sale hedge program. Gross profit of \$11 million and \$18 million, respectively, for the three and six months ended June 30, 2017 were lower compared to the same periods in 2016, reflecting the lower sales revenues.

Outlook

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

Focus continued to be on mining waste in Cut 3 to increase access to ore to supplement the hard ore at depth. Cost-saving initiatives directed at improving equipment efficiencies through collaboration with the technical expertise of suppliers and overall productivity have produced positive results, particularly with regard to major component forecasting and pricing, and are expected to continue.

	Three months ended June 30		Six months ended June 30	
Ravensthorpe	2017	2016	2017	2016
Beneficiated ore tonnes processed (000's)	800	538	1,419	1,247
Beneficiated ore grade processed (%)	1.1	1.2	1.1	1.3
Nickel recovery (%)	79	80	80	83
Nickel production (contained tonnes)	5,920	4,982	11,512	12,088
Nickel sales (contained tonnes)	5,522	5,415	10,719	14,355
Nickel production (payable tonnes)	4,537	3,711	8,828	9,006
Nickel sales (payable tonnes)	4,228	4,101	8,209	10,914
Cash costs (C1) (per lb) ¹	\$4.43	\$4.73	\$4.63	\$4.59
All-in sustaining cost (AISC) (per lb) ¹	\$5.60	\$5.49	\$5.70	\$5.17
Total costs (C3) (per lb) ¹	\$6.09	\$6.63	\$6.32	\$6.26
Sales revenues	44	38	89	98
Gross loss	(21)	(21)	(39)	(47)
Comparative EBITDA ¹	(13)	(11)	(21)	(22)

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

Nickel production was 19% higher in the second quarter of 2017 than the comparable period in 2016, and 5% lower for the six months ended June 30, 2017, compared to the same period in 2016. Production for the three months ended June 30, 2017, was positively impacted by higher beneficiated ore processed due to better equipment availability, which more than offset the lower feed grade from the Hale Bopp pit and nickel recovery. Nickel production for the six months ended June 30, 2017 was lower than the same period in 2016 due to lower nickel recovery resulting from lower limonite ore processed through the more efficient HPAL circuits and a delay in the refurbishment of one the atmospheric leach tanks, which is expected to return to circuit in July 2017.

C1 cash cost of \$4.43 per lb for the second quarter of 2017 was 6% lower than the comparable period in 2016, primarily attributable to higher nickel production and higher by-product credits. C1 cash cost of \$4.63 per lb for the six months ended June 30, 2017 was slightly higher than the same period in 2016 primarily due to lower nickel production, partially offset by higher by-product credits.

Sales revenues of \$44 million were 16% higher in the second quarter of 2017 than the comparable period in 2016 due to higher sales volumes and higher realized nickel prices. Sales revenues for the six months ended June 30, 2017, were 9% lower than the same period in 2016 due to lower nickel sales volumes, partially offset by higher realized nickel prices. The average LME nickel price was \$4.18 per lb for the second quarter of 2017 compared to \$4.00 per lb in same period in 2016, and \$4.45 per lb for the six months ended June 30, 2017 compared to \$3.93 per lb for same period in 2016.

Gross loss of \$21 million for the three months ended June 30, 2017 was comparable to the same period in 2016. The gross loss of \$39 million for the six months ended June 30, 2017 was 17% lower than the same period in 2016, driven by lower cost of production which more than offset lower sales revenues.

Outlook

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

Mining operations at the Hale Bopp pit are progressing well with the development of Stage 2. The majority of ore is expected to come from the Hale Bopp pit for the remainder of 2017. As lower beneficiation grade is anticipated, plant reliability and improvement projects remain a critical focus to ensure sufficient volumes of ore are processed in order to meet the nickel production forecast. The processing plant is expected to run without interruption until the HPAL shutdown toward the end of the third quarter of 2017 with the deferral of the acid plant shutdown until early 2018 being considered.

Further preliminary work and permit applications associated with the Shoemaker Levy deposit is expected to remain a focus for the remainder of the year.

The cost of operations is highly sensitive to the price of sulphur, which fluctuates with market factors. The sulphur price has softened in the second quarter of 2017, but cost control remains an area of critical focus with further cost saving initiatives continuing to be considered given the depressed nickel price.

	Three months ended June 30		Six months ended June 30	
Çayeli	2017	2016	2017	2016
Ore tonnes milled (000's)	253	326	457	652
Copper ore grade processed (%)	2.1	2.2	1.9	2.3
Copper recovery (%)	88	87	89	87
Zinc ore grade processed (%)	1.4	1.6	1.3	1.7
Zinc recovery (%)	40	37	40	38
Copper production (tonnes)	4,632	6,376	7,747	13,254
Copper sales (tonnes)	3,596	5,733	6,988	13,028
Zinc production (tonnes)	1,427	1,944	2,294	4,114
Zinc sales (tonnes)	-	-	2,491	2,062
Cash cost (C1) (per lb) ¹	\$1.44	\$1.26	\$1.45	\$1.22
All-in sustaining cost (AISC) (per lb) ¹	\$1.73	\$1.48	\$1.67	\$1.42
Total cost (C3) (per lb) ¹	\$2.34	\$1.95	\$2.39	\$1.88
Sales revenues	16	20	36	49
Gross profit (loss)	(1)	-	1	3
Comparative EBITDA ¹	5	7	13	19

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

Copper production for the second quarter of 2017 decreased by 27% compared to the same period in 2016. Production in the second quarter continued to be impacted by the shaft hoisting incident that occurred in the first quarter, as well as ongoing poor ground conditions and a planned reduction in throughput. Shaft hoisting was limited to an upper mine loading point until the last week of May, preventing 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. In addition to the reduced mining capability during the quarter, lower copper grade further contributed to the decrease in copper production. Zinc production for the three months ended June 30, 2017, was 27% lower than the comparable period in 2016 due to lower throughput and zinc grade.

Copper production for the six months ended June 30, 2017, decreased by 42% compared to same period in 2016 due to the impact of the shaft hoisting incident and, tragically, an underground fatality in the first quarter, ongoing poor ground conditions and a budgeted reduction in throughput. In addition, a backlog of areas requiring renewed ground support has necessitated the reallocation of limited resources in 2017. Zinc production for the six months ended June 30, 2017, was 44% lower than comparable period in 2016 due to lower throughput and zinc grade.

C1 cash cost for the three and six months ended June 30, 2017, increased by \$0.18 lb and \$0.23 lb, respectively, compared to the same periods in 2016, primarily due to lower copper production partially offset by lower operating costs. The increase in C1 cash cost for the six months ended June 30, 2017 was also partially offset by higher zinc by-product revenues.

Sales revenues for the three and six months ended June 30, 2016 were 20% and 27% lower than the comparable periods in 2016, respectively, due to lower copper sales volumes attributable to lower production, partially offset by higher realized metal prices excluding the corporate sale hedge program. Sales revenues for the six months ended June 30, 2017, also benefited from higher zinc sales volumes. The decrease in sales revenues resulted in a gross loss of \$1 million in the second quarter and a decrease in gross profit for the six months ended June 30, 2017.

Outlook

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

The annual throughput was reduced by 6% in the 2017 budget compared to 2016, in line with a declining number of work areas as the mine reserves approach depletion. Annual throughput was further reduced by 13% during the quarter as a result of the shaft hoisting incident and the ongoing backlog of work areas needing rehabilitation. Production is expected to reach forecasted levels in July through installation of the rope coiling device, allowing the resumption of ore hoisting from the lowest level in the mine.

Pyhäsalmi	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Ore tonnes milled (000's)	311	335	639	678
Copper ore grade processed (%)	1.1	1.1	1.1	1.2
Copper recovery (%)	97	97	97	97
Zinc ore grade processed (%)	1.8	1.5	1.8	1.4
Zinc recovery (%)	90	89	90	89
Copper production (tonnes)	3,468	3,680	6,911	8,005
Copper sales (tonnes)	3,555	3,435	7,055	7,796
Zinc production (tonnes)	5,111	4,547	10,496	8,600
Zinc sales (tonnes)	5,234	4,740	10,700	8,675
Pyrite production (tonnes)	168,319	195,679	352,783	372,828
Pyrite sales (tonnes)	107,013	107,348	212,462	317,531
Cash cost (C1) (per lb) ¹	(\$0.39)	\$0.33	(\$0.49)	\$0.23
All-in sustaining cost (AISC) (per lb) ¹	(\$0.39)	\$0.41	(\$0.49)	\$0.31
Total cost (C3) (per lb) ¹	\$1.92	\$2.28	\$1.74	\$2.16
Sales revenues	35	26	71	58
Gross profit	5	(1)	14	-
Comparative EBITDA ¹	22	13	46	32

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

Copper production in the second quarter of 2017 decreased by 6% compared to the same period in 2016 due to lower throughput. Copper production for the six months ended June 30, 2017 decreased by 14% compared to the same period in 2016 due to lower throughput and grades. Zinc production for the three months and six months ended June 30, 2017 was 12% and 22%, respectively, above the same periods in 2016 driven by higher grade and recovery. The lower throughput is budgeted as the mine nears depletion, and the fluctuation in copper and zinc grades reflects the constraint on available work areas at this stage in the mine life.

C1 cash cost for the three and six months ended June 30, 2017 was \$0.72 per lb lower compared to the same periods in 2016, driven by a higher zinc credit due to the improved metal price and higher zinc sales volumes and the favourable impact of the US dollar against the euro. This was partially offset by the impact of the reduction in copper production against the same periods in 2016.

Sales revenues for the three and six months ended June 30, 2017 increased by 35% and 22%, respectively, compared to the same periods in 2016, reflecting higher zinc sales volumes from higher production and higher realized metal prices. Gross profit of \$5 million and \$14 million for the three and six months ended June 30, 2017, both exceeded the respective comparative periods, mainly driven by the increase in sales revenues.

Outlook

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

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

SALES REVENUES

		Three months ended June 30		Six months ended June 30	
		2017	2016	2017	2016
Kansanshi	- copper	307	311	707	634
	- gold	43	52	83	102
Sentinel	- copper	256	-	445	-
Las Cruces	- copper	111	94	230	183
Guelb Moghrein	- copper	44	53	74	88
	- gold	23	28	34	44
Ravensthorpe	- nickel	39	36	80	93
	- cobalt	5	2	9	5
Çayeli	- copper	16	18	31	44
	- zinc, gold and silver	-	2	5	5
Pyhäsalmi	- copper	18	14	36	31
	- zinc	12	7	22	11
	- pyrite, gold and silver	5	5	13	16
Corporate ¹		(97)	37	(221)	123
Sales revenues	- continuing operations	782	659	1,548	1,379

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

Three month review of sales revenues

Sales revenues in the second quarter of 2017 were 19% higher than the comparable quarter of 2016, primarily due to the contribution of sales revenues generated by the Sentinel mine subsequent to commercial production from November 1, 2016. Copper sales revenues for the quarter, excluding Sentinel, were 23% lower than 2016 largely as a result of a 16% reduction in copper sales volumes, arising principally at Kansanshi and Guelb Moghrein.

Six month review of sales revenues

There was a 12% increase in sales revenues for the first half of 2017 compared with 2016 due to the Sentinel mine generating sales revenues subsequent to commercial production.

Total copper sales volumes for the Company were 6% higher in 2017 than in 2016 due to a doubling of copper sales volumes attributable to Sentinel. Excluding Sentinel, copper sales revenues were 22% lower in 2017 compared with 2016 with a 11% reduction in copper sales volumes arising principally at Kansanshi and Guelb Moghrein, coupled with a 3% decrease in the net realized copper price.

Nickel sales revenues were 14% lower for 2017 compared to 2016, despite a 16% increase in the net realized nickel price, due to a 25% decrease in sales volumes for the six months.

REALIZED PRICES

		Three months ended June 30		Six months ended June 30	
Copper selling price (per lb) – continuing operations		2017	2016	2017	2016
Average LME cash price		\$2.57	\$2.15	\$2.61	\$2.13
Realized copper price		\$2.24	\$2.21	\$2.22	\$2.29
Treatment/refining charges (“TC/RC”) and freight charges		(\$0.12)	(\$0.13)	(\$0.12)	(\$0.13)
Net realized copper price		\$2.12	\$2.08	\$2.10	\$2.16

The copper sales hedging program, initiated in 2015 to ensure stability of cash flows, reduced sales revenues by \$97 million and \$225 million for the quarter and the six months, respectively. The impact on net realized copper price was a reduction of \$0.31 per lb and \$0.37 per lb for the quarter and the six months, respectively.

As at June 30, 2017, the Company had unsettled and unmargined sales hedges for 285,000 tonnes with maturities to February 2018 at an average price of \$2.34 per lb. Further to the above unmargined sales hedges the Company had zero cost collar

unmargined sales hedges for 61,000 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$2.86 per lb with maturities to June 2018.

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

Nickel selling price (per payable lb) – continuing operations	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Average LME cash price	\$4.18	\$4.00	\$4.45	\$3.93
Realized nickel price	\$4.17	\$4.15	\$4.54	\$3.98
TC/RC and freight charges	-	-	-	(\$0.05)
Net realized nickel price	\$4.17	\$4.15	\$4.54	\$3.93

There were no nickel sales hedge maturities in the quarter, and therefore no impact on the quarter's sales revenues related to the nickel sales hedge program. The impact on sales revenue for the six months of the nickel sales hedging program was an increase of \$2 million and an increase to the net realized nickel price of \$0.14 per lb.

As at June 30, 2017, the Company did not have any open nickel sales hedges.

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

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Gross profit				
Kansanshi	141	61	252	79
Sentinel	12	-	64	-
Las Cruces	22	14	56	26
Guelb Moghrein	11	24	18	39
Ravensthorpe	(21)	(21)	(39)	(47)
Çayeli	(1)	-	1	3
Pyhäsalmi	5	(1)	14	-
Corporate ¹	(103)	25	(231)	107
Total gross profit – continuing operations	66	102	135	207
Exploration	(3)	(3)	(6)	(6)
General and administrative	(18)	(17)	(35)	(34)
Other income (expense)	1	12	3	(3)
Net finance expense	(5)	(4)	(10)	(6)
Loss on extinguishment of senior notes	-	-	(84)	-
Income tax credit (expense)	(56)	52	(112)	32
Net earnings (loss) for the period				
– continuing operations	(15)	142	(109)	190
– discontinued operations	-	(1)	-	(267)
– including discontinued operations	(15)	141	(109)	(77)
Net earnings (loss) for the period from continuing operations attributable to:				
Non-controlling interests	20	17	40	16
Shareholders of the Company	(35)	125	(149)	174
Comparative earnings (loss)	(18)	38	(47)	101
Earnings (loss) per share – continuing operations				
Basic	(\$0.05)	\$0.18	(\$0.22)	\$0.25
Diluted	(\$0.05)	\$0.18	(\$0.22)	\$0.25
Comparative	(\$0.03)	\$0.06	(\$0.07)	\$0.15
Basic weighted average number of shares (in 000's)	685,845	685,783	685,844	685,774

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

Three month review of financial results

Despite a 6% increase in sales volumes, mostly attributable to Sentinel, gross profit was 35% lower compared with the same period in 2016. Increased gross profit at Kansanshi due to lower operating costs and gross profit contribution from Sentinel of \$12 million were more than offset by a \$97 million loss realized in the quarter on the copper sales hedge program.

Depreciation was \$37 million higher this quarter compared with the same period in 2016, mainly driven by declaration of commercial production at Sentinel. Exploration and general and administrative expenses were \$1 million higher than the second quarter of 2016.

The net loss for the quarter of \$15 million includes a tax expense of \$56 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 \$97 million realized under the Company's sales hedge program.

Six month review of financial results

Despite a 6% increase in sales volumes, mostly attributable to Sentinel, gross profit was 35% lower compared with the same period in 2016. Increased gross profit at Kansanshi due to lower operating costs and gross profit contribution from Sentinel of \$64 million were more than offset by a \$225 million loss realized in the period on the copper sales hedge program.

The net loss for the six months ended June 30, 2017 of \$109 million includes \$84 million in costs relating to the early redemption of the senior notes in the first quarter of 2017 and losses of \$223 million incurred under the Company's sales hedge program, for which no tax credit is recognized.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Cash flows from continuing operating activities	205	304	444	558
Cash flows from (used by) continuing investing activities				
Payments and deposits for property, plant and equipment	(363)	(305)	(674)	(564)
Capitalized borrowing costs paid in cash	(46)	(75)	(170)	(188)
Repayment and interest from ERG on promissory note	-	32	-	64
Initial proceeds from sale of Kevitsa	-	663	-	663
Other investing activities	-	(4)	10	(1)
Cash flows from (used by) continuing financing activities				
Net movement in debt and trading facilities	103	(40)	230	(47)
Early redemption costs on senior notes	-	-	(54)	-
Other financing activities	84	31	80	67
Exchange gains (losses) on cash and cash equivalents	18	-	19	(14)
Net cash flows – continuing operations	1	606	(115)	538
Net cash flows – discontinued operations	-	18	-	(4)
Cash balance	450	895	450	895
Total assets	20,053	19,307	20,053	19,307
Total current liabilities	2,344	1,802	2,344	1,802
Total long-term liabilities	7,459	7,007	7,459	7,007
Net Debt ¹	4,771	4,123	4,771	4,123
Cash flows from continuing operating activities per share ¹	\$0.30	\$0.44	\$0.65	\$0.81

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 for the second quarter of 2017 were \$99 million lower than the same period in 2016, largely due to unfavourable working capital movements, and taxes paid of \$85 million in the quarter.

The total VAT amount accrued by the Company's Zambian operations at June 30, 2017, is \$308 million, of which \$259 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. During the quarter, cash of \$9 million with respect to VAT claims prior to February 2015 was received. VAT claims totaling Zambian Kwacha (“ZMW”) 1,658 million (currently equivalent to \$181 million) made by Kansanshi prior to this date remain outstanding. Cash totalling \$107 million has been received for claims subsequent to February 2015. The balance of VAT refunds has not been received as a result of the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. Management is in regular discussions with the relevant government authorities and continues to consider that the outstanding VAT claims are fully recoverable.

Capital expenditure, excluding capitalized interest, totaled \$363 million compared to \$305 million for the same period in 2016 and comprised primarily of \$272 million for the development of the Cobre Panama project.

Cash flows from continuing financing activities of \$187 million includes \$53 million contributions from KPMC for the development of the Cobre Panama project, and proceeds from trading and other debt facilities of \$103 million during the quarter.

Liquidity outlook

At June 30, 2017, the Company had \$838 million of committed undrawn facilities, \$450 million in net unrestricted cash, working capital of \$997 million, as well as future cash flows which support its ability to meet current obligations as they become due. The Company was also in full compliance with all its debt covenants and expects to remain in compliance throughout the next 12 months. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet. The Company has commenced the process to refinance the existing facilities, aimed at extending the tenor and maintaining liquidity at the corporate level.

The process to put in place project financing for Cobre Panama has progressed during the second quarter with ECAs continuing their due diligence and site visits conducted. Strong appetite for the transaction was demonstrated during a market sounding that was recently undertaken by a group of market-leading banks. Total project financing completion is targeted for the end of 2017.

At June 30, 2017, the Company had total commitments of \$865 million, of which approximately \$555 million relates to the twelve months following the period end, and is comprised primarily of capital expenditure for property, plant and equipment related to the development of Cobre Panama. In addition, the Company's Board of Directors has approved, but has not yet committed to, further capital expenditure which is being carefully managed in line with available cash resources and debt facilities.

As at June 30, 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	5,095	5,198	351	671	1,976	2,200
Debt – finance charges	-	1,823	373	667	456	327
Trading facilities	126	126	126	-	-	-
Trade and other payables	594	594	594	-	-	-
Liability to related party ¹	727	925	-	327	83	515
Current taxes payable	59	59	59	-	-	-
Deferred payments	45	45	5	5	5	30
Finance leases	23	30	5	7	7	11
Commitments	-	865	555	296	9	5
Restoration provisions	560	953	7	9	7	930
Total	7,229	10,618	2,075	1,982	2,543	4,018

¹ Refers to distributions to KPMC, a related party that holds a 20% non-controlling interest, 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:	June 30, 2017	December 31, 2016
Asset position	2	22
Liability position	(244)	(302)

Hedging of future copper sales

The Company has entered into derivative contracts to ensure that the exposure to the price of copper and nickel on future sales is managed so as to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project. As at June 30, 2017, 285,000 tonnes of unmargined copper forward sales contracts at an average price of \$2.34 per lb are outstanding with periods of maturity to February 2018. Additionally, the Company had zero cost collar unmargined sales contracts for 61,000 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$2.86 per lb with maturities to June 2018. The Company has elected to apply hedge accounting, with the hedges expected to be highly effective in offsetting changes in cash flows of future sales.

Over 90% of forecast copper sales in the remainder of 2017 are hedged to unmargined forward and zero cost collar sales contracts at an average price of \$2.37 per pound.

During the six-month period ended June 30, 2017, a loss for settled hedges of \$223 million was realized through revenues. Fair value losses on outstanding contracts of \$227 million have been recognized in other comprehensive income and as a derivative liability at June 30, 2017.

Commodity contracts:	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Copper forward	285,000	\$2.34/lb	\$2.68/lb	February 2018
Copper zero cost collar	61,000	\$2.54 - \$2.78/lb	\$2.68/lb	June 2018

Provisional pricing and derivative contracts

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

As at June 30, 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	61,305	\$2.70/lb	\$2.68/lb	October 2017
Nickel	862	\$4.24/lb	\$4.21/lb	August 2017
Gold	21,786	\$1,243/oz	\$1,243/oz	August 2017
Zinc	1,325	\$1.18/lb	\$1.25/lb	August 2017
Commodity contracts:				
Copper	60,439	\$2.70/lb	\$2.68/lb	October 2017
Nickel	862	\$4.24/lb	\$4.21/lb	August 2017
Gold	21,786	\$1,243/oz	\$1,243/oz	August 2017
Zinc	1,325	\$1.18/lb	\$1.25/lb	August 2017

As at June 30, 2017, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company has 689,379,568 shares outstanding.

SUMMARY OF RESULTS

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

Consolidated continuing operations	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Sales revenues</i>											
Copper	\$481	\$578	\$1,968	\$576	\$519	\$478	\$565	\$2,138	\$643	\$655	\$1,298
Nickel	65	61	234	57	37	43	45	182	43	39	82
Gold	64	61	225	69	82	70	50	271	54	66	120
Zinc and other elements	22	19	84	18	21	14	29	82	26	22	48
Total sales revenues	632	719	2,511	720	659	605	689	2,673	766	782	1,548
Gross profit	100	110	287	105	102	80	52	339	69	66	135
EBITDA	172	229	637	254	276	233	216	979	264	265	529
Comparative EBITDA	254	224	732	269	257	220	218	964	265	267	532
Net earnings (loss) attributable to shareholders of the Company	(430)	111	(501)	49	125	36	12	222	(114)	(35)	(149)
Comparative earnings (loss)	66	182	256	63	38	37	27	165	(29)	(18)	(47)
Basic earnings (loss) per share	(\$0.63)	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.22)
Comparative earnings (loss) per share	\$0.10	\$0.27	\$0.40	\$0.09	\$0.06	\$0.05	\$0.04	\$0.24	(\$0.04)	(\$0.03)	(\$0.07)
Diluted earnings (loss) per share	(\$0.63)	\$0.16	(\$0.77)	\$0.07	\$0.18	\$0.05	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.22)
Dividends declared per common share (\$CDN per share)	\$0.0330	-	\$0.0817	\$0.0100	-	\$0.005	-	\$0.015	\$0.005	-	\$0.005
Basic weighted average # shares (000's) ¹	684,513	684,652	646,823	685,795	685,783	685,594	685,739	685,746	685,827	685,845	685,844
<i>Cash flows per share from operating activities</i>	\$0.21	\$1.09	\$1.69	\$0.37	\$0.44	\$0.38	\$0.14	\$1.33	\$0.35	\$0.30	\$0.65
<i>Copper statistics</i>											
Total copper production (tonnes)	103,289	115,886	411,025	119,287	131,349	142,721	146,101	539,458	132,356	141,912	274,268
Total copper sales (tonnes)	101,359	119,534	391,653	131,267	132,030	136,051	136,265	535,613	139,810	139,521	279,331
Realized copper price (per lb)	\$2.36	\$2.40	\$2.49	\$2.38	\$2.21	\$2.23	\$2.18	\$2.26	\$2.20	\$2.24	\$2.22
TC/RC (per lb)	(0.16)	(0.10)	(0.15)	(0.11)	(0.12)	(0.10)	(0.12)	(0.12)	(0.08)	(0.09)	(0.09)
Freight charges (per lb)	(0.02)	(0.02)	(0.06)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.04)	(0.03)	(0.03)
Net realized copper price (per lb)	\$2.18	\$2.28	\$2.28	\$2.26	\$2.08	\$2.12	\$2.04	\$2.13	\$2.08	\$2.12	\$2.10
Cash cost – copper (C1) (per lb)	\$1.16	\$1.06	\$1.21	\$1.03	\$0.98	\$0.97	\$1.22	\$1.06	\$1.26	\$1.12	\$1.19
All-in sustaining cost (AISC) (per lb)	\$1.72	\$1.51	\$1.85	\$1.36	\$1.32	\$1.36	\$1.71	\$1.46	\$1.59	\$1.50	\$1.54
Total cost – copper (C3) (per lb)	\$2.10	\$1.85	\$2.14	\$1.86	\$1.80	\$1.74	\$1.91	\$1.83	\$2.05	\$1.95	\$2.00
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	7,662	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	11,512
Nickel sales (contained tonnes)	8,062	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	10,719
Nickel produced (payable tonnes)	5,893	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	8,828
Nickel sales (payable tonnes)	6,270	6,716	21,073	6,813	4,101	4,082	4,539	19,535	3,981	4,228	8,209
Realized nickel price (per payable lb)	\$4.83	\$4.29	\$5.18	\$3.88	\$4.15	\$4.68	\$4.50	\$4.25	\$4.93	\$4.17	\$4.54
TC/RC (per payable lb)	(0.11)	(0.15)	(0.14)	(0.09)	-	0.01	-	(0.03)	-	-	-
Net realized nickel price (per payable lb)	\$4.72	\$4.14	\$5.04	\$3.79	\$4.15	\$4.69	\$4.50	\$4.22	\$4.93	\$4.17	\$4.54
Cash cost – nickel (C1) (per payable lb)	\$4.60	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.63
All-in sustaining cost (AISC) (per lb)	\$5.29	\$4.95	\$5.30	\$4.93	\$5.49	\$5.90	\$5.03	\$5.29	\$5.81	\$5.60	\$5.70
Total cost – nickel (C3) (per payable lb)	\$5.93	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$6.32
<i>Gold statistics</i>											
Total gold production (ounces)	53,563	53,889	211,067	56,191	50,630	52,957	54,234	214,012	50,579	50,040	100,619
Total gold sales (ounces)	61,279	57,958	213,927	63,141	69,898	54,124	45,620	232,783	46,904	52,020	98,924
Net realized gold price (per ounce)	\$1,051	\$1,047	\$1,050	\$1,097	\$1,180	\$1,282	\$1,097	\$1,165	\$1,161	\$1,268	\$1,217
<i>Zinc statistics</i>											
Zinc production (tonnes)	10,339	9,605	41,139	6,223	6,491	5,064	11,084	28,862	6,253	6,538	12,791
Zinc sales (tonnes)	10,117	11,036	41,618	5,997	4,740	4,653	11,971	27,361	7,956	5,234	13,190

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	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	21,816	19,751	70,729	15,957	22,210	21,710	15,058	74,935	13,656	17,028	30,684
Ore mined (000's tonnes)	9,057	9,044	34,105	7,940	7,790	8,318	7,631	31,679	7,008	10,078	17,086
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	2,478	2,926	8,296	2,888	2,860	2,973	3,267	11,988	3,291	3,202	6,493
Sulphide ore grade processed (%)	0.8	0.7	0.8	0.7	0.9	0.8	0.8	0.8	0.7	0.8	0.7
Sulphide ore recovery (%)	91	92	91	88	92	93	93	92	93	90	91
Sulphide concentrate grade (%)	20.8	19.6	21.1	19.9	22.6	20.6	22.3	21.4	22.8	22.4	22.6
Mixed ore processed (000's tonnes)	2,359	1,960	10,949	1,990	1,984	1,986	1,993	7,953	2,010	1,992	4,002
Mixed ore grade processed (%)	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1
Mixed ore recovery (%)	71	73	72	88	83	80	79	84	87	86	86
Mixed concentrate grade (%)	24.2	23.9	24.8	23.4	26.0	24.6	27.2	25.2	31.1	33.4	32.2
Oxide ore processed (000's tonnes)	1,773	1,895	6,795	1,637	1,747	1,881	1,811	7,076	1,650	1,750	3,400
Oxide ore grade processed (%)	1.3	1.7	1.5	1.5	1.4	1.6	1.4	1.5	1.5	1.6	1.5
Oxide ore recovery (%)	82	83	80	92	89	94	95	94	93	87	90
Oxide concentrate grade (%)	21.1	28.4	23.6	25.5	26.7	32.0	29.2	28.6	32.6	32.8	32.7
Copper cathode produced (tonnes)	18,766	20,643	80,986	19,394	19,213	20,194	20,867	79,668	17,882	19,858	37,740
Copper in concentrate produced (tonnes)	35,746	40,957	145,688	38,681	43,145	46,695	45,083	173,604	45,316	44,239	89,555
Total copper production (tonnes)	54,512	61,600	226,674	58,075	62,358	66,889	65,950	253,272	63,198	64,097	127,295
Gold produced (ounces)	34,474	34,009	136,257	35,743	34,313	37,833	40,331	148,220	36,017	34,918	70,935
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	254,709	228,427	709,188	244,144	309,063	276,368	314,399	1,143,974	327,095	334,269	661,364
Copper anodes produced (tonnes) ¹	57,085	46,493	150,292	52,506	69,210	62,984	72,630	257,330	83,070	82,383	165,453
Smelter copper recovery (%)	98	97	98	98	97	97	95	97	97	95	96
Acid tonnes produced (000's)	229	214	645	239	309	266	295	1,109	307	307	614
<i>Cash Costs (per lb)</i>											
Mining	\$0.67	\$0.60	\$0.62	\$0.70	\$0.67	\$0.58	\$0.68	\$0.65	\$0.66	\$0.46	\$0.54
Processing	0.61	0.43	0.65	0.52	0.49	0.49	0.46	0.49	0.50	0.50	0.50
Site administration	0.06	0.04	0.06	0.06	0.06	0.06	0.09	0.07	0.07	(0.10)	(0.01)
TC/RC and freight charges	0.20	0.12	0.29	0.07	0.06	0.14	0.15	0.11	0.16	0.15	0.16
Gold credit	(0.28)	(0.21)	(0.26)	(0.30)	(0.34)	(0.35)	(0.22)	(0.30)	(0.25)	(0.34)	(0.29)
Total smelter costs	0.08	0.11	0.02	0.13	0.13	0.13	0.14	0.13	0.14	0.08	0.12
Cash cost (C1) (per lb)	\$1.34	\$1.09	\$1.38	\$1.18	\$1.07	\$1.05	\$1.30	\$1.15	\$1.28	\$0.75	\$1.02
Total cost (C3) (per lb)	\$2.23	\$1.82	\$2.28	\$1.94	\$1.76	\$1.68	\$1.81	\$1.78	\$1.89	\$1.41	\$1.66
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$108	\$95	\$464	\$74	\$91	\$99	\$110	\$374	\$101	\$115	\$216
Copper anode	139	248	403	239	208	185	209	841	285	183	468
Copper in concentrates	29	9	279	10	12	9	17	48	14	9	23
Gold	34	41	139	50	52	51	33	186	40	43	83
Total sales revenues	\$310	\$393	\$1,285	\$373	\$363	\$344	\$369	\$1,449	\$440	\$350	\$790
Copper cathode sales (tonnes)	20,036	22,238	81,848	15,892	18,772	21,219	21,201	77,084	17,903	20,661	38,564
Copper anode sales (tonnes)	27,338	52,635	83,022	52,866	44,631	40,107	39,291	176,895	51,299	33,250	84,549
Copper in concentrate sales (tonnes)	7,182	2,972	65,323	3,464	3,813	2,791	4,412	14,480	3,074	2,228	5,302
Gold sales (ounces)	31,542	38,664	131,972	44,132	43,220	38,896	30,592	156,840	33,732	33,039	66,771

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

Sentinel statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	Q4 16	2016	Q1 17	Q2 17	2017
							Pre-Commercial production	Post-Commercial production				
<i>Mining</i>												
Waste mined (000's tonnes)	31,267	25,492	95,181	18,530	20,617	23,022	7,864	12,065	82,098	16,006	24,382	40,388
Ore mined (000's tonnes)	4,569	5,936	13,907	8,635	9,352	9,185	3,519	7,269	37,960	9,272	10,641	19,913
<i>Processing</i>												
Copper ore processed (000's tonnes)	4,179	5,329	14,016	8,281	8,860	8,831	3,397	7,000	36,369	8,800	10,019	18,819
Copper ore grade processed (%)	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.5
Recovery (%)	40	52	41	44	64	76	75	88	68	81	84	83
Copper concentrate produced	10,979	15,190	32,971	20,902	31,987	38,926	12,652	35,133	139,600	36,274	43,686	79,960
Concentrate grade (%)	-	-	-	-	-	-	-	26.4	26.4	26.4	24.0	25.0
<i>Cash Costs (per lb)</i>												
Mining	-	-	-	-	-	-	-	\$0.51	\$0.51	\$0.72	\$0.72	\$0.72
Processing	-	-	-	-	-	-	-	0.45	0.45	0.70	0.66	0.67
Site administration	-	-	-	-	-	-	-	0.13	0.13	(0.09)	0.12	0.02
TC/RC and freight charges	-	-	-	-	-	-	-	0.25	0.25	0.20	0.19	0.20
Total smelter costs	-	-	-	-	-	-	-	0.13	0.13	0.14	0.17	0.16
Cash cost (C1) (per lb)	-	-	-	-	-	-	-	\$1.47	\$1.47	\$1.67	\$1.86	\$1.77
Total cost (C3) (per lb)	-	-	-	-	-	-	-	\$2.16	\$2.16	\$2.45	\$2.61	\$2.54
<i>Revenues (\$ millions)</i>												
Copper anode	-	-	-	-	-	-	-	\$110	\$110	\$170	\$239	\$409
Copper in concentrates	-	-	-	-	-	-	-	\$43	\$43	\$19	\$17	\$36
Total sales revenues	-	-	-	-	-	-	-	\$153	\$153	\$189	\$256	\$445
Copper anode sales (tonnes)	-	-	-	-	-	-	-	20,294	20,294	29,929	43,705	73,634
Copper concentrate sales (tonnes)	-	-	-	-	-	-	-	10,034	10,034	4,362	3,742	8,104

Las Cruces statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	7,190	2,500	15,459	1,737	2,310	7,478	2,119	13,644	1,870	4,383	6,253
Ore mined (000's tonnes)	476	197	1,537	267	340	442	281	1,330	371	381	752
<i>Processing</i>											
Copper ore processed (000's tonnes)	370	380	1,500	378	389	409	362	1,538	398	409	807
Copper ore grade processed (%)	5.2	5.3	5.2	5.2	5.2	5.2	5.1	5.2	5.2	5.1	5.1
Recovery (%)	90	93	90	92	92	94	93	92	91	90	90
Copper cathode produced (tonnes)	17,365	18,608	70,029	18,045	18,426	20,016	17,156	73,643	18,793	18,683	37,476
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$0.73	\$1.03	\$0.90	\$0.84	\$0.80	\$0.67	\$0.94	\$0.81	\$0.78	\$0.79	\$0.79
Total cost (C3) (per lb)	\$1.84	\$1.90	\$1.93	\$1.82	\$1.85	\$1.72	\$1.93	\$1.83	\$1.89	\$2.09	\$1.99
<i>Revenues (\$ millions)</i>											
Copper cathode	\$94	\$83	\$394	\$89	\$94	\$93	\$82	\$358	\$119	\$111	\$230
Copper cathode sales (tonnes)	17,484	16,884	70,566	18,972	19,708	19,203	15,656	73,539	20,228	19,484	39,712

Guelb Moghrein statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Mining</i>											
Waste mined (000's tonnes)	4,245	4,130	17,545	3,823	2,529	2,249	3,465	12,066	4,041	3,349	7,390
Ore mined (000's tonnes)	751	498	2,918	693	731	559	717	2,700	810	983	1,793
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	979	1,021	4,015	1,014	971	986	927	3,898	863	820	1,683
Sulphide ore grade processed (%)	1.3	1.3	1.2	1.2	1.0	0.8	0.7	0.9	1.0	1.0	1.0
Recovery (%)	92	91	92	93	90	91	91	91	92	92	92
Copper in concentrate produced (tonnes)	11,373	11,845	45,001	11,062	8,522	7,156	6,078	32,818	7,533	7,347	14,880
Gold produced (ounces)	16,154	17,145	64,007	17,240	13,363	12,208	11,140	53,951	12,133	12,375	24,508
<i>Cash Costs (per lb)</i>											
Mining	\$0.38	\$0.38	\$0.38	\$0.30	\$0.41	\$0.45	\$0.70	\$0.44	\$0.57	\$0.61	\$0.59
Processing	0.68	0.60	0.67	0.60	0.78	0.92	1.05	0.80	0.80	1.01	0.90
Site administration	0.19	0.12	0.16	0.14	0.19	0.26	0.25	0.20	0.16	0.17	0.16
TC/RC and freight charges	0.59	0.48	0.57	0.46	0.45	0.56	0.32	0.45	0.49	0.50	0.50
Gold credit	(0.75)	(0.75)	(0.77)	(0.82)	(0.94)	(1.05)	(1.13)	(0.96)	(0.88)	(1.05)	(0.98)
Cash cost (C1) (per lb)	\$1.09	\$0.83	\$1.01	\$0.68	\$0.89	\$1.14	\$1.19	\$0.93	\$1.14	\$1.24	\$1.17
Total cost (C3) (per lb)	\$1.70	\$1.49	\$1.67	\$1.31	\$1.61	\$1.96	\$2.18	\$1.68	\$1.93	\$2.08	\$1.99
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$74	\$45	\$209	\$35	\$53	\$27	\$25	\$140	\$30	\$44	\$74
Gold	28	17	76	16	28	15	14	73	11	23	34
Total sales revenues	\$102	\$62	\$285	\$51	\$81	\$42	\$39	\$213	\$41	\$67	\$108
Copper in concentrate sales (tonnes)	17,614	11,228	47,322	9,622	13,998	6,870	5,840	36,330	6,122	9,301	15,423
Gold sales (ounces)	26,585	16,667	70,680	15,573	23,765	12,038	11,959	63,335	10,293	16,160	26,453

Ravensthorpe statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Processing</i>											
Beneficiated ore (000's tonnes)	687	750	2,334	709	538	563	700	2,510	619	800	1,419
Beneficiated ore grade (%)	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.3	1.1	1.1	1.1
Nickel recovery – leach feed to NI produced (%)	85	84	88	84	80	79	80	81	82	79	80
Nickel produced (contained tonnes)	7,662	7,652	26,667	7,106	4,982	5,330	6,206	23,624	5,592	5,920	11,512
Nickel produced (payable tonnes)	5,893	5,887	20,567	5,295	3,711	3,974	4,650	17,630	4,291	4,537	8,828
<i>Cash Costs (per lb)</i>											
Mining	\$0.84	\$0.96	\$0.87	\$0.99	\$0.91	\$1.06	\$1.00	\$0.99	\$1.17	\$1.19	\$1.18
Processing	3.25	2.94	3.12	2.97	3.32	3.56	3.10	3.21	3.41	3.20	3.30
Site administration	0.32	0.31	0.36	0.27	0.41	0.42	0.38	0.36	0.38	0.36	0.37
TC/RC and freight charges	0.46	0.53	0.51	0.46	0.30	0.22	0.24	0.33	0.34	0.24	0.29
Cobalt credit	(0.27)	(0.25)	(0.26)	(0.21)	(0.21)	(0.25)	(0.26)	(0.23)	(0.46)	(0.56)	(0.51)
Cash cost (C1) (per lb)	\$4.60	\$4.49	\$4.60	\$4.48	\$4.73	\$5.01	\$4.46	\$4.66	\$4.84	\$4.43	\$4.63
Total cost (C3) (per lb)	\$5.93	\$5.82	\$5.99	\$6.00	\$6.63	\$6.71	\$6.16	\$6.34	\$6.57	\$6.09	\$6.32
<i>Revenues (\$ millions)</i>											
Nickel	\$65	\$61	\$234	\$57	\$36	\$42	\$50	\$185	\$41	\$39	\$80
Cobalt	4	4	12	3	2	3	2	10	4	5	9
Total sales revenues	\$69	\$65	\$246	\$60	\$38	\$45	\$52	\$195	\$45	\$44	\$89
Nickel sales (contained tonnes)	8,062	8,583	26,933	8,940	5,415	5,454	6,073	25,882	5,197	5,522	10,719
Nickel sales (payable tonnes)	6,270	6,716	21,073	6,813	4,101	4,083	4,539	19,536	3,981	4,228	8,209

Çayeli statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	313	290	1,233	328	303	323	313	1,267	207	253	460
<i>Processing</i>											
Ore milled (000's tonnes)	312	270	1,229	326	326	313	320	1,285	204	253	457
Copper ore grade processed (%)	2.4	2.6	2.5	2.5	2.2	2.3	2.0	2.3	1.7	2.1	1.9
Copper ore recovery (%)	78	81	81	86	87	87	89	87	89	88	89
Zinc ore grade processed (%)	3.2	2.8	3.0	1.7	1.6	1.8	1.3	1.6	1.1	1.4	1.3
Zinc ore recovery (%)	54	51	54	39	37	41	39	39	39	40	40
Copper produced (tonnes)	5,816	5,606	24,304	6,878	6,376	6,335	5,741	25,330	3,115	4,632	7,747
Zinc produced (tonnes)	5,477	3,778	19,808	2,170	1,944	2,338	1,610	8,062	867	1,427	2,294
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.43	\$1.41	\$1.29	\$1.18	\$1.26	\$1.11	\$1.25	\$1.20	\$1.52	\$1.44	\$1.45
Total cost – Copper (C3) (per lb)	\$2.53	\$1.79	\$2.15	\$1.83	\$1.95	\$1.76	\$1.90	\$1.86	\$2.53	\$2.34	\$2.39
<i>Revenues (\$ millions)</i>											
Copper	\$22	\$16	\$92	\$26	\$18	\$24	\$29	\$97	\$15	\$16	\$31
Zinc	4	3	18	2	-	3	3	8	4	-	4
Other	1	2	6	1	2	1	1	5	1	-	1
Total sales revenues	\$27	\$21	\$116	\$29	\$20	\$28	\$33	\$110	\$20	\$16	\$36
Copper sales (tonnes)	5,672	4,262	22,401	7,295	5,733	6,510	7,257	26,795	3,392	3,596	6,988
Zinc sales (tonnes)	4,499	4,847	19,479	2,062	-	2,376	2,387	6,825	2,491	-	2,491

Pyhäsalmi statistics	Q3 15	Q4 15	2015	Q1 16	Q2 16	Q3 16	Q4 16	2016	Q1 17	Q2 17	2017
<i>Mining</i>											
Ore mined (000's tonnes)	350	352	1,384	320	349	379	382	1,430	345	335	680
<i>Processing</i>											
Ore milled (000's tonnes)	347	345	1,379	343	335	352	350	1,380	328	311	639
Copper ore grade processed (%)	1.0	0.9	0.9	1.3	1.1	1.0	1.0	1.1	1.1	1.1	1.1
Copper ore recovery (%)	96	97	97	98	97	95	97	97	97	97	97
Zinc ore grade processed (%)	1.6	1.9	1.7	1.3	1.5	0.9	2.9	1.7	1.8	1.8	1.8
Zinc ore recovery (%)	89	90	91	88	89	86	93	90	90	90	90
Copper produced (tonnes)	3,245	3,035	12,046	4,325	3,680	3,398	3,392	14,795	3,443	3,468	6,911
Zinc produced (tonnes)	4,862	5,827	21,331	4,053	4,547	2,726	9,474	20,800	5,385	5,111	10,496
Pyrite produced (tonnes)	220,327	216,031	839,706	177,149	195,679	112,882	4,770	490,480	184,464	168,319	352,783
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$0.55	\$0.42	\$0.30	\$0.14	\$0.33	\$0.61	(\$1.14)	\$0.04	(\$0.59)	(\$0.39)	(\$0.49)
Total cost – Copper (C3) (per lb)	\$2.62	\$2.53	\$2.42	\$2.04	\$2.28	\$2.59	\$0.84	\$1.99	\$1.57	\$1.92	\$1.74
<i>Revenues (\$ millions)</i>											
Copper	\$15	\$11	\$56	\$17	\$14	\$15	\$15	\$61	\$18	\$18	\$36
Zinc	6	5	25	4	7	3	16	30	10	12	22
Pyrite	5	6	21	7	3	3	3	16	4	3	7
Other	4	2	12	4	2	6	4	16	4	2	6
Total sales revenues	\$30	\$24	\$114	\$32	\$26	\$27	\$38	\$123	\$36	\$35	\$71
Copper sales (tonnes)	3,561	2,892	12,276	4,361	3,435	3,798	3,114	14,708	3,500	3,555	7,055
Zinc sales (tonnes)	5,619	6,188	22,139	3,935	4,740	2,277	9,584	20,536	5,466	5,234	10,700
Pyrite sales (tonnes)	198,224	218,233	750,729	210,183	107,348	89,118	111,273	517,922	105,449	107,013	212,462

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) per unit of payable production and total cost (C3), 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.

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

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

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

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

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

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

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

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

For the three months ended June 30, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper Continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(302)	-	(80)	(57)	(20)	(27)	(486)	(12)	(59)	(557)
Adjustments:										
Depreciation	90	-	42	16	8	16	172	-	10	182
By-product credits	50	-	-	28	3	13	94	-	2	96
Royalties	29	-	2	1	1	-	33	-	2	35
Treatment and refining charges	(13)	-	-	(10)	(3)	(3)	(29)	-	1	(28)
Freight costs	-	-	1	-	(2)	(1)	(2)	-	(1)	(3)
Finished goods	18	-	3	9	(2)	(2)	26	-	6	32
Other	(12)	-	-	1	-	-	(11)	12	-	1
Cash cost (C1)	(140)	-	(32)	(12)	(15)	(4)	(203)	-	(39)	(242)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(66)	-	(41)	(11)	(9)	(16)	(143)		(13)	(156)
Royalties	(29)	-	(2)	(1)	(1)	-	(33)		(2)	(35)
Other	(3)	-	-	(1)	-	-	(4)		(1)	(5)
Total cost (C3)	(238)	-	(75)	(25)	(25)	(20)	(383)		(55)	(438)
Cash cost (C1)	(140)	-	(32)	(12)	(15)	(4)	(203)		(39)	(242)
Adjustments:										
General and administrative expenses	(11)	-	(2)	(1)	(1)	-	(15)		(2)	(17)
Sustaining capital expenditure and deferred stripping	(22)	-	(2)	(6)	(2)	-	(32)		(2)	(34)
Royalties	(29)	-	(2)	(1)	(1)	-	(33)		(2)	(35)
AISC	(202)	-	(38)	(20)	(19)	(4)	(283)		(45)	(328)
Cash cost – (C1) (per lb)	\$1.07	-	\$0.80	\$0.89	\$1.26	\$0.33	\$0.98		\$4.73	
AISC (per lb)	\$1.49	-	\$0.94	\$1.34	\$1.48	\$0.41	\$1.32		\$5.49	
Total cost – (C3) (per lb)	\$1.76	-	\$1.85	\$1.61	\$1.95	\$2.28	\$1.80		\$6.63	

For the six months ended June 30, 2016	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper Continuing	Corporate & other	Ravensthorpe	Total
Cost of sales	(657)	-	(157)	(93)	(46)	(58)	(1,011)	(16)	(145)	(1,172)
Adjustments:										
Depreciation	181	-	83	26	17	33	340	1	25	366
By-product credits	100	-	-	44	6	28	178	-	5	183
Royalties	60	-	3	4	1	-	68	-	4	72
Treatment and refining charges	(25)	-	-	(17)	(9)	(6)	(57)	-	-	(57)
Freight costs	(2)	-	2	-	(3)	(1)	(4)	-	(1)	(5)
Finished goods	65	-	4	6	-	(2)	73	-	19	92
Other	(6)	-	-	1	1	1	(3)	15	1	13
Cash cost (C1)	(284)	-	(65)	(29)	(33)	(5)	(416)	-	(92)	(508)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(135)	-	(79)	(23)	(18)	(33)	(288)		(28)	(316)
Royalties	(60)	-	(3)	(4)	(1)	-	(68)		(4)	(72)
Other	(4)	-	-	(1)	-	-	(5)		(2)	(7)
Total cost (C3)	(483)	-	(147)	(57)	(52)	(38)	(777)		(126)	(903)
Cash cost (C1)	(284)	-	(65)	(29)	(33)	(5)	(416)		(92)	(508)
Adjustments:										
General and administrative expenses	(20)	-	(4)	(2)	(2)	-	(28)		(6)	(34)
Sustaining capital expenditure and deferred stripping	(39)	-	(3)	(13)	(3)	(1)	(59)		(2)	(61)
Royalties	(60)	-	(3)	(4)	(1)	-	(68)		(4)	(72)
AISC	(403)	-	(75)	(48)	(39)	(6)	(571)		(104)	(675)
Cash cost – (C1) (per lb)	\$1.13	-	\$0.82	\$0.75	\$1.22	\$0.23	\$1.00		\$4.59	
AISC (per lb)	\$1.52	-	\$0.95	\$1.19	\$1.42	\$0.31	\$1.33		\$5.17	
Total cost – (C3) (per lb)	\$1.83	-	\$1.84	\$1.41	\$1.88	\$2.16	\$1.83		\$6.26	

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

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

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

Comparative EBITDA, comparative earnings and comparative earnings per share exclude certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period. These include foreign exchange gains and losses, 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 and revisions in estimates of restoration provisions at closed sites.

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Operating profit from continuing operations	46	94	97	164
Add back:				
Depreciation	219	182	432	366
EBITDA	265	276	529	530
Adjustments:				
Foreign exchange gain and changes in fair value relating to option time value	(2)	(19)	(2)	(8)
Loss on disposal of assets	3	-	3	-
Revisions in estimates of restoration provisions at closed sites	1	-	2	4
Total adjustments to EBITDA	2	(19)	3	(4)
Comparative EBITDA	267	257	532	526

	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(35)	125	(149)	174
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of senior notes	-	-	84	-
Total adjustments to EBITDA including impairment	2	(19)	3	(4)
Comparative tax adjustments	12	(65)	12	(67)
Tax and minority interest on comparative adjustments	3	(3)	3	(2)
Comparative earnings (loss)	(18)	38	(47)	101
Earnings (loss) per share as reported	(\$0.05)	\$0.18	(\$0.22)	\$0.25
Comparative earnings (loss) per share	(\$0.03)	\$0.06	(\$0.07)	\$0.15

Significant judgments, estimates and assumptions in applying accounting policies

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

(i) Significant judgments

- Determination of ore reserves and resources

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

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

- Achievement of commercial production

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

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

- Taxes

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

- Precious metal stream arrangement

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

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

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

- Assessment of impairment indicators

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

(ii) Significant accounting estimates and assumptions

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

- Determination of ore reserves and life of mine plan

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

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

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

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

- Review of asset carrying values and impairment charges

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

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

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

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

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

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

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

- Taxes

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

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

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

- Inventory

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

Financial instruments risk exposure

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

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below "BBB-" are reported to, and approved by, the Audit Committee. As at June 30, 2017, the majority of cash was held with "AAA" money market funds and all short-term deposits are with counterparties of investment grade.

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

Liquidity risk

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

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the three and six months ended June 30, 2017, and the years ended December 31, 2016 and December 31, 2015. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the quarter ended June 30, 2017, a fair value loss of \$227 million has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$223 million has been recognized through sales revenues. As at June 30, 2017, 285,000 tonnes of unmargined copper forward sales contracts at a price of \$2.34 per pound remain outstanding with periods of maturity to February 2018. Additionally, the Company had zero-cost collar unmargined sales contracts for 61,000 tonnes at prices ranging from low side (or put) prices of \$2.50 per lb to high side (or call) prices of \$2.86 per lb with maturities to June 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 June 30, 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 June 30, 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"), the Turkish lira ("TRY") and the Argentine peso ("ARS"); and to the local currencies of suppliers who provide capital equipment for project development, principally the A\$, EUR and the South African rand ("ZAR").

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

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

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

There were no changes in the Company's business activities during the period ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

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

Cautionary statement on forward-looking information

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. These forward-looking statements are principally included in the Development activities section and are also disclosed in other sections of the document. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at 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, 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 and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Mauritania and Panama, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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