



**FIRST QUANTUM**  
MINERALS LTD.

**Condensed Interim Consolidated Financial Statements**

**Third Quarter – September 30, 2016**

(unaudited)

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

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

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

|                                                                                         |             | <b>Three months ended<br/>September 30</b> |                | <b>Nine months ended<br/>September 30</b> |                |
|-----------------------------------------------------------------------------------------|-------------|--------------------------------------------|----------------|-------------------------------------------|----------------|
|                                                                                         | <b>Note</b> | <b>2016</b>                                | <b>2015</b>    | <b>2016</b>                               | <b>2015</b>    |
| Sales revenues                                                                          | 12          | 605                                        | 632            | 1,984                                     | 1,792          |
| Cost of sales                                                                           | 13          | (525)                                      | (532)          | (1,697)                                   | (1,615)        |
| <b>Gross profit</b>                                                                     |             | <b>80</b>                                  | <b>100</b>     | <b>287</b>                                | <b>177</b>     |
| Exploration                                                                             |             | (4)                                        | (8)            | (10)                                      | (25)           |
| General and administrative                                                              |             | (17)                                       | (21)           | (51)                                      | (66)           |
| Impairment and related charges                                                          |             | -                                          | -              | -                                         | (72)           |
| Impairment to Promissory Note                                                           | 7           | -                                          | -              | -                                         | (117)          |
| Other income (expense)                                                                  |             | 14                                         | (34)           | 11                                        | (60)           |
| <b>Operating profit (loss)</b>                                                          |             | <b>73</b>                                  | <b>37</b>      | <b>237</b>                                | <b>(163)</b>   |
| Finance income                                                                          |             | 1                                          | -              | 3                                         | 16             |
| Finance costs                                                                           | 14          | (5)                                        | (9)            | (13)                                      | (17)           |
| <b>Earnings (loss) before income taxes</b>                                              |             | <b>69</b>                                  | <b>28</b>      | <b>227</b>                                | <b>(164)</b>   |
| Income tax credit (expense)                                                             | 10          | (30)                                       | (567)          | 2                                         | (562)          |
| <b>Net earnings (loss) from continuing operations</b>                                   |             | <b>39</b>                                  | <b>(539)</b>   | <b>229</b>                                | <b>(726)</b>   |
| <b>Net earnings (loss) from discontinued operations</b>                                 |             | <b>-</b>                                   | <b>3</b>       | <b>(267)</b>                              | <b>2</b>       |
| <b>Net earnings (loss)</b>                                                              |             | <b>39</b>                                  | <b>(536)</b>   | <b>(38)</b>                               | <b>(724)</b>   |
| <b>Net earnings (loss) from continuing operations attributable to:</b>                  |             |                                            |                |                                           |                |
| Non-controlling interests                                                               |             | 3                                          | (109)          | 19                                        | (114)          |
| Shareholders of the Company                                                             |             | 36                                         | (430)          | 210                                       | (612)          |
| <b>Net earnings (loss) attributable to:</b>                                             |             |                                            |                |                                           |                |
| Non-controlling interests                                                               |             | 3                                          | (109)          | 19                                        | (114)          |
| Shareholders of the Company                                                             |             | 36                                         | (427)          | (57)                                      | (610)          |
| <b>Earnings (loss) per common share attributable to the shareholders of the Company</b> |             |                                            |                |                                           |                |
| <b>Net earnings (loss) from continuing operations (\$ per share)</b>                    |             |                                            |                |                                           |                |
| Basic                                                                                   | 11b)        | 0.05                                       | (0.63)         | 0.31                                      | (0.96)         |
| Diluted                                                                                 | 11b)        | 0.05                                       | (0.63)         | 0.30                                      | (0.96)         |
| <b>Net earnings (loss) (\$ per share)</b>                                               |             |                                            |                |                                           |                |
| Basic                                                                                   | 11b)        | 0.05                                       | (0.62)         | (0.08)                                    | (0.96)         |
| Diluted                                                                                 | 11b)        | 0.05                                       | (0.62)         | (0.08)                                    | (0.96)         |
| <b>Weighted average shares outstanding (000's)</b>                                      |             |                                            |                |                                           |                |
| Basic                                                                                   | 11b)        | 685,594                                    | 684,513        | 685,746                                   | 634,280        |
| Diluted                                                                                 | 11b)        | 689,360                                    | 684,513        | 685,746                                   | 634,280        |
| <b>Total shares issued and outstanding (000's)</b>                                      | 11a)        | <b>689,374</b>                             | <b>689,331</b> | <b>689,374</b>                            | <b>689,331</b> |

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

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

(unaudited)

(expressed in millions of U.S. dollars)

|                                                                                        | <b>Three months ended<br/>September 30</b> |             | <b>Nine months ended<br/>September 30</b> |             |
|----------------------------------------------------------------------------------------|--------------------------------------------|-------------|-------------------------------------------|-------------|
|                                                                                        | <b>2016</b>                                | <b>2015</b> | <b>2016</b>                               | <b>2015</b> |
| <b>Net earnings (loss) for the period</b>                                              | 39                                         | (536)       | (38)                                      | (724)       |
| <b>Other comprehensive income (loss)</b>                                               |                                            |             |                                           |             |
| Net gain (loss) on cash flow hedges transferred from prior year equity to net earnings | -                                          | -           | (72)                                      | -           |
| <i>Items that may be reclassified subsequently to net earnings:</i>                    |                                            |             |                                           |             |
| Net gain (loss) on cash flow hedges recognized in equity                               | (40)                                       | 28          | (36)                                      | 28          |
| Unrealized gain (loss) on available-for-sale investments                               | -                                          | (1)         | 2                                         | (1)         |
| <b>Total comprehensive income (loss) for the period</b>                                | (1)                                        | (509)       | (144)                                     | (697)       |
| <b>Total comprehensive income (loss) for the period attributable to:</b>               |                                            |             |                                           |             |
| Non-controlling interests                                                              | 3                                          | (109)       | 19                                        | (114)       |
| Shareholders of the Company                                                            | (4)                                        | (400)       | (163)                                     | (583)       |
| <b>Total comprehensive income (loss) for the period</b>                                | (1)                                        | (509)       | (144)                                     | (697)       |

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<br>September 30 |             | Nine months ended<br>September 30 |             |
|------------------------------------------------------------------|------------------------------------|-------------|-----------------------------------|-------------|
|                                                                  | 2016                               | 2015        | 2016                              | 2015        |
| <b>Cash flows from (used by) operating activities</b>            |                                    |             |                                   |             |
| Net earnings (loss) for the period                               | 39                                 | (539)       | 229                               | (726)       |
| Items not affecting cash                                         |                                    |             |                                   |             |
| Depreciation                                                     | 160                                | 135         | 526                               | 381         |
| Income tax (credit) expense                                      | 30                                 | 567         | (2)                               | 562         |
| Share-based compensation expense                                 | 4                                  | 6           | 15                                | 19          |
| Impairment and related charges                                   | -                                  | -           | -                                 | 189         |
| Net finance income                                               | 4                                  | 9           | 10                                | 1           |
| Other                                                            | (13)                               | 79          | 3                                 | 92          |
|                                                                  | 224                                | 257         | 781                               | 518         |
| Taxes paid                                                       | (7)                                | (16)        | (46)                              | (77)        |
| Franco-Nevada precious metal stream arrangement                  | 40                                 | -           | 78                                | -           |
| Change in non-cash operating working capital                     |                                    |             |                                   |             |
| (Increase) decrease in trade, other receivables and derivatives  | 19                                 | (16)        | (16)                              | (55)        |
| (Increase) decrease in inventories                               | (16)                               | 5           | 72                                | (29)        |
| Increase (decrease) in trade and other payables                  | 4                                  | (79)        | (47)                              | 4           |
| Long term incentive plan contributions                           | (1)                                | (10)        | (1)                               | (10)        |
| Net cash from operating activities of continuing operations      | 263                                | 141         | 821                               | 351         |
| Net cash from operating activities of discontinued operations    | -                                  | 29          | 9                                 | 75          |
| <b>Cash flows from (used by) investing activities</b>            |                                    |             |                                   |             |
| Purchase and deposits on property, plant and equipment           | (269)                              | (366)       | (833)                             | (1,123)     |
| Interest paid and capitalized to property, plant and equipment   | (83)                               | (93)        | (271)                             | (261)       |
| Initial proceeds from sale of Kevitsa (Note 4)                   | -                                  | -           | 663                               | -           |
| Repayments and interest on Promissory Note                       | -                                  | 215         | 64                                | 215         |
| Other                                                            | -                                  | 9           | (1)                               | (2)         |
| Net cash used by investing activities of continuing operations   | (352)                              | (235)       | (378)                             | (1,171)     |
| Net cash used by investing activities of discontinued operations | -                                  | (8)         | (13)                              | (42)        |
| <b>Cash flows from (used by) financing activities</b>            |                                    |             |                                   |             |
| Net movement in trading facilities                               | 32                                 | 130         | (28)                              | 142         |
| Proceeds from Korea-Panama Mining Corporation ("KPMC")           | 40                                 | 37          | 116                               | 89          |
| Proceeds from debt                                               | -                                  | 200         | 23                                | 954         |
| Repayments of debt                                               | (63)                               | (265)       | (73)                              | (1,525)     |
| Dividends paid to the shareholders of the Company                | (2)                                | (16)        | (7)                               | (39)        |
| Dividends paid to non-controlling interest                       | -                                  | -           | -                                 | (2)         |
| Proceeds on issuance of common shares                            | -                                  | -           | -                                 | 1,121       |
| Other                                                            | (2)                                | (7)         | (6)                               | (9)         |
| Net cash from financing activities of continuing operations      | 5                                  | 79          | 25                                | 731         |
| Net cash used by financing activities of discontinued operations | -                                  | (19)        | -                                 | (19)        |
| <b>Increase (decrease) in cash and cash equivalents</b>          | <b>(84)</b>                        | <b>(13)</b> | <b>464</b>                        | <b>(75)</b> |
| <b>Cash and cash equivalents – beginning of period</b>           | <b>895</b>                         | <b>289</b>  | <b>365</b>                        | <b>357</b>  |
| Exchange losses on cash and cash equivalents                     | (1)                                | -           | (15)                              | (6)         |
| Less cash disposed                                               | -                                  | -           | (4)                               | -           |
| <b>Cash and cash equivalents– end of period</b>                  | <b>810</b>                         | <b>276</b>  | <b>810</b>                        | <b>276</b>  |

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

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

(expressed in millions of U.S. dollars)

|                                                          | Note | September 30,<br>2016 | December 31,<br>2015<br>(audited) |
|----------------------------------------------------------|------|-----------------------|-----------------------------------|
| <b>Assets</b>                                            |      |                       |                                   |
| <b>Current assets</b>                                    |      |                       |                                   |
| Cash and cash equivalents                                |      | 810                   | 365                               |
| Trade and other receivables                              |      | 347                   | 303                               |
| Inventories                                              | 3    | 1,000                 | 1,184                             |
| Promissory Note receivable                               | 7    | -                     | 64                                |
| Receivable relating to Kevitsa sale                      | 4    | 69                    | -                                 |
| Current portion of other assets                          | 6    | 134                   | 241                               |
|                                                          |      | 2,360                 | 2,157                             |
| Cash and cash equivalents – restricted cash              |      | 76                    | 93                                |
| Non-current VAT receivable                               |      | 175                   | 158                               |
| Property, plant and equipment                            | 5    | 15,593                | 15,923                            |
| Goodwill                                                 |      | 237                   | 237                               |
| Other assets                                             | 6    | 148                   | 50                                |
| <b>Total assets</b>                                      |      | <b>18,589</b>         | <b>18,618</b>                     |
| <b>Liabilities</b>                                       |      |                       |                                   |
| <b>Current liabilities</b>                               |      |                       |                                   |
| Trade and other payables                                 |      | 510                   | 568                               |
| Current taxes payable                                    |      | 163                   | 108                               |
| Current debt                                             | 8    | 296                   | 386                               |
| Current provisions and other liabilities                 | 9    | 61                    | 32                                |
|                                                          |      | 1,030                 | 1,094                             |
| Debt                                                     | 8    | 4,702                 | 4,675                             |
| Provisions and other liabilities                         | 9    | 1,215                 | 1,065                             |
| Deferred revenue                                         |      | 416                   | 338                               |
| Deferred income tax liabilities                          |      | 726                   | 813                               |
| <b>Total liabilities</b>                                 |      | <b>8,089</b>          | <b>7,985</b>                      |
| <b>Equity</b>                                            |      |                       |                                   |
| Share capital                                            | 11   | 5,549                 | 5,531                             |
| Retained earnings                                        |      | 3,921                 | 3,985                             |
| Accumulated other comprehensive income (loss)            |      | (54)                  | 52                                |
| Total equity attributable to shareholders of the Company |      | 9,416                 | 9,568                             |
| Non-controlling interests                                |      | 1,084                 | 1,065                             |
| <b>Total equity</b>                                      |      | <b>10,500</b>         | <b>10,633</b>                     |
| <b>Total liabilities and equity</b>                      |      | <b>18,589</b>         | <b>18,618</b>                     |
| Commitments and contingencies                            | 17   |                       |                                   |

The accompanying notes are an integral part of these 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<br>September 30 |       | Nine months ended<br>September 30 |       |
|----------------------------------------------------------------------------|------------------------------------|-------|-----------------------------------|-------|
|                                                                            | 2016                               | 2015  | 2016                              | 2015  |
| <b>Share capital</b>                                                       |                                    |       |                                   |       |
| <b>Common shares</b>                                                       |                                    |       |                                   |       |
| Balance – beginning of period                                              | 5,642                              | 5,640 | 5,642                             | 4,519 |
| Shares issued                                                              | -                                  | 2     | -                                 | 1,123 |
| Balance – end of period                                                    | 5,642                              | 5,642 | 5,642                             | 5,642 |
| <b>Treasury shares</b>                                                     |                                    |       |                                   |       |
| Balance – beginning of period                                              | (166)                              | (171) | (167)                             | (174) |
| Restricted and performance stock units vested                              | 10                                 | 15    | 11                                | 18    |
| Shares purchased                                                           | -                                  | (10)  | -                                 | (10)  |
| Balance – end of period                                                    | (156)                              | (166) | (156)                             | (166) |
| <b>Contributed surplus</b>                                                 |                                    |       |                                   |       |
| Balance – beginning of period                                              | 68                                 | 57    | 56                                | 47    |
| Share-based compensation expense for the period                            | 5                                  | 6     | 18                                | 19    |
| Restricted and performance stock units vested                              | (10)                               | (15)  | (11)                              | (18)  |
| Balance – end of period                                                    | 63                                 | 48    | 63                                | 48    |
| <b>Total share capital</b>                                                 | 5,549                              | 5,524 | 5,549                             | 5,524 |
| <b>Retained earnings</b>                                                   |                                    |       |                                   |       |
| Balance – beginning of period                                              | 3,887                              | 4,316 | 3,985                             | 4,522 |
| Earnings (loss) for the period attributable to shareholders of the Company | 36                                 | (427) | (57)                              | (610) |
| Dividends                                                                  | (2)                                | (18)  | (7)                               | (41)  |
| Balance – end of period                                                    | 3,921                              | 3,871 | 3,921                             | 3,871 |
| <b>Accumulated other comprehensive income (loss)</b>                       |                                    |       |                                   |       |
| Balance – beginning of period                                              | (14)                               | (1)   | 52                                | (1)   |
| Other comprehensive income (loss) for the period                           | (40)                               | 27    | (106)                             | 27    |
| Balance – end of period                                                    | (54)                               | 26    | (54)                              | 26    |
| <b>Non-controlling interests</b>                                           |                                    |       |                                   |       |
| Balance – beginning of period                                              | 1,081                              | 1,175 | 1,065                             | 1,175 |
| Earnings (loss) attributable to non-controlling interests                  | 3                                  | (109) | 19                                | (114) |
| Dividends                                                                  | -                                  | -     | -                                 | (2)   |
| Acquisition of African Energy                                              | -                                  | -     | -                                 | 7     |
| Balance – end of period                                                    | 1,084                              | 1,066 | 1,084                             | 1,066 |

The accompanying notes are an integral part of these 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 Trident project in Zambia, the Cobre Panama copper project in Panama, exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum porphyry deposit in Argentina.

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

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

### 2 Significant Accounting Policies

#### 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, 2015.

These condensed interim consolidated financial statements were approved for issue on October 27, 2016, by the Audit Committee on behalf of the Board of Directors.

### 3 Inventories

|                         | September 30,<br>2016 | December 31,<br>2015 |
|-------------------------|-----------------------|----------------------|
| Ore in stockpiles       | 213                   | 238                  |
| Work-in-progress        | 28                    | 51                   |
| Finished product        | 294                   | 383                  |
| Total product inventory | 535                   | 672                  |
| Consumable stores       | 465                   | 512                  |
|                         | 1,000                 | 1,184                |

# 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)

### 4 Kevitsa sale

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

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

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

|                                                         | Three months ended<br>September 30 |      | Nine months ended<br>September 30 |       |
|---------------------------------------------------------|------------------------------------|------|-----------------------------------|-------|
|                                                         | 2016                               | 2015 | 2016                              | 2015  |
| Sales revenues                                          | -                                  | 41   | 49                                | 141   |
| Cost of sales                                           | -                                  | (38) | (61)                              | (135) |
| Other expense                                           | -                                  | (1)  | (4)                               | (5)   |
| Profit (loss) from discontinued operation before income | -                                  | 2    | (16)                              | 1     |
| Income tax recovery (expense)                           | -                                  | 1    | (14)                              | 1     |
| Net earnings (loss) from discontinued operations        | -                                  | 3    | (30)                              | 2     |
| Net loss on disposal                                    | -                                  | -    | (237)                             | -     |
| Net earnings (loss) from discontinued operations        | -                                  | 3    | (267)                             | 2     |

# 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)

### 5 Property, plant and equipment

|                                       | Plant and<br>equipment | Capital work-<br>in-progress | Mineral properties and mine<br>development costs |                         | Total   |
|---------------------------------------|------------------------|------------------------------|--------------------------------------------------|-------------------------|---------|
|                                       |                        |                              | Operating<br>mines                               | Development<br>projects |         |
| Net book value, as at January 1, 2016 | 4,845                  | 7,047                        | 1,526                                            | 2,505                   | 15,923  |
| Additions                             | -                      | 868                          | -                                                | -                       | 868     |
| Disposals                             | (5)                    | (1)                          | -                                                | -                       | (6)     |
| Transfers between categories          | 1,384                  | (1,836)                      | 45                                               | 286                     | (121)   |
| Disposal of Kevitsa                   | (555)                  | (19)                         | (355)                                            | -                       | (929)   |
| Restoration provisions                | -                      | -                            | 10                                               | -                       | 10      |
| Capitalized interest                  | -                      | 318                          | -                                                | -                       | 318     |
| Depreciation charge                   | (338)                  | -                            | (132)                                            | -                       | (470)   |
| As at September 30, 2016              | 5,331                  | 6,377                        | 1,094                                            | 2,791                   | 15,593  |
| Cost                                  | 8,037                  | 6,377                        | 1,983                                            | 2,791                   | 19,188  |
| Accumulated depreciation              | (2,706)                | -                            | (889)                                            | -                       | (3,595) |

|                                       | Plant and<br>equipment | Capital work-<br>in-progress | Mineral properties and mine<br>development costs |                         | Total   |
|---------------------------------------|------------------------|------------------------------|--------------------------------------------------|-------------------------|---------|
|                                       |                        |                              | Operating<br>mines                               | Development<br>projects |         |
| Net book value, as at January 1, 2015 | 3,920                  | 6,798                        | 1,547                                            | 2,454                   | 14,719  |
| Additions                             | -                      | 1,532                        | -                                                | -                       | 1,532   |
| Disposals                             | (13)                   | -                            | -                                                | -                       | (13)    |
| Transfers between categories          | 1,433                  | (1,663)                      | 192                                              | 38                      | -       |
| Restoration provisions                | -                      | -                            | (55)                                             | 13                      | (42)    |
| Capitalized interest                  | -                      | 380                          | -                                                | -                       | 380     |
| Depreciation charge                   | (438)                  | -                            | (158)                                            | -                       | (596)   |
| Impairment                            | (57)                   | -                            | -                                                | -                       | (57)    |
| As at December 31, 2015               | 4,845                  | 7,047                        | 1,526                                            | 2,505                   | 15,923  |
| Cost                                  | 7,225                  | 7,047                        | 2,307                                            | 2,505                   | 19,084  |
| Accumulated depreciation              | (2,380)                | -                            | (781)                                            | -                       | (3,161) |

During the nine months ended September 30, 2016, \$318 million of interest (nine months ended September 30, 2015: \$293 million) was capitalized relating to qualifying assets. The amount capitalized to September 30, 2016, was determined by applying the weighted average cost of borrowings of 7.7% (nine months ended September 30, 2015: 7.1 %) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at September 30, 2016, is \$446 million related to capitalized deferred stripping costs (December 31, 2015: \$526 million).

In September 2016 ownership of the powerline asset constructed by the Company transferred to ZESCO. \$121 million has been transferred to prepayments with respect to prepaid electricity costs.

# 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)

### 6 Other assets

|                                       | September 30,<br>2016 | December 31,<br>2015 |
|---------------------------------------|-----------------------|----------------------|
| Prepaid expenses                      | 216                   | 162                  |
| Derivative instruments                | 1                     | 81                   |
| Deferred income tax assets            | 33                    | 25                   |
| Investments                           | 32                    | 23                   |
| Total other assets                    | 282                   | 291                  |
| Less: current portion of other assets | (134)                 | (241)                |
|                                       | 148                   | 50                   |

During the nine months ended September 30, 2016, the Company recorded no impairment relating to equity securities held at cost (nine months ended September 30, 2015: \$10 million).

### 7 Promissory Note receivable

In March 2014, a subsidiary of Eurasian Natural Resources Corporation PLC (“ENRC” and now Eurasian Resources Group “ERG”) issued a \$430 million Promissory Note (the “Promissory Note”) secured against the shares in a subsidiary holding ENRC’s Mozambique coal assets and a guarantee by ENRC Congo B.V., a wholly owned subsidiary of ERG.

In July 2015, the Company agreed an amendment with ERG in respect of the \$430 million Promissory Note, which had a term to final maturity of December 31, 2015. Under the revised terms, the Promissory Note was reduced from \$430 million to \$300 million and an impairment of \$117 million was recorded in the second quarter of 2015. A cash payment of \$215 million was received in July 2015 and a further payment of \$21 million was received in November 2015 when the repayment terms were renegotiated. The final repayment under the revised terms of the Promissory Note was received in June 2016.

# 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)

### 8 Debt

|                                                                       |     | September 30,<br>2016 | December 31,<br>2015 |
|-----------------------------------------------------------------------|-----|-----------------------|----------------------|
| <b>Drawn debt</b>                                                     |     |                       |                      |
| Senior notes:                                                         |     |                       |                      |
| First Quantum Minerals Ltd. 8.75% due June 2020 & 7.50% due June 2021 | (a) | 32                    | 33                   |
| First Quantum Minerals Ltd. 6.75% due February 2020                   | (b) | 1,090                 | 1,079                |
| First Quantum Minerals Ltd. 7.00% due February 2021                   | (c) | 1,085                 | 1,078                |
| First Quantum Minerals Ltd. 7.25% due October 2019                    | (d) | 345                   | 344                  |
| First Quantum Minerals Ltd. 7.25% due May 2022                        | (e) | 840                   | 839                  |
| Kansanshi senior term loan                                            | (f) | 289                   | 346                  |
| First Quantum Minerals Ltd. senior debt facility                      | (g) | 1,171                 | 1,152                |
| Trading facilities                                                    | (h) | 79                    | 108                  |
| Equipment financing                                                   | (i) | 67                    | 82                   |
| Total debt                                                            |     | 4,998                 | 5,061                |
| Less: Current maturities and short term debt                          |     | (296)                 | (386)                |
|                                                                       |     | 4,702                 | 4,675                |
| <b>Undrawn debt</b>                                                   |     |                       |                      |
| First Quantum Minerals Ltd. senior debt facility                      | (g) | 593                   | 1,800                |
| Trading facilities                                                    | (h) | 231                   | 202                  |

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

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

The carrying value of the notes represents the valuation of those notes after the acquisition of Inmet by the Company which remain outstanding following an exchange offer which expired on February 24, 2014, and in the case of the notes expiring in June 2021 only, a subsequent note purchase by the Company.

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

#### b) First Quantum Minerals Ltd. 6.75% due February 2020

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

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

The Company may redeem some or all of the notes at any time on or after February 15, 2017, at redemption prices ranging from 103.375% in the first year to 100% in the final year, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant. Prior to February 15, 2017, the notes may be redeemed at 100% plus a make-whole premium, and accrued interest. Prior to February 15, 2017, the Company may redeem up to 35% of the aggregate principal amount of the notes (including any additional notes issued after the issue date) at a redemption price equal to 106.75% plus accrued interest, with all or a portion of the net proceeds of one or more equity offerings.

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

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### c) First Quantum Minerals Ltd. 7.00% due February 2021

In February 2014, the Company issued \$1,115 million in senior notes due in 2021, bearing interest at an annual rate of 7.00%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

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

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

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

### d) First Quantum Minerals Ltd. 7.25% due October 2019

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

The Company is subject to certain restrictions on asset sales, payments, and incurrence of indebtedness and issuance of preferred stock. Under a consent solicitation dated January 27, 2014, the terms of these notes were subsequently aligned with those of the Company's notes issued in February 2014.

### e) First Quantum Minerals Ltd. 7.25% due May 2022

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

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

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

### f) Kansanshi senior term loan

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

### g) First Quantum Minerals Ltd. senior debt facility

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

Of the amount outstanding at September 30, 2016, \$272 million relating to the Term Loan (December 31, 2015: \$200 million) is due within 12 months of the balance sheet date.

### h) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totalling \$310 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus a margin. The loans are collateralized by physical inventories.

### i) Equipment financing

In April 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns the Trident project, entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to \$102 million. The agreement is secured by equipment that is purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2021. Of the amount outstanding at September 30, 2016, \$20 million (December 31, 2015: \$20 million) is due within 12 months of the balance sheet date.

# 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)

### 9 Provisions and other liabilities

|                                  | September 30,<br>2016 | December 31,<br>2015 |
|----------------------------------|-----------------------|----------------------|
| Restoration provisions           | 554                   | 552                  |
| Amount owed to related party     | 536                   | 390                  |
| Derivative instruments (note 16) | 44                    | 4                    |
| Other                            | 142                   | 151                  |
| Total other liabilities          | 1,276                 | 1,097                |
| Less: current portion            | (61)                  | (32)                 |
|                                  | 1,215                 | 1,065                |

#### Restoration provisions

During the nine months ended September 30, 2016, the restoration provision increased to \$554 million. Periodic changes in the provision represent movement in the foreign exchange rate (where the estimate of the liability is not in U.S. dollars), accretion of the liability and additional disturbance incurred during the period and the disposal of Kevitsa.

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 1.4% and 4.2% and an inflation factor between 1.7% and 3.2%. Payments are expected to occur over the life of each of the operating mines, with the majority payable in the years following the cessation of mining operations.

#### Amount owed to related party

In September 2013, the Company and KPMC entered into a shareholder loan agreement with the Company's subsidiary, Minera Panama S.A. ("MPSA"). Interest is calculated semi-annually at an annual rate of 9%. As of September 30, 2016, the accrued interest is \$73 million (December 31, 2015: \$43 million) and is included in the carrying value of the debt as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of Net Debt covenant ratios.

### 10 Income taxes

The Government of the Republic of Zambia passed through parliament changes, effective from June 1, 2016, which reduced mineral royalties for open pit and underground mines from 9% to a variable rate of between 4% and 6% and abolished the variable profits tax. This amendment to taxation has required a revaluation of the Company's deferred tax balances in Zambia resulting in a tax credit of \$78 million in the nine months ended September 30, 2016.

### 11 Share capital

#### a) Common shares

Authorized

Unlimited common shares without par value

Issued

Number of shares  
(000's)

|                                                  |         |
|--------------------------------------------------|---------|
| Balance as at December 31, 2015                  | 689,331 |
| Shares issued through Dividend Reinvestment Plan | 43      |
| Balance as at September 30, 2016                 | 689,374 |

# 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)

### b) Earnings per share

|                                                                                                          | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
|----------------------------------------------------------------------------------------------------------|------------------------------------|---------|-----------------------------------|---------|
| <i>Continuing basis</i>                                                                                  | 2016                               | 2015    | 2016                              | 2015    |
| Basic and diluted earnings (loss) from continuing operations attributable to shareholders of the Company | 36                                 | (430)   | 210                               | (612)   |
| Basic weighted average number of shares outstanding (000s of shares)                                     | 685,594                            | 684,513 | 685,746                           | 634,280 |
| Effect of dilutive securities:                                                                           |                                    |         |                                   |         |
| Treasury shares                                                                                          | 3,766                              | 4,490   | 3,601                             | 4,368   |
| Diluted weighted average shares outstanding                                                              | 689,360                            | 684,513 | 689,347                           | 634,280 |
| Earnings (loss) per common share from continuing operations – basic (expressed in \$ per share)          | 0.05                               | (0.63)  | 0.31                              | (0.96)  |
| Earnings (loss) per common share from continuing operations – diluted (expressed in \$ per share)        | 0.05                               | (0.63)  | 0.30                              | (0.96)  |
|                                                                                                          |                                    |         |                                   |         |
|                                                                                                          | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
| <i>Including discontinued operations</i>                                                                 | 2016                               | 2015    | 2016                              | 2015    |
| Basic and diluted earnings (loss) attributable to shareholders of the Company                            | 36                                 | (427)   | (57)                              | (610)   |
| Basic weighted average number of shares outstanding (000s of shares)                                     | 685,594                            | 684,513 | 685,746                           | 634,280 |
| Effect of dilutive securities:                                                                           |                                    |         |                                   |         |
| Treasury shares                                                                                          | 3,766                              | 4,490   | 3,601                             | 4,368   |
| Diluted weighted average shares outstanding                                                              | 689,360                            | 684,513 | 685,746                           | 634,280 |
| Earnings (loss) per common share – basic                                                                 | 0.05                               | (0.62)  | (0.08)                            | (0.96)  |
| Earnings (loss) per common share – diluted                                                               | 0.05                               | (0.62)  | (0.08)                            | (0.96)  |

### c) Equity issue

On June 4, 2015, the Company completed a public offering of common shares. Inclusive of an overallotment option 88.5 million shares were issued at a price of CDN\$16.25. Gross proceeds were \$1,156 million, with net proceeds after related fees of \$1,121 million. Upon receipt of proceeds \$1,000 million was used to repay the senior debt facility.

### d) Dividends

On February 18, 2016, the Company declared a final dividend payment of CDN\$0.01 per share, or \$5 million, in respect of the financial year ended December 31, 2015 (February 20, 2015: CDN\$0.0487 per share or \$23 million) paid to shareholders of record on May 4, 2016.

On July 27, 2016, the Company declared an interim dividend payment of CDN\$0.005 per share, or \$2 million, in respect of the financial year ended December 31, 2016 (July 29, 2015: CDN\$0.0330 per share or \$18 million) paid to shareholders of record on September 19, 2016.

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

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

### 12 Sales revenues by nature

|        | Three months ended<br>September 30 |      | Nine months ended<br>September 30 |       |
|--------|------------------------------------|------|-----------------------------------|-------|
|        | 2016                               | 2015 | 2016                              | 2015  |
| Copper | 478                                | 481  | 1,573                             | 1,390 |
| Nickel | 43                                 | 66   | 137                               | 173   |
| Gold   | 70                                 | 64   | 221                               | 164   |
| Zinc   | 7                                  | 9    | 19                                | 34    |
| Other  | 7                                  | 12   | 34                                | 31    |
|        | 605                                | 632  | 1,984                             | 1,792 |

<sup>1</sup> Copper revenues exclude \$264 million of proceeds from pre-commercial production at Trident for the nine months ended September 30, 2016 (nine months ended September 30, 2015: \$10 million).

### 13 Cost of sales

|                                       | Three months ended<br>September 30 |       | Nine months ended<br>September 30 |         |
|---------------------------------------|------------------------------------|-------|-----------------------------------|---------|
|                                       | 2016                               | 2015  | 2016                              | 2015    |
| Costs of production                   | (355)                              | (399) | (1,048)                           | (1,223) |
| Depreciation                          | (162)                              | (152) | (470)                             | (413)   |
| Movement in inventory                 | (10)                               | 2     | (123)                             | (11)    |
| Movement in depreciation in inventory | 2                                  | 17    | (56)                              | 32      |
|                                       | (525)                              | (532) | (1,697)                           | (1,615) |

### 14 Finance costs

|                                     | Three months ended<br>September 30 |       | Nine months ended<br>September 30 |       |
|-------------------------------------|------------------------------------|-------|-----------------------------------|-------|
|                                     | 2016                               | 2015  | 2016                              | 2015  |
| Interest expense                    | (112)                              | (103) | (323)                             | (300) |
| Accretion on restoration provision  | (3)                                | (3)   | (8)                               | (9)   |
| Total finance costs                 | (115)                              | (106) | (331)                             | (309) |
| Less: interest capitalized (note 5) | 110                                | 97    | 318                               | 292   |
|                                     | (5)                                | (9)   | (13)                              | (17)  |

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

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### 15 Segmented information

The Company's reportable operating segments are individual mine operations or mine development projects. 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 enters into sales hedge contracts, as well as the cost of exploration projects that are not eligible to be capitalized.

The Company's operations are subject to seasonal aspects, in particular the rainy 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 from January to March. As a result of the rainy 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.

*Statement of earnings – segmented information for the three months ended September 30, 2016:*

|                   | Revenue <sup>1</sup> | Cost of sales<br>(excluding<br>depreciation) | Depreciation | Other      | Operating<br>profit <sup>2</sup> | Income taxes |
|-------------------|----------------------|----------------------------------------------|--------------|------------|----------------------------------|--------------|
| Kansanshi         | 344                  | (227)                                        | (73)         | 14         | 58                               | (22)         |
| Las Cruces        | 93                   | (34)                                         | (41)         | (1)        | 17                               | (4)          |
| Guelb Moghrein    | 42                   | (28)                                         | (10)         | (1)        | 3                                | (1)          |
| Ravensthorpe      | 45                   | (49)                                         | (13)         | -          | (17)                             | 8            |
| Çayeli            | 28                   | (14)                                         | (9)          | -          | 5                                | (5)          |
| Pyhäsalmi         | 27                   | (13)                                         | (14)         | (1)        | (1)                              | 1            |
| Corporate & other | 26                   | -                                            | -            | (18)       | 8                                | (7)          |
| <b>Total</b>      | <b>605</b>           | <b>(365)</b>                                 | <b>(160)</b> | <b>(7)</b> | <b>73</b>                        | <b>(30)</b>  |

<sup>1</sup> Excludes intersegment revenues of \$22 million

<sup>2</sup> Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

<sup>3</sup> No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2016. The exploration and development costs for these projects are capitalized.

<sup>4</sup> Earnings relating to the Kevitsa segment have been presented as discontinued operations (note 4) and excluded from the above information.

*Statement of earnings – segmented information for the three months ended September 30, 2015:*

|                   | Revenue <sup>1</sup> | Cost of sales<br>(excluding<br>depreciation) | Depreciation | Other <sup>2</sup> | Operating<br>profit <sup>3</sup> | Income taxes |
|-------------------|----------------------|----------------------------------------------|--------------|--------------------|----------------------------------|--------------|
| Kansanshi         | 310                  | (198)                                        | (42)         | (96)               | (26)                             | (501)        |
| Las Cruces        | 94                   | (35)                                         | (36)         | (1)                | 22                               | 5            |
| Guelb Moghrein    | 102                  | (57)                                         | (20)         | (2)                | 23                               | (9)          |
| Ravensthorpe      | 69                   | (74)                                         | (14)         | 60                 | 41                               | 1            |
| Çayeli            | 27                   | (18)                                         | (9)          | 3                  | 3                                | (17)         |
| Pyhäsalmi         | 30                   | (15)                                         | (14)         | -                  | 1                                | (1)          |
| Corporate & other | -                    | -                                            | -            | (27)               | (27)                             | (45)         |
| <b>Total</b>      | <b>632</b>           | <b>(397)</b>                                 | <b>(135)</b> | <b>(63)</b>        | <b>37</b>                        | <b>(567)</b> |

<sup>1</sup> Excludes intersegment revenues of \$15 million.

<sup>2</sup> Business interruption insurance recoveries of \$49 million and a further \$9 million for insurance recoveries relating to assets recognized in 'Other' for Ravensthorpe.

<sup>3</sup> Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

<sup>4</sup> No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2015. The exploration and development costs for these projects are capitalized.

<sup>5</sup> Earnings relating to the Kevitsa segment have been presented as discontinued operations (note 4) and excluded from the above information.

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Statement of earnings – segmented information for the nine month period ended September 30, 2016:

|                   | Revenue <sup>1</sup> | Cost of sales<br>(excluding<br>depreciation) | Depreciation | Other       | Operating<br>profit <sup>2</sup> | Income taxes |
|-------------------|----------------------|----------------------------------------------|--------------|-------------|----------------------------------|--------------|
| Kansanshi         | 1,080                | (703)                                        | (254)        | 16          | 139                              | 31           |
| Las Cruces        | 276                  | (108)                                        | (124)        | 2           | 46                               | (10)         |
| Guelb Moghrein    | 174                  | (95)                                         | (36)         | (3)         | 40                               | (7)          |
| Ravensthorpe      | 143                  | (169)                                        | (38)         | -           | (64)                             | 21           |
| Çayeli            | 77                   | (43)                                         | (26)         | (1)         | 7                                | (7)          |
| Pyhäsalmi         | 85                   | (38)                                         | (47)         | -           | -                                | 2            |
| Corporate & other | 149                  | (15)                                         | (1)          | (64)        | 69                               | (28)         |
| <b>Total</b>      | <b>1,984</b>         | <b>(1,171)</b>                               | <b>(526)</b> | <b>(50)</b> | <b>237</b>                       | <b>2</b>     |

<sup>1</sup> Excludes intersegment revenues of \$33 million

<sup>2</sup> Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

<sup>3</sup> No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2016. The exploration and development costs for these projects are capitalized.

<sup>4</sup> Earnings relating to the Kevitsa segment have been presented as discontinued operations (note 4) and excluded from the above information.

Statement of earnings – segmented information for the nine month period ended September 30, 2015:

|                   | Revenue <sup>1</sup> | Cost of sales<br>(excluding<br>depreciation) | Depreciation | Other <sup>2</sup> | Operating profit <sup>3</sup> | Income taxes |
|-------------------|----------------------|----------------------------------------------|--------------|--------------------|-------------------------------|--------------|
| Kansanshi         | 892                  | (722)                                        | (120)        | (135)              | (85)                          | (508)        |
| Las Cruces        | 311                  | (114)                                        | (116)        | 13                 | 94                            | (21)         |
| Guelb Moghrein    | 223                  | (129)                                        | (44)         | (60)               | (10)                          | -            |
| Ravensthorpe      | 181                  | (174)                                        | (34)         | 44                 | 17                            | 10           |
| Çayeli            | 95                   | (56)                                         | (27)         | 1                  | 13                            | (29)         |
| Pyhäsalmi         | 90                   | (39)                                         | (40)         | 3                  | 14                            | (4)          |
| Corporate & other | -                    | -                                            | -            | (206)              | (206)                         | (10)         |
| <b>Total</b>      | <b>1,792</b>         | <b>(1,234)</b>                               | <b>(381)</b> | <b>(340)</b>       | <b>(163)</b>                  | <b>(562)</b> |

<sup>1</sup> Excludes intersegment revenues of \$50 million.

<sup>2</sup> Business interruption insurance recoveries of \$49 million and a further \$9 million for insurance recoveries relating to assets recognized in 'Other' for Ravensthorpe.

<sup>3</sup> Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

<sup>4</sup> No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at September 30, 2015. The exploration and development costs for these projects are capitalized.

<sup>5</sup> Earnings relating to the Kevitsa segment have been presented as discontinued operations (note 4) and excluded from the above information.

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

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Balance sheet – segmented information:

|                                | September 30, 2016              |              |                   | December 31, 2015               |              |                   |
|--------------------------------|---------------------------------|--------------|-------------------|---------------------------------|--------------|-------------------|
|                                | Non-current assets <sup>1</sup> | Total assets | Total liabilities | Non-current assets <sup>1</sup> | Total assets | Total liabilities |
| Kansanshi <sup>2</sup>         | 2,917                           | 3,883        | 963               | 3,305                           | 4,220        | 1,150             |
| Las Cruces                     | 850                             | 1,248        | 378               | 965                             | 1,300        | 368               |
| Guelb Moghrein                 | 202                             | 326          | 54                | 216                             | 351          | 58                |
| Ravensthorpe                   | 762                             | 856          | 175               | 786                             | 890          | 167               |
| Kevitsa                        | -                               | -            | -                 | 756                             | 845          | 44                |
| Trident                        | 3,238                           | 3,588        | 190               | 2,874                           | 2,996        | 223               |
| Çayeli                         | 160                             | 635          | 118               | 183                             | 654          | 140               |
| Pyhäsalmi                      | 165                             | 345          | 94                | 211                             | 407          | 77                |
| Cobre Panama <sup>3</sup>      | 6,161                           | 6,446        | 1,121             | 5,326                           | 5,604        | 860               |
| Corporate & other <sup>4</sup> | 1,139                           | 1,262        | 4,996             | 1,303                           | 1,351        | 4,898             |
| Total                          | 15,594                          | 18,589       | 8,089             | 15,925                          | 18,618       | 7,985             |

<sup>1</sup> Non-current assets include \$15,593 million of property plant and equipment (December 31, 2015: \$15,923 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

<sup>2</sup> 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.

<sup>3</sup> Cobre Panama is 20% owned by KPMC, a related party.

<sup>4</sup> Included within the corporate and other segment are assets relating to the Haqira project, \$668 million, (December 31, 2015: \$661 million) and the Taca Taca project, \$427 million (December 31, 2015: \$426 million).

Additions to non-current assets other than financial instruments, deferred tax assets and goodwill represent additions to property, plant and equipment.

Capital expenditure – segmented information for the three month period ended September 30, 2016:

|                                | Three months ended<br>September 30 |      | Nine months ended<br>September 30 |       |
|--------------------------------|------------------------------------|------|-----------------------------------|-------|
|                                | 2016                               | 2015 | 2016                              | 2015  |
| Kansanshi                      | 37                                 | 23   | 92                                | 259   |
| Las Cruces                     | 11                                 | 9    | 14                                | 22    |
| Guelb Moghrein                 | 6                                  | 7    | 19                                | 32    |
| Ravensthorpe                   | 2                                  | 7    | 5                                 | 18    |
| Trident                        | 15                                 | 148  | 156                               | 351   |
| Çayeli                         | -                                  | 2    | 3                                 | 6     |
| Pyhäsalmi                      | -                                  | -    | 1                                 | 4     |
| Cobre Panama                   | 196                                | 166  | 537                               | 420   |
| Corporate & other <sup>1</sup> | 2                                  | 4    | 6                                 | 11    |
| Total                          | 269                                | 366  | 833                               | 1,123 |

# 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)

### 16 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 September 30, 2016:

|                                                                   | Loans and<br>receivables | Available-<br>for-sale | Fair value<br>through profit<br>or loss | Other<br>financial<br>liabilities | Total<br>carrying<br>amount | Total fair<br>value |
|-------------------------------------------------------------------|--------------------------|------------------------|-----------------------------------------|-----------------------------------|-----------------------------|---------------------|
| <b>Financial assets</b>                                           |                          |                        |                                         |                                   |                             |                     |
| Trade and other<br>receivables <sup>1</sup>                       | 226                      | -                      | -                                       | -                                 | 226                         | 226                 |
| Derivative<br>instruments in<br>designated hedge<br>relationships | -                        | -                      | -                                       | -                                 | -                           | -                   |
| Other derivative<br>instruments <sup>2</sup>                      | -                        | -                      | 1                                       | -                                 | 1                           | 1                   |
| Investments                                                       |                          |                        |                                         |                                   |                             |                     |
| At cost <sup>3</sup>                                              | -                        | 23                     | -                                       | -                                 | 23                          | n/a                 |
| At fair value                                                     | -                        | 9                      | -                                       | -                                 | 9                           | 9                   |
| <b>Financial liabilities</b>                                      |                          |                        |                                         |                                   |                             |                     |
| Trade and other<br>payables                                       | -                        | -                      | -                                       | 510                               | 510                         | 510                 |
| Derivative<br>instruments in<br>designated hedge<br>relationships | -                        | -                      | 37                                      | -                                 | 37                          | 37                  |
| Other derivative<br>instruments                                   | -                        | -                      | 7                                       | -                                 | 7                           | 7                   |
| Finance leases                                                    | -                        | -                      | -                                       | 25                                | 25                          | 25                  |
| Liability to related<br>party                                     | -                        | -                      | -                                       | 536                               | 536                         | 536                 |
| Debt <sup>4</sup>                                                 | -                        | -                      | -                                       | 4,998                             | 4,998                       | 4,765               |

<sup>1</sup> 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.

<sup>2</sup> This derivative is 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.

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

<sup>4</sup> The fair value of debt is determined using market values, if available, and discounted cash flows based on management's estimated future cost of borrowing where market values are not available.

# 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)

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2015:

|                                                                   | Loans and<br>receivables | Available-<br>for-sale | Fair value<br>through profit<br>or loss | Other<br>financial<br>liabilities | Total<br>carrying<br>amount | Total fair<br>value |
|-------------------------------------------------------------------|--------------------------|------------------------|-----------------------------------------|-----------------------------------|-----------------------------|---------------------|
| <b>Financial assets</b>                                           |                          |                        |                                         |                                   |                             |                     |
| Trade and other<br>receivables <sup>1</sup>                       | 213                      | -                      | -                                       | -                                 | 213                         | 213                 |
| Derivative<br>instruments in<br>designated hedge<br>relationships | -                        | -                      | 72                                      | -                                 | 72                          | 72                  |
| Other derivative<br>instruments <sup>2</sup>                      | -                        | -                      | 9                                       | -                                 | 9                           | 9                   |
| Investments                                                       |                          |                        |                                         |                                   |                             |                     |
| At cost <sup>3</sup>                                              | -                        | 13                     | -                                       | -                                 | 13                          | n/a                 |
| At fair value                                                     | -                        | 10                     | -                                       | -                                 | 10                          | 10                  |
| Promissory Note<br>receivable <sup>4</sup>                        | 64                       | -                      | -                                       | -                                 | 64                          | 64                  |
| <b>Financial liabilities</b>                                      |                          |                        |                                         |                                   |                             |                     |
| Trade and other<br>payables                                       | -                        | -                      | -                                       | 568                               | 568                         | 568                 |
| Other derivative<br>instruments                                   | -                        | -                      | 4                                       | -                                 | 4                           | 4                   |
| Finance leases                                                    | -                        | -                      | -                                       | 26                                | 26                          | 26                  |
| Liability to related<br>party                                     | -                        | -                      | -                                       | 390                               | 390                         | 390                 |
| Debt                                                              | -                        | -                      | -                                       | 5,061                             | 5,061                       | 3,904               |

<sup>1</sup> 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.

<sup>2</sup> This derivative is 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.

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

<sup>4</sup> The Promissory Note, as described in note 7, is classified as a loan or receivable and carried at amortized cost. The fair value was calculated by reference to the principal value.

# 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)

### Fair Values

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at September 30, 2016, in the fair value hierarchy as described in the annual consolidated financial statements for the year ended December 31, 2015:

|                                                     | Level 1 | Level 2 | Level 3 | Total fair value |
|-----------------------------------------------------|---------|---------|---------|------------------|
| <b>Financial assets</b>                             |         |         |         |                  |
| Derivative instruments – LME contracts <sup>1</sup> | -       | -       | -       | -                |
| Derivative instruments – OTC contracts <sup>2</sup> | -       | 1       | -       | 1                |
| Investments <sup>3</sup>                            | 9       | -       | -       | 9                |
| <b>Financial liabilities</b>                        |         |         |         |                  |
| Derivative instruments – LME contracts <sup>1</sup> | 7       | -       | -       | 7                |
| Derivative instruments – OTC contracts <sup>2</sup> | -       | 37      | -       | 37               |

<sup>1</sup> Forward contracts for copper, nickel, gold, zinc, platinum and palladium 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.

<sup>2</sup> The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward 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.

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2015, in the fair value hierarchy:

|                                                     | Level 1 | Level 2 | Level 3 | Total fair value |
|-----------------------------------------------------|---------|---------|---------|------------------|
| <b>Financial assets</b>                             |         |         |         |                  |
| Derivative instruments – LME contracts <sup>1</sup> | 9       | -       | -       | 9                |
| Derivative instruments – OTC contracts <sup>2</sup> | -       | 72      | -       | 72               |
| Investments <sup>3</sup>                            | 10      | -       | -       | 10               |
| <b>Financial liabilities</b>                        |         |         |         |                  |
| Derivative instruments – LME contracts <sup>1</sup> | 2       | -       | -       | 2                |
| Derivative instruments – OTC contracts <sup>2</sup> | -       | 2       | -       | 2                |

<sup>1</sup> Forward contracts for copper, nickel, gold, zinc, platinum and palladium 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.

<sup>2</sup> The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward 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.

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

### Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of future sales. Commodity contracts outstanding as at September 30, 2016, were as follows:

|                             | Open Positions<br>(tonnes/ozs) | Average Contract price | Closing Market price | Maturities Through |
|-----------------------------|--------------------------------|------------------------|----------------------|--------------------|
| <b>Commodity contracts:</b> |                                |                        |                      |                    |
| Copper                      | 456,750                        | \$2.18/lb              | \$2.19/lb            | December 2017      |
| Nickel                      | 7,404                          | \$4.69/lb              | \$4.74/lb            | December 2016      |

# 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)

### Other derivatives

As at September 30, 2016, the following derivative positions were outstanding:

|                                                                      | Open<br>Positions<br>(tonnes/ozs) | Average<br>Contract price | Closing<br>Market price | Maturities<br>Through |
|----------------------------------------------------------------------|-----------------------------------|---------------------------|-------------------------|-----------------------|
| <b>Embedded derivatives in provisionally priced sales contracts:</b> |                                   |                           |                         |                       |
| Copper                                                               | 78,397                            | \$2.17/lb                 | \$2.19/lb               | December 2016         |
| Nickel                                                               | 803                               | \$4.78/lb                 | \$4.74/lb               | October 2016          |
| Gold                                                                 | 24,063                            | \$1,314/oz                | \$1,325/oz              | October 2016          |
| Zinc                                                                 | 2,800                             | \$1.05/lb                 | \$1.08/lb               | November 2016         |
| <b>Commodity contracts:</b>                                          |                                   |                           |                         |                       |
| Copper                                                               | 77,833                            | \$2.17/lb                 | \$2.19/lb               | December 2016         |
| Nickel                                                               | 803                               | \$4.78/lb                 | \$4.74/lb               | October 2016          |
| Gold                                                                 | 24,063                            | \$1,314/oz                | \$1,325/oz              | October 2016          |
| Zinc                                                                 | 2,800                             | \$1.05/lb                 | \$1.08/lb               | November 2016         |

As at December 31, 2015, the following derivative positions were outstanding:

|                                                                      | Open<br>Positions<br>(tonnes/ozs) | Average<br>Contract price | Closing<br>Market price | Maturities<br>Through |
|----------------------------------------------------------------------|-----------------------------------|---------------------------|-------------------------|-----------------------|
| <b>Embedded derivatives in provisionally priced sales contracts:</b> |                                   |                           |                         |                       |
| Copper                                                               | 72,078                            | \$2.13/lb                 | \$2.13/lb               | June 2016             |
| Nickel                                                               | 3,061                             | \$3.94/lb                 | \$3.93/lb               | January 2016          |
| Gold                                                                 | 25,307                            | \$1,069/oz                | \$1,062/oz              | June 2016             |
| Zinc                                                                 | 3,300                             | \$0.70/lb                 | \$0.73/lb               | March 2016            |
| Platinum                                                             | 6,240                             | \$849/oz                  | \$872/oz                | January 2016          |
| Palladium                                                            | 4,869                             | \$549/oz                  | \$547/oz                | January 2016          |
| <b>Commodity contracts:</b>                                          |                                   |                           |                         |                       |
| Copper                                                               | 74,103                            | \$2.13/lb                 | \$2.13/lb               | June 2016             |
| Nickel                                                               | 3,061                             | \$3.94/lb                 | \$3.93/lb               | January 2016          |
| Gold                                                                 | 25,352                            | \$1,069/oz                | \$1,062/oz              | June 2016             |
| Zinc                                                                 | 3,300                             | \$0.70/lb                 | \$0.73/lb               | March 2016            |
| Platinum                                                             | 6,240                             | \$849/oz                  | \$872/oz                | January 2016          |
| Palladium                                                            | 4,869                             | \$549/oz                  | \$547/oz                | January 2016          |

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

|                             | September 30,<br>2016 | December 31,<br>2015 |
|-----------------------------|-----------------------|----------------------|
| <b>Commodity contracts:</b> |                       |                      |
| Asset position              | 1                     | 81                   |
| Liability position          | (44)                  | (4)                  |

# 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)

### 17 Commitments and contingencies

#### *Capital commitments*

In conjunction with the development of Trident, Cobre Panama and other projects, the Company has committed to \$609 million (December 31, 2015: \$714 million) in capital expenditures.

#### *Precious metal revenue stream arrangement*

MPSA has an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the purchase and sale of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a \$1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of \$1 billion. The amount of gold and silver deliverable is indexed to the copper in concentrate produced from the Cobre Panama project. Beyond approximately the first 30 years of the current life of mine, the precious metals deliverable under the agreement will be based on a fixed percentage of the precious metals in concentrate.

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

#### *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.

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

### 18 Post balance sheet events

On October 27, 2016 Kansanshi Holdings Limited received a Notice of Arbitration under the Kansanshi Shareholders Agreement commenced by ZCCM Investment Holdings PLC, a 20% shareholder in Kansanshi Mining PLC ("Kansanshi"), against Kansanshi and Kansanshi Holdings Limited, an 80% shareholder in Kansanshi. We are assessing the merits of the claim and will provide further information as necessary.

# Management's Discussion and Analysis

Third quarter ended September 30, 2016



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 nine months ended September 30, 2016. 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](http://www.sedar.com). Information is also available on the Company's website at [www.first-quantum.com](http://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 October 27, 2016.

## THIRD QUARTER 2016 HIGHLIGHTS<sup>1</sup>

- Comparative earnings<sup>2</sup> of \$37 million (or \$0.05 per share) and cash flows from continuing operating activities<sup>2</sup> of \$263 million (or \$0.38 per share<sup>2</sup>).
- Copper production and sales of 142,721 tonnes and 136,051 tonnes, respectively:
  - Exceeded both the Q2 2016 and Q3 2015 levels.
  - Reflect a new production record at Las Cruces, increased output at Kansanshi and the continued ramp up of the Sentinel project which is on track to produce 130,000 tonnes of copper for the full year 2016.
- A total of 276,368 tonnes of copper concentrate processed at the Kansanshi copper smelter which achieved an average recovery of 97% for the quarter despite a 17-day repairs and maintenance shutdown in August.
- Sustainable cost savings reflected in cash cost ("C1")<sup>3</sup> = \$0.97, All-in sustaining ("AISC")<sup>3</sup> = \$1.36 and total cost ("C3")<sup>3</sup> = \$1.74 per lb of copper production:
- Realized average prices for copper and nickel of \$2.23 per lb and \$4.68 per lb, respectively, exceeded the average LME prices on account of the Company's sales hedge programs.
  - o Sales hedge positions outstanding as at October 27, 2016 totalled 417,800 tonnes of copper at an average price of \$2.18 per lb and 6,456 tonnes of nickel at an average price of \$4.69 per lb.
- Received \$69 million in final proceeds from the sale of the Kevitsa operation on October 3, 2016.
- Strong financial position maintained with \$810 million in unrestricted cash, \$593 million in committed, undrawn facilities, and \$520 million in working capital.
- Energization of the second power line into the Sentinel project occurred on September 16, 2016. Consequently, power supply to the project is expected to be progressively increased to its full requirement from the current 126MW level. It is anticipated that commercial production for Sentinel, contingent on the consistent provision of adequate power, will be achieved in the fourth quarter of 2016.
- The development of Cobre Panama continues on track for a phased commissioning in 2018 and continued ramp-up in 2019.
  - o A portion of the stripping of the pit, originally scheduled for later years in the project's development, has been brought forward to 2016.
  - o As a result, planned net capital expenditure for 2016 has been increased to \$450 million from \$390 million.
  - o The total capital expenditure for the project is unchanged at \$5.48 billion.
  - o The process to put in place project financing continues to advance.
- Changes to 2016 guidance are:
  - o Increased copper production estimate, excluding Sentinel, based on performance to date to 385,000 tonnes (Sentinel's estimated production revised to 130,000 tonnes)

- Lowered copper C1 and AISC per lb estimates based on performance to date: excluding Sentinel C1 = \$1.00 to \$1.05; AISC = \$1.35 to \$1.45 (marginal increase expected if commercial production is declared at Sentinel in the fourth quarter of 2016).
- Net capital expenditure estimate, after contributions from third-parties, increased to approximately \$770 million, inclusive of net capital expenditure of \$450 million for the Cobre Panama project, \$140 million for capitalized stripping and \$180 million for other projects and sustaining capital.

| Consolidated Operating Information - Continuing | Three months ended<br>September 30<br>(unaudited) |         | Nine months ended<br>September 30<br>(unaudited) |         |
|-------------------------------------------------|---------------------------------------------------|---------|--------------------------------------------------|---------|
|                                                 | 2016                                              | 2015    | 2016                                             | 2015    |
| Copper production (tonnes) <sup>4,5</sup>       | 142,721                                           | 103,289 | 393,357                                          | 295,139 |
| Copper sales (tonnes) <sup>4</sup>              | 136,051                                           | 101,359 | 399,348                                          | 272,119 |
| Cash cost of copper production (C1)(per lb)     | \$0.97                                            | \$1.16  | \$0.99                                           | \$1.27  |
| All-in sustaining cost (AISC)(per lb)           | \$1.36                                            | \$1.72  | \$1.35                                           | \$1.96  |
| Total cost of copper production (C3)(per lb)    | \$1.74                                            | \$2.10  | \$1.80                                           | \$2.25  |
| Realized copper price (per lb)                  | \$2.23                                            | \$2.36  | \$2.27                                           | \$2.53  |
| Nickel production (contained tonnes)            | 5,330                                             | 7,662   | 17,418                                           | 19,015  |
| Nickel sales (contained tonnes)                 | 5,454                                             | 8,062   | 19,809                                           | 18,350  |
| Cash cost of nickel production (C1)(per lb)     | \$5.01                                            | \$4.60  | \$4.72                                           | \$4.65  |
| All-in sustaining cost (AISC)(per lb)           | \$5.90                                            | \$5.29  | \$5.39                                           | \$5.46  |
| Total cost of nickel production (C3)(per lb)    | \$6.71                                            | \$5.93  | \$6.40                                           | \$6.08  |
| Realized nickel price (per payable lb)          | \$4.68                                            | \$4.83  | \$4.17                                           | \$5.59  |
| Gold production (ounces)                        | 52,957                                            | 53,563  | 159,778                                          | 157,178 |
| Gold sales (ounces)                             | 54,124                                            | 61,279  | 187,163                                          | 155,969 |

| Consolidated Financial Information                                                                   | Three months ended<br>September 30<br>(unaudited) |          | Nine months ended<br>September 30<br>(unaudited) |          |
|------------------------------------------------------------------------------------------------------|---------------------------------------------------|----------|--------------------------------------------------|----------|
|                                                                                                      | 2016                                              | 2015     | 2016                                             | 2015     |
| Sales revenues                                                                                       | 605                                               | 632      | 1,984                                            | 1,792    |
| Gross profit                                                                                         | 80                                                | 100      | 287                                              | 177      |
| Net earnings (loss) from continuing operations                                                       | 39                                                | (539)    | 229                                              | (726)    |
| Net earnings (loss) from discontinued operations                                                     | -                                                 | 3        | (267)                                            | 2        |
| Net earnings (loss) per share from continuing operations attributable to shareholders of the Company | \$0.05                                            | (\$0.63) | \$0.31                                           | (\$0.96) |
| Net earnings (loss) per share                                                                        | \$0.05                                            | (\$0.62) | (\$0.08)                                         | (\$0.96) |
| Basic and diluted earnings (loss) per share                                                          | \$0.05                                            | (\$0.62) | (\$0.08)                                         | (\$0.96) |
| Comparative EBITDA <sup>2</sup>                                                                      | 220                                               | 254      | 746                                              | 508      |
| Comparative earnings                                                                                 | 37                                                | 66       | 138                                              | 74       |
| Comparative earnings per share                                                                       | \$0.05                                            | \$0.10   | \$0.20                                           | \$0.12   |

<sup>1</sup> Operating performance measures exclude Kevitsa. In accordance with the requirement of IFRS 5 - *Non-current assets Held for Sale and Discontinued Operations*, Kevitsa has been classified as a discontinued operation for the three and nine months ended September 30, 2016; and accordingly, comparative 2015 financial information has been re-presented. For further discussion on Kevitsa, please see "Kevitsa Nickel-Copper-PGE Discontinued Operation" below and note 4 "Kevitsa Sale" of the condensed interim consolidated financial statements for the three and nine months ended September 30, 2016.

<sup>2</sup> 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 and comparative EBITDA. EBITDA, comparative earnings, comparative earnings per share and comparative EBITDA 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.

<sup>3</sup> C1 cash cost, AISC, C3 total cost are not recognized under IFRS. See "Regulatory disclosures" for further information.

<sup>4</sup> Total copper production includes production at Sentinel of 38,926 tonnes and 91,815 tonnes for the three and nine months ended September 30, 2016, respectively (10,979 tonnes and 17,781 tonnes for three and nine months ended September 30, 2015, respectively). Total copper sales include sales at Sentinel of 35,552 tonnes and 76,288 tonnes for the three and nine months ended September 30, 2016, respectively (2,474 tonnes for three and nine months ended September 30, 2015). Production and sales at Sentinel are pre-commercial production and therefore excluded from earnings, C1 cash cost, AISC & C3 total cost.

<sup>5</sup> Production is presented on a copper concentrate basis, i.e. mine production only, and does not include output from the Kansanshi smelter.

## OPERATIONS SUMMARY

### *Third quarter 2016 – continuing operations*

#### **Copper production 38% higher from production at Sentinel, Kansanshi and Las Cruces**

- Copper production of 142,721 tonnes was 38% higher than the same period in 2015 as a result of the increased production at Kansanshi and continued ramp-up at Sentinel.
- Copper production at Sentinel totalled 38,926 tonnes for the quarter compared to 10,979 tonnes for the same period in 2015. In 2016, quarterly production amounted to 20,902 tonnes and 31,987 tonnes for first and second quarter, respectively.
- Production at Kansanshi was 23% higher for the quarter compared to the same period in 2015.
- Las Cruces achieved record copper production that was 15% higher for the quarter compared to the same period in 2015
- The Kansanshi smelter processed 276,368 tonnes (2015: 254,709 tonnes) of concentrate, produced 62,984 tonnes (2015: 57,085 tonnes) of copper anode and 266,000 tonnes (2015: 229,000 tonnes) of sulphuric acid and achieved an overall copper recovery of 97% (2015: 98%).

#### **Nickel production affected by a high pressure acid leaching (“HPAL”) circuit being offline**

- Ravensthorpe’s nickel production of 5,330 tonnes was 30% lower than the comparable period in 2015 as a repair to one HPAL circuit required it to be offline for a seven-week period.

#### **Gold production in line with prior period quarter**

- Gold production of 52,957 ounces was in line with the comparable period in 2015 as lower production at Guelb Moghrein, as a result of gold feed grade, was offset by higher production at Kansanshi.

#### **Copper and gold sales volumes significantly higher from increased recoveries and milling throughput**

- Copper sales volumes of 136,051 tonnes were significantly higher by 34% than the comparable period in 2015, reflecting higher sales volumes from Sentinel and anode sales volumes at Kansanshi on higher production due to improved recovery rates achieved on the mixed and oxide circuit and higher volumes of sulphide ore milled.

#### **Copper C1 cash cost decreased to \$0.97 per lb and full year guidance reduced**

- Copper C1 cash cost of \$0.97 per lb was lower by 16% compared to the same period in 2015 due to improved plant recoveries, lower mining and processing costs reflective of improved efficiencies in mining, lower fuel prices, process improvements and cost reductions.
- Full year 2016 guidance (excluding Sentinel) reduced to approximately \$1.00 to \$1.05 per lb.

#### **Nickel C1 cash cost increased to \$5.01 per lb**

- Nickel C1 cash cost of \$5.01 per lb was higher by \$0.41 per lb compared to the same period in 2015 as lower costs were offset by lower production stemming from one of the HPAL circuit being offline for a seven-week period.

### *First nine months 2016 – continuing operations*

- Copper production of 393,357 tonnes was 33% higher than the same period in 2015 as a result of the continued ramp-up at Sentinel and a 13% increase in production at Kansanshi. For the first nine months of 2016, the Kansanshi smelter processed 829,575 tonnes (2015: 480,761 tonnes) of concentrate, produced 184,700 tonnes (2015: 103,799 tonnes) of copper anode and 814,000 tonnes (2015: 431,000 tonnes) of sulphuric acid and achieved an overall copper recovery of 97% (2015: 98%).
- Copper sales volumes of 399,348 tonnes were significantly higher than the comparable period in 2015, reflecting the almost 74,000 tonnes of higher sales at Sentinel.
- Copper C1 cash cost of \$0.99 per lb was lower by 22% compared to the same period in 2015 reflecting the impact of acid consumed from the smelter, lower fuel costs, lower treatment charges associated with external smelters, reduced freight charges and additional cost savings achieved through the review of service contracts, plant efficiencies and labour productivity.
- Nickel production of 17,418 tonnes was 8% lower than the same period in 2015 as HPAL maintenance and repair shutdowns in the first nine months of 2016 affected operating levels at Ravensthorpe.
- Nickel C1 cash cost of \$4.72 per lb was slightly higher compared to the nickel C1 cash cost of \$4.65 per lb for the same period in 2015 due to reduced production at Ravensthorpe.
- Gold production of 159,778 ounces was 2,600 ounces above the same period in 2015 due to higher gold content in copper concentrate production at Kansanshi, partially offset by lower gold feed grade at Guelb Moghrein.

- Gold sales volumes of 187,163 ounces were 31,194 ounces higher than the same period in 2015 due to increased gold sales volumes in 2016 at Kansanshi reflecting the change from copper concentrate sales to anode sales. The gold in anode is not subject to standard smelter deductions applicable to gold in copper concentrate contracts.

## FINANCIAL AND CORPORATE DEVELOPMENTS SUMMARY

### Completion of a new Term Loan and Revolving Credit Facility

- As announced on May 27, 2016, the Company completed a new Term Loan and Revolving Credit Facility with its core relationship banks. This new Facility replaced the existing \$3 billion facility. The new Facility of \$1.815 billion comprises of a \$907.5 million Term Loan Facility, and a \$907.5 million Revolving Credit Facility, maturing in December 2019. The new Facility includes revised financial covenants and an extended repayment schedule that commences in June 2017, which, combined with the full receipt of the Kevitsa asset sale proceeds, improves the financial flexibility of the Company without reducing liquidity, while further reducing net debt. The Facility leaves the Company with approximately the same liquidity within the next 12 months, when compared to the existing \$3 billion facility. Under the new Facility, the current Net Debt to EBITDA covenant ratio of 5.5x will now be maintained until June 2017. The ratio will then reduce to 5.0x until December 2017, then to 4.5x until June 2018, and to 3.5x until December 2018, when it will reduce to 3.25x timed to better match the Cobre Panama construction and commissioning schedule. The new Facility also incorporates an accordion feature to enable it to be increased up to \$2.2 billion at the Company's discretion. This feature provides added flexibility for the Company.

### Completion of the sale of Kevitsa

- As announced on June 1, 2016, the Company completed the sale of the Kevitsa nickel-copper-platinum group elements mine to Boliden AB ("Boliden"). Total proceeds from the sale have been received. The amount of \$663 million in cash was received on June 1, 2016 and the final proceeds of \$69 million were received on October 3, 2016.

### Sales revenues decreased due to lower realized metal prices and lower nickel sales volumes

- Sales revenues of \$605 million for the three months ended September 30, 2016 million decreased by \$27 million compared to the same period in 2015 due to lower realized metal prices and lower nickel sales volumes.
- The average LME cash prices for copper of \$2.16 per lb and nickel of \$4.66 per lb were 10% and 3% lower, respectively, compared to the same period in 2015.
- The impact of lower copper prices was partially mitigated through hedging 144,250 tonnes of copper sales at an average of \$2.25 per lb, which settled in the current quarter generating \$28 million in additional revenue.
- As at September 30, 2016, 456,750 tonnes of copper forward sales contracts at an average price of \$2.18 remain outstanding with periods of maturity to December 2017 and 7,404 tonnes of nickel forward sales contracts at an average price of \$4.69 remain outstanding with periods of maturity to December 2016.

### Gross profit decreased to \$80 million from lower realized metal prices and higher depreciation, offset by lower royalties and lower costs

|                                                            | Continuing Operations |
|------------------------------------------------------------|-----------------------|
| Gross profit in Q3 2015                                    | 100                   |
| Lower realized metal prices                                | (31)                  |
| Lower sales volumes                                        | (4)                   |
| Lower costs (excluding depreciation and change in royalty) | 24                    |
| Decrease in royalty rate                                   | 13                    |
| Foreign exchange                                           | 3                     |
| Increase in depreciation                                   | (25)                  |
| Gross profit in Q3 2016 <sup>1</sup>                       | 80                    |

<sup>1</sup> Gross profit is reconciled to comparative EBITDA by including: exploration costs of \$4 million, general, administrative and other costs of \$17 million, and adding back depreciation of \$160 million, foreign exchange gain of \$12 million and other expense of \$13 million.

### Comparative EBITDA on a continuing basis of \$220 million

- Comparative EBITDA on a continuing basis of \$220 million excludes the impact of foreign exchange losses and revisions in estimates of closed site restoration provisions and is \$34 million lower than the same period last year.
- Comparative earnings of \$37 million is net of a tax charge of \$13 million and finance charges of \$4 million and general, administrative and exploration costs of \$21 million.
- For the three months ended September 30, 2016, net earnings attributable to shareholders totalled \$36 million. For the nine months ended September 30, 2016, the net loss attributable to shareholders of the Company of \$57 million (including discontinued operations) includes a post-tax loss of \$237 million on re-measurement to fair value less costs to sell for Kevitsa as well as foreign exchange gains of \$12 million.

## FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the quarter with \$810 million of unrestricted cash and cash equivalents in addition to \$593 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 2016 and 2017 to carry out its operating and capital expenditure plans.
- The amount of VAT accrued by the Company's Zambian operations at September 30, 2016 was \$274 million, of which \$244 million relates to Kansanshi. During the period March 2015 to September 2016, Kansanshi made VAT claims and accruals of \$160 million of which \$91 million has been received and \$69 million remains outstanding at September 30, 2016. VAT claims totaling Zambian kwacha ("ZMW") 1,742 million (currently equivalent to \$175 million) made by Kansanshi prior to February 2015 remain outstanding. 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.

## DEVELOPMENT PROJECTS

### Sentinel project, Zambia

- The power line from Mumbwa to Kalumbila was commissioned and energized on September 16, 2016. This marks the overall completion of the power line project to connect Sentinel to the national grid. It is anticipated that power supply to Sentinel will progressively increase from the current 126MW starting from mid-November following final commissioning of new thermal generation in the country from the current 126MW provided. With this increase to Sentinel's power supply, it is anticipated that commercial production at Sentinel will be achieved in the fourth quarter of 2016.

### Cobre Panama project, Panama

- Project progress continues on track for a phased commissioning in 2018, with continued ramp-up over 2019.
- In the power station area, all trades are ramping up towards a peak in the fourth quarter of 2016. Operation of Unit 1 is targeted for start-up in the second half of 2017, with Unit 2 following in the first half of 2018. Piping has progressed to 47% completion and electrical works at 18% completion on track to first system testing in the second quarter of 2017.
- Bulk earthworks remain focused on the mine prestrip and tailings storage facility which are at 40% and 58% completion respectively. Both areas are on track to support the 2018 commissioning schedule.
- Milling erection is progressing on plan. Six mills are scheduled to be erected during 2016, with the single remaining semi-autogenous grinding ("SAG") mill expected to follow by the first half of 2017.

## ZAMBIAN DEVELOPMENTS

- The Company's Zambian operations are currently being provided a total of 291 MW, which allows for normal operations at the Kansanshi mine and smelter complex. ZESCO currently imports supplementary power which is supplied to the mines at an increased tariff. In December 2015, Kansanshi and Sentinel were advised by ZESCO that power tariffs were to be increased to 10.35 cents per kWh effective January 1, 2016, and invoices for power supply under this new tariff have been received. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing.
- On February 18, 2016, the Government of Zambia announced that the Cabinet had approved changes to the mining tax regime, including: repealing the variable profits tax at up to 15% applicable to profits from mining; suspension of the 10% export duty on ores and concentrates applicable to nickel for which there are no processing facilities in Zambia; and reduction in the mining royalty rates for open pit mining from 9% to a sliding scale of 4% to 6% depending on the LME monthly average price and had retained corporate tax on profits from mining at 30%. On April 13, 2016, a Bill was introduced into Parliament detailing these changes. On June 6, 2016, the amendments to Zambia's Mines and Minerals Development Act and to the Income Tax Act to effect the changes to the mining tax regime were given Presidential assent with an effective date of June 1, 2016.
- On October 27, 2016 Kansanshi Holdings Limited received a Notice of Arbitration under the Kansanshi Shareholders Agreement commenced by ZCCM Investment Holdings PLC, a 20% shareholder in Kansanshi Mining PLC ("Kansanshi"), against Kansanshi and Kansanshi Holdings Limited, an 80% shareholder in Kansanshi. We are assessing the merits of the claim and will provide further information as necessary.

## GUIDANCE SUMMARY

Guidance is based on a number of assumptions and estimates as of September 30, 2016, 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 – continuing operations

Production guidance is shown for continuing operations and therefore excludes Kevitsa. Guidance for 2016 copper (excluding Sentinel) and zinc production has been increased to reflect the latest assumptions and year-to-date performance at Kanshanshi (copper) and Çayeli (zinc). Production guidance on a continuing basis for 2017 to 2018 for all metals is unchanged from guidance provided in April 2016. Guidance for Sentinel's production for 2016 has been updated to reflect year to date volumes, latest expectation of full year production and the expected increase in power supply from November 2016.

| 000's                                | 2016 | 2017    | 2018    |
|--------------------------------------|------|---------|---------|
| Copper (tonnes) – excluding Sentinel | 385  | 380     | 385     |
| Nickel (contained tonnes)            | 23   | 28      | 28      |
| Gold (ounces)                        | 210  | 208     | 208     |
| Zinc (tonnes)                        | 28   | 20      | 20      |
| Sentinel – copper (tonnes)           | 130  | 210-240 | 230-260 |

Guidance on precise production during the ramp-up and commissioning phases at the Cobre Panama project will depend on a number of factors which can only be properly assessed closer to that time but at this stage there is no reason to vary from published production estimates of 320,000 tonnes per annum when fully commissioned.

### Indicative production - continuing operations

#### Copper

| 000's tonnes           | 2016 | 2017    | 2018    |
|------------------------|------|---------|---------|
| Kansanshi <sup>1</sup> | 240  | 235     | 240     |
| Las Cruces             | 70   | 70      | 70      |
| Guelb Moghrein         | 36   | 40      | 40      |
| Çayeli                 | 24   | 22      | 22      |
| Pyhäsalmi              | 14   | 11      | 11      |
| Sentinel               | 130  | 210-240 | 230-260 |

#### Nickel

| 000's tonnes (contained tonnes) | 2016 | 2017 | 2018 |
|---------------------------------|------|------|------|
| Ravensthorpe                    | 23   | 28   | 28   |

#### Gold

| 000's ounces   | 2016 | 2017 | 2018 |
|----------------|------|------|------|
| Kansanshi      | 150  | 150  | 150  |
| Guelb Moghrein | 50   | 50   | 50   |
| Pyhäsalmi      | 7    | 7    | 6    |
| Çayeli         | 3    | -    | -    |

#### Zinc

| 000's tonnes        | 2016 | 2017 | 2018 |
|---------------------|------|------|------|
| Çayeli <sup>1</sup> | 8    | 6    | 5    |
| Pyhäsalmi           | 20   | 14   | 15   |

(1) 2016 guidance has been increased.

## Capital expenditure

- Guidance on total capital expenditure for 2016 has increased to reflect the timing of spend on the Cobre Panama project. The total capital expenditure for the Cobre Panama project is unchanged at \$5.48 billion.
- 2016 net capital expenditure, after contributions from third-parties, is expected to be approximately \$770 million, inclusive of net capital expenditure of \$450 million for the Cobre Panama project, \$140 million for capitalized stripping and \$180 million for other projects and sustaining capital. This excludes capitalization of any net pre-commercial production costs and capitalized interest but includes capital expenditure at Kevitsa to the date of sale.

## Cash cost and all-in sustaining cost

Both C1 and AISC for copper have been reduced from previous guidance to reflect embedded cost savings throughout the Company.

### Cash operating cost (C1):

- Expected average cash cost of copper in 2016 (excluding Sentinel) reduced to approximately \$1.00 to \$1.05 per lb (and would be marginally higher with any Q4 contribution from Sentinel). Guidance is the same on a continuing operations or including discontinued operations basis.
- Expected average cash cost of copper in 2017 and 2018 remains at approximately \$1.20 to \$1.40 per lb, including Sentinel.
- Expected average cash cost of nickel on a continuing basis excluding Kevitsa is approximately \$4.50 to \$4.70 per lb for 2016, 2017 and 2018.

### All-In Sustaining Cost ('AISC'):

- Expected average AISC of copper reduced to approximately \$1.35 to \$1.45 per lb for 2016 (excluding Sentinel) on a continuing basis (and would be marginally higher with any Q4 contribution from Sentinel). Guidance is the same on a continuing operations or including discontinued operations basis.
- Expected average AISC of copper of approximately \$1.70 to \$1.90 per lb for 2017 and 2018 (including Sentinel).
- Expected average AISC of nickel is approximately \$5.00 to \$5.30 per lb for 2016, 2017 and 2018.

## OPERATIONS

| Kansanshi                                           | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
|-----------------------------------------------------|------------------------------------|---------|-----------------------------------|---------|
|                                                     | 2016                               | 2015    | 2016                              | 2015    |
| Sulphide ore tonnes milled (000's)                  | 2,973                              | 2,478   | 8,721                             | 5,370   |
| Sulphide ore grade processed (%)                    | 0.8                                | 0.8     | 0.8                               | 0.8     |
| Sulphide copper recovery (%)                        | 93                                 | 91      | 91                                | 91      |
| Mixed ore tonnes milled (000's)                     | 1,986                              | 2,359   | 5,960                             | 8,989   |
| Mixed ore grade processed (%)                       | 1.0                                | 1.0     | 1.0                               | 1.1     |
| Mixed copper recovery (%)                           | 80                                 | 71      | 84                                | 71      |
| Oxide ore tonnes milled (000's)                     | 1,881                              | 1,773   | 5,265                             | 4,900   |
| Oxide ore grade processed (%)                       | 1.6                                | 1.3     | 1.5                               | 1.5     |
| Oxide copper recovery (%)                           | 94                                 | 82      | 92                                | 79      |
| Copper production (tonnes) <sup>1</sup>             | 66,889                             | 54,512  | 187,322                           | 165,074 |
| Copper smelter                                      |                                    |         |                                   |         |
| Concentrate processed (DMT) <sup>2</sup>            | 276,368                            | 254,709 | 829,575                           | 480,761 |
| Copper anodes produced (tonnes) <sup>2</sup>        | 62,984                             | 57,085  | 184,700                           | 103,799 |
| Smelter copper recovery (%)                         | 97                                 | 98      | 97                                | 98      |
| Acid tonnes produced (000's)                        | 266                                | 229     | 814                               | 431     |
| Copper sales (tonnes) <sup>3</sup>                  | 64,117                             | 54,556  | 203,555                           | 152,348 |
| Gold production (ounces)                            | 37,883                             | 34,474  | 107,889                           | 102,248 |
| Gold sales (ounces)                                 | 38,896                             | 31,542  | 126,248                           | 93,308  |
| Cash costs (C1) (per lb) <sup>4</sup>               | \$1.05                             | \$1.34  | \$1.10                            | \$1.50  |
| Total costs (C3) (per lb) <sup>4</sup>              | \$1.68                             | \$2.23  | \$1.77                            | \$2.49  |
| All-in sustaining cost (AISC) (per lb) <sup>4</sup> | \$1.48                             | \$2.03  | \$1.51                            | \$2.49  |
| Sales revenues                                      | 344                                | 310     | 1,080                             | 892     |
| Gross profit before royalties                       | 62                                 | 112     | 201                               | 229     |
| Gross profit                                        | 44                                 | 70      | 123                               | 50      |
| Comparative EBITDA <sup>4</sup>                     | 115                                | 109     | 368                               | 158     |

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

<sup>2</sup> 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").

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

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

### Kansanshi Mining Operations

Copper production for the three months ended September 30, 2016 was 23% higher than the same period in 2015 due primarily to improved recoveries recorded on all three circuits, improved grades on the oxide circuit and higher milling volumes on the sulphide circuit. The overall recovery for the plant was 90% for the quarter, reflecting an increase of 8% from the same period in 2015. The improved plant performance reflects processing mixed final tails ("MFT") through the leaching circuit, implementation of controlled potential sulphidisation ("CPS") in the oxide and mixed circuits, debottlenecking the leaching circuit to allow increased treatment of MFT and changing to a more efficient collector in the sulphide circuit.

MFT treatment was curtailed during the quarter mainly as a result of the smelter shutdown for repairs to the furnace in August 2016. Cathode production from MFT comprised 8% of the total cathode production for the quarter. Total cathode production for the three months ended September 30, 2016 was 8% higher than the same period in 2015. No concentrate was processed through the high pressure leach ("HPL") unit due to power restrictions.

Copper production for the nine months ended September 30, 2016 was 13% higher than the same period in 2015 reflecting similar increase in milling volumes and an increase in overall plant recovery from 79% to 89%. Process volumes in 2016 reflect sulphide ore processed through the 12 million tonnes per annum milling circuit and acid soluble tails from the mixed ore circuit processed through the leaching circuit.

Gold production for the three months ended September 30, 2016 was 10% higher than the same period in 2015 due to increased copper in concentrate production during the quarter.

C1 cash cost for the three months ended September 30, 2016 decreased by \$0.29 per lb compared to the same period in 2015 due to improved plant recoveries, lower mining and processing costs reflective of improved efficiencies in mining, lower fuel prices, process improvements and cost reductions implemented during the past twelve months. C1 cash cost for the nine months ended September 30, 2016 decreased by \$0.40 per lb compared to the same period in 2015. The reduction in cash cost confirms the impact of acid consumed from the smelter, lower fuel costs, lower treatment charges associated with external smelters, reduced freight charges and additional cost savings achieved through the review of service contracts, plant efficiencies and labour productivity.

Sales volumes and revenue for the three months ended September 30, 2016 increased by 18% and 11% respectively compared to the same period in 2015. Sales volumes for the nine months ending September 30, 2016 were 34% higher than the same period in 2015, resulting in an increase of 21% in revenue. Increased sales volumes during both periods were directly linked to increased anode sales at lower realized commodity prices. Gross profit of \$44 million for the three months ended September 30, 2016 is lower than the same period in 2015 reflecting increased depreciation associated with the smelter and lower capitalization of mine development.

### **Kansanshi Copper Smelter**

The smelter treated 829,575 tonnes during the nine months ended September 30, 2016 and design capacity was achieved during the second quarter of 2016. The smelter successfully commissioned anode production for targeted refineries during the same quarter.

Concentrate volume treated for the three months ended September 30, 2016 was 276,368 tonnes, with 58% from Kansanshi and the balance from Sentinel. In September, the smelter achieved record monthly treatment rate of 116,000 tonnes. The smelter achieved an average recovery rate of 97% for the nine months ended September 30, 2016.

In August, the smelter was offline for 17 days for repairs and maintenance to the furnace.

### **Outlook**

Production in 2016 is expected to be approximately 240,000 tonnes of copper, and approximately 150,000 ounces of gold.

The power tariff was increased to 10.35 cents per kWh effective January 1, 2016. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing. The regulatory authorities in Zambia remain closely engaged with the Company and the industry, and affordability and stability remain central themes of these discussions.

| Las Cruces                                          | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |        |
|-----------------------------------------------------|------------------------------------|--------|-----------------------------------|--------|
|                                                     | 2016                               | 2015   | 2016                              | 2015   |
| Ore tonnes processed (000's)                        | 409                                | 370    | 1,176                             | 1,120  |
| Copper ore grade processed (%)                      | 5.2                                | 5.2    | 5.2                               | 5.1    |
| Copper recovery (%)                                 | 94                                 | 90     | 92                                | 90     |
| Copper cathode production (tonnes)                  | 20,016                             | 17,365 | 56,487                            | 51,421 |
| Copper cathode sales (tonnes)                       | 19,203                             | 17,484 | 57,883                            | 53,682 |
| Cash cost (C1)(per lb) <sup>1</sup>                 | \$0.67                             | \$0.73 | \$0.77                            | \$0.86 |
| Total cost (C3)(per lb) <sup>1</sup>                | \$1.72                             | \$1.84 | \$1.80                            | \$1.94 |
| All-in sustaining cost (AISC) (per lb) <sup>1</sup> | \$0.98                             | \$1.10 | \$0.96                            | \$1.11 |
| Sales revenues                                      | 93                                 | 94     | 276                               | 311    |
| Gross profit                                        | 18                                 | 23     | 44                                | 81     |
| Comparative EBITDA <sup>1</sup>                     | 58                                 | 57     | 167                               | 193    |

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

Copper production for the three months ended September 30, 2016 increased by 15% compared to the same period in 2015, primarily due to an 11% increase in throughput and a 4% increase in recovery. Copper production exceeded the 20,000 tonnes mark, a quarterly production record. With the commissioning of the cooling towers early in 2016, the plant continued to benefit from high pressure filter availability and an improved water balance thus reducing copper losses.

Copper production for the nine months ended September 30, 2016 was also higher than the comparable period in 2015 by 10%, as a result of a 5% increase in throughput and feed grade and recovery improvements. The recovery improvement was due to better pressure filter availability and an improved overall plant water balance.

C1 cash cost of \$0.67 per lb and \$0.77 per lb for the three and nine months ended September 30, 2016, respectively were significantly lower compared to same periods in 2015 due to higher cathode production and improvements in operating costs from cost cutting initiatives.

Sales revenues decreased by 1% and 11% for the three and nine months ended September 30, 2016, respectively compared to the same periods in 2015 due to lower realized copper prices, partially offset by higher volume due to additional available production. Despite lower operating costs, lower sales revenue reduced gross profit by 22% and 46% for the three and nine months ended September 30, 2016, respectively, compared with same periods in 2015.

## Outlook

The guidance on copper production in 2016 is approximately 70,000 tonnes with a planned maintenance shutdown for November impacting Q4 production. With the permitting of the El Chamorro surface waste dump, mine waste stripping is no longer constrained and is expected to meet the annual targets for 2016.

| Guelb Moghreïn                                      | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |        |
|-----------------------------------------------------|------------------------------------|--------|-----------------------------------|--------|
|                                                     | 2016                               | 2015   | 2016                              | 2015   |
| Sulphide ore tonnes milled (000's)                  | 986                                | 979    | 2,971                             | 2,994  |
| Sulphide ore grade processed (%)                    | 0.8                                | 1.3    | 1.0                               | 1.2    |
| Sulphide copper recovery (%)                        | 91                                 | 92     | 91                                | 92     |
| Copper production (tonnes)                          | 7,156                              | 11,373 | 26,740                            | 33,156 |
| Copper sales (tonnes)                               | 6,870                              | 17,614 | 30,490                            | 36,094 |
| Gold production (ounces)                            | 12,208                             | 16,154 | 42,811                            | 46,862 |
| Gold sales (ounces)                                 | 12,038                             | 26,585 | 51,376                            | 54,013 |
| Cash costs (C1)(per lb) <sup>1</sup>                | \$1.14                             | \$1.09 | \$0.86                            | \$1.07 |
| Total costs (C3)(per lb) <sup>1</sup>               | \$1.96                             | \$1.70 | \$1.56                            | \$1.73 |
| All-in sustaining cost (AISC) (per lb) <sup>1</sup> | \$1.72                             | \$1.54 | \$1.34                            | \$1.51 |
| Sales revenues                                      | 42                                 | 102    | 174                               | 223    |
| Gross profit                                        | 4                                  | 25     | 43                                | 50     |
| Comparative EBITDA <sup>1</sup>                     | 12                                 | 43     | 75                                | 94     |

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

Copper production for the three and nine months ended September 30, 2016 decreased by 37% and 19%, respectively compared to the same period in 2015 due to reduced copper feed grade which also negatively impacted copper recovery. Tonnes milled were in line with comparable periods. Gold in concentrate production for the three months ended September 30, 2016 was 24% lower compared to the same period in 2015 as a result of a decrease in gold feed grade. Gold production for the nine months ended September 30, 2016 was 9% lower also from the impact of lower feed grade.

C1 cash cost of \$1.14 per lb for the three months ended September 30, 2016 increased by 5% compared to the same period in 2015 mainly driven by the 37% decrease in copper production, partially offset by higher gold credit and lower costs. Costs benefited from lower fuel costs due to resourcing, lower consumables due to lower volumes mined and continued optimization of the supply chain. C1 cash cost of \$0.86 per lb for the nine months ended September 30, 2016 improved by 20% compared to the same period in 2015 as a result of lower costs and higher gold credit, offsetting the impact of the 19% decrease in copper production.

Sales revenues for the three and nine months ended September 30, 2016 were 59% and 22% lower, respectively compared to the same period in 2015 as a result of lower volumes sold due to lower production of both metals, and lower copper net realized price. These factors also affected comparable gross profit.

## Outlook

Copper production in 2016 is expected to be approximately 36,000 tonnes. Gold in copper concentrate production is expected to be approximately 50,000 ounces.

The focus for the next quarter continues on cost-saving and optimization initiatives which include:

- Testing of lower cost grinding media from various suppliers: Based on the grinding media currently being tested, savings of 10% to 15% are expected;
- Continue towards self-perform arrangements: Self-perform arrangements such as the fuel supply arrangement that came in effect last quarter and partial self-perform contract for transport of blasting materials from port to site completed during the current quarter will continue. Other contracts are currently being assessed under similar approach to identify further savings and improved service levels;
- Program to retire old mining equipment: Replacement of the ageing mining equipment will result in increased reliability and lower maintenance costs;
- Increase filtration efficiencies: In concentrate dewatering, tests are ongoing with improved design of filter plates to increase filtration rates and filter operating hours; and,
- Optimization of the Knelson Concentrator installed during the quarter is ongoing to increase gold recovery in the primary milling circuit. Overall recovery of gold is expected to increase by 2 to 3%.

| Ravensthorpe                                        | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |        |
|-----------------------------------------------------|------------------------------------|--------|-----------------------------------|--------|
|                                                     | 2016                               | 2015   | 2016                              | 2015   |
| Beneficiated ore tonnes processed (000's)           | 563                                | 687    | 1,810                             | 1,584  |
| Beneficiated ore grade processed (%)                | 1.2                                | 1.4    | 1.3                               | 1.5    |
| Nickel recovery (%)                                 | 79                                 | 85     | 81                                | 89     |
| Nickel production (contained tonnes)                | 5,330                              | 7,662  | 17,418                            | 19,015 |
| Nickel sales (contained tonnes)                     | 5,454                              | 8,062  | 19,809                            | 18,350 |
| Nickel production (payable tonnes)                  | 3,974                              | 5,893  | 12,980                            | 14,680 |
| Nickel sales (payable tonnes)                       | 4,083                              | 6,270  | 14,997                            | 14,357 |
| Cash costs (C1) (per lb) <sup>1</sup>               | \$5.01                             | \$4.60 | \$4.72                            | \$4.65 |
| Total costs (C3) (per lb) <sup>1</sup>              | \$6.71                             | \$5.93 | \$6.40                            | \$6.08 |
| All-in sustaining cost (AISC) (per lb) <sup>1</sup> | \$5.90                             | \$5.29 | \$5.39                            | \$5.46 |
| Sales revenues                                      | 45                                 | 69     | 143                               | 181    |
| Gross loss                                          | (17)                               | (19)   | (64)                              | (27)   |
| Comparative EBITDA <sup>1</sup>                     | (4)                                | 45     | (26)                              | 50     |

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

Nickel production for the three months ended September 30, 2016 was lower than the same period in 2015 as one high pressure acid leaching ("HPAL") circuit was offline for a seven-week period for repairs to the titanium lining. Nickel recovery was therefore impacted due to the higher proportion of material being processed through the less efficient atmospheric leach circuit. Lower than anticipated beneficiated grade has also impacted nickel production. For the nine months ended September 30, 2016, production was below the comparable period in 2015 on account of two successive quarters of downtime in the HPAL circuits.

Despite lower operating cash costs for the three months ended September 30, 2016 compared to the same period in 2015, C1 cash cost of \$5.01 per lb has increased as a result of lower production payable tonnes. C1 cash cost of \$4.72 per lb for the nine months ended September 30, 2016 has increased slightly compared to the same period in 2015 and reflects reduced production despite the lower cost profile in 2016 primarily attributable to the downward trend in sulphur price and implementation of cost saving initiatives.

Sales revenues for the three months ended September 30, 2016 were lower than the same period in 2015, primarily reflecting lower sales volumes. Sales revenues for the nine months ended September 30, 2016 were lower than same period in 2015 primarily due to the significant reduction in the realized nickel price with the average LME nickel price for the respective periods falling from \$5.71 per lb in 2015 to \$4.18 per lb in 2016.

Gross loss of \$17 million for the three months ended September 30, 2016 improved compared to the same period in 2015 due to lower operating costs. The gross loss of \$64 million for the nine months ended September 30, 2016 compared to the same period for 2015 was higher primarily due to the lower sales revenues as a result of the lower realized nickel price and lower sales volume. Comparative EBITDA for 2016 is lower as 2015 was positively impacted by \$58 million in insurance proceeds received from the atmospheric leach tank failure in December 2014.

## Outlook

Production for 2016 is expected to be approximately 23,000 tonnes of nickel.

Development of the new Hale Bopp pit will continue with increasing amounts of ore scheduled for processing during the coming quarter. The processing plant is expected to operate uninterrupted until the next HPAL and acid plant maintenance shutdowns which are planned in the first quarter of 2017. In order to maximize efficiencies, the acid plant shutdown that was scheduled for November 2016 has been deferred until the first quarter of 2017 to coincide with the HPAL shutdown.

The costs of operations remain highly correlated to the price of sulphur which has trended downwards during the first half of 2016 and stabilized in the current quarter. The average cost of sulphur for the current quarter was \$109 per tonne. Cost control continues to be a critical focus and further cost savings initiatives are being explored.

| Çayeli                                              | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |        |
|-----------------------------------------------------|------------------------------------|--------|-----------------------------------|--------|
|                                                     | 2016                               | 2015   | 2016                              | 2015   |
| Ore tonnes milled (000's)                           | 313                                | 312    | 965                               | 959    |
| Copper ore grade processed (%)                      | 2.3                                | 2.4    | 2.3                               | 2.4    |
| Copper recovery (%)                                 | 87                                 | 78     | 87                                | 80     |
| Zinc ore grade processed (%)                        | 1.8                                | 3.2    | 1.7                               | 3.1    |
| Zinc recovery (%)                                   | 41                                 | 54     | 39                                | 55     |
| Copper production (tonnes)                          | 6,335                              | 5,816  | 19,589                            | 18,698 |
| Copper sales (tonnes)                               | 6,510                              | 5,672  | 19,538                            | 18,139 |
| Zinc production (tonnes)                            | 2,338                              | 5,477  | 6,452                             | 16,030 |
| Zinc sales (tonnes)                                 | 2,376                              | 4,499  | 4,438                             | 14,632 |
| Cash cost (C1) (per lb) <sup>1</sup>                | \$1.11                             | \$1.43 | \$1.18                            | \$1.26 |
| Total cost (C3) (per lb) <sup>1</sup>               | \$1.76                             | \$2.53 | \$1.84                            | \$2.24 |
| All-in sustaining cost (AISC) (per lb) <sup>1</sup> | \$1.24                             | \$1.99 | \$1.36                            | \$1.70 |
| Sales revenues                                      | 28                                 | 27     | 77                                | 95     |
| Gross profit                                        | 5                                  | -      | 8                                 | 12     |
| Comparative EBITDA <sup>1</sup>                     | 13                                 | 8      | 32                                | 37     |

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

Copper production for the three months ended September 30, 2016 increased by 9% compared to the same period in 2015 primarily due to an increase in copper recovery. A greater proportion of stockwork ore, with better metallurgical characteristics, was mined to offset poor ground conditions in the higher grade massive sulphide work areas. Zinc production for the three months ended September 30, 2016 was 57% lower than the comparable period in 2015 due to a much lower grade and recovery. The zinc circuit was shut down for a period during the quarter due to unfavourable economics.

Copper production for the nine months ended September 30, 2016 was 5% higher than the comparable period in 2015 due to better recovery despite the lower grade. Zinc production for the nine months ended September 30, 2016 was lower than the comparable period in 2015 due to a lower grade and recovery. This was a consequence of frequent falls of ground in the higher grade massive sulphide zones requiring more mining in the lower copper grade and zinc deficient stockwork zone.

C1 cash cost for the three months ended September 30, 2016 decreased by \$0.32 per lb compared to the same period in 2015, primarily due to combined effects of higher copper metal production and lower site operating costs as a result of cost cutting projects in operation, partly offset by decrease in by-product credits resulting from lower zinc sales. C1 cash cost for the nine months ended September 30, 2016 of \$1.18 per lb decreased by \$0.08 per lb compared to the same period in 2015 mainly as a result of lower operating costs, partially offset by less by-product credits as a result of the decrease in zinc production in 2016.

Sales revenues for the three months ended September 30, 2016 were in line with same period in 2015. Sales revenues for the nine months ended September 30, 2016 were 19% lower than the comparable period in 2015 due to lower zinc sales volumes and realized copper prices.

## Outlook

Production in 2016 is expected to be approximately 24,000 tonnes of copper and approximately 8,000 tonnes of zinc, with the current trends of better copper metallurgy and low zinc grades and recovery continuing. Copper production is expected to exceed the output from 2015 while zinc production will be much lower due to the declining grade and associated reduced recovery.

Falls of ground in the higher grade massive sulphide zones, although well managed, impacted production and is expected to continue to influence productivity for the balance of the year. Sustaining high availability on an ageing mobile equipment fleet will also be a challenge. Management of the surface ground movement's impact on the ore hoisting facilities remains critical. Increased maintenance of the shaft and associated infrastructure will be necessary to sustain the current productivity levels.

| Pyhäsalmi                                           | Three months ended<br>September 30 |         | Nine months ended<br>September 30 |         |
|-----------------------------------------------------|------------------------------------|---------|-----------------------------------|---------|
|                                                     | 2016                               | 2015    | 2016                              | 2015    |
| Ore tonnes milled (000's)                           | 352                                | 347     | 1,030                             | 1,034   |
| Copper ore grade processed (%)                      | 1.0                                | 1.0     | 1.1                               | 0.9     |
| Copper recovery (%)                                 | 95                                 | 96      | 97                                | 97      |
| Zinc ore grade processed (%)                        | 0.9                                | 1.6     | 1.2                               | 1.7     |
| Zinc recovery (%)                                   | 86                                 | 89      | 88                                | 91      |
| Copper production (tonnes)                          | 3,398                              | 3,245   | 11,403                            | 9,011   |
| Copper sales (tonnes)                               | 3,798                              | 3,561   | 11,594                            | 9,384   |
| Zinc production (tonnes)                            | 2,726                              | 4,862   | 11,326                            | 15,504  |
| Zinc sales (tonnes)                                 | 2,277                              | 5,619   | 10,952                            | 15,951  |
| Pyrite production (tonnes)                          | 112,882                            | 220,327 | 485,710                           | 623,675 |
| Pyrite sales (tonnes)                               | 89,118                             | 198,224 | 406,649                           | 532,496 |
| Cash cost (C1) (per lb) <sup>1</sup>                | \$0.61                             | \$0.55  | \$0.35                            | \$0.27  |
| Total cost (C3) (per lb) <sup>1</sup>               | \$2.59                             | \$2.62  | \$2.29                            | \$2.39  |
| All-in sustaining cost (AISC) (per lb) <sup>1</sup> | \$0.64                             | \$0.58  | \$0.42                            | \$0.38  |
| Sales revenues                                      | 27                                 | 30      | 85                                | 90      |
| Gross profit                                        | -                                  | 1       | -                                 | 11      |
| Comparative EBITDA <sup>1</sup>                     | 14                                 | 15      | 46                                | 50      |

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

Copper production for the three and nine months ended September 30, 2016 increased by 5% and by 27% respectively, compared to the same periods in 2015 due to higher copper grades and higher throughput. Zinc production for the three and nine months ended September 30, 2016 was lower by 44% and 27% respectively, compared to the same periods in 2015, due to lower zinc grades and associated recoveries. Fluctuating copper and zinc grades are a function of the reduced flexibility in the mine plan at this stage in the mine life. Pyrite concentrate production was down 49% and 22% for the three and nine months ended September 30, 2016 respectively, due to a downturn in sales opportunities.

C1 cash cost for the three months ended September 30, 2016 were \$0.06 per lb higher compared to the same period in 2015 primarily due to lower by-product sales. C1 cash cost for the nine months ended September 30, 2016 was higher by \$0.08 per lb due to lower by-product credits relating to decrease in pyrite and zinc sales volumes.

Sales revenues for the three months ended September 30, 2016 decreased by 10% compared to the same period in 2015, reflecting lower zinc sales volumes. Sales revenues for the nine months ended September 30, 2016 were lower by 6% compared to the same period in 2015 due to lower by-product sales partly offset by higher realized zinc and pyrite sales prices, and copper sales volumes. Gross profit for the three months ended September 30, 2016 was comparable to the same period in 2015. Gross profit for the nine months ended September 30, 2016 was lower by \$11 million due to reduction in revenues driven by lower net realized copper price, lower zinc and pyrite volumes sold, and higher depreciation.

## Outlook

Production in 2016 is expected to be approximately 14,000 tonnes of copper and 20,000 tonnes of zinc. Pyrite production is expected to be approximately 550,000 tonnes, considerably less than previous forecasts due to anticipated reduction in sales to China.

Mining in the final years of the mine life is in more challenging secondary stopes and remnant pillars. The focus continues to be on maintaining a low voids volume to reduce seismic activity and reduce dilution. Lower grades, particularly zinc, will continue to impact plant recoveries.

| Sentinel                            | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |        |
|-------------------------------------|------------------------------------|--------|-----------------------------------|--------|
|                                     | 2016                               | 2015   | 2016                              | 2015   |
| Waste mined (000's tonnes)          | 23,022                             | 31,267 | 62,169                            | 69,689 |
| Ore mined (000's tonnes)            | 9,185                              | 4,569  | 27,172                            | 7,971  |
| Copper ore processed (000's tonnes) | 8,831                              | 4,179  | 25,972                            | 8,687  |
| Copper ore grade processed (%)      | 0.6                                | 0.7    | 0.6                               | 0.6    |
| Copper recovery (%)                 | 76                                 | 40     | 62                                | 35     |
| Copper production (tonnes)          | 38,926                             | 10,979 | 91,815                            | 17,781 |
| Copper sales (tonnes)               | 35,552                             | 2,474  | 76,288                            | 2,474  |

Copper production for the three and nine months ended September 30, 2016 was 38,926 tonnes and 91,815 tonnes compared to 10,979 tonnes and 17,781 tonnes for the same periods in 2015 as operations ramp-up. First filtered concentrate was produced at Sentinel in January 2015 and production ramped up over the course of 2015 and 2016, with higher copper production achieved in each successive quarter.

Production and sales at Sentinel are pre-commercial production and therefore excluded from earnings. Sentinel is expected to reach commercial production in the fourth quarter of 2016.

### Outlook

A declaration of commercial production will be made when the operation attains a sustained level of operating performance, achievement of which is dependent on an increased availability of power.

Copper production in 2016 is expected to be approximately 130,000 tonnes.

| Kevitsa Discontinued Operation                               | Period <sup>1</sup> ended<br>September 30 |        | Period <sup>1,2</sup> ended<br>September 30 |        |
|--------------------------------------------------------------|-------------------------------------------|--------|---------------------------------------------|--------|
|                                                              | 2016                                      | 2015   | 2016                                        | 2015   |
| Ore tonnes milled (000's)                                    | -                                         | 1,811  | 2,874                                       | 4,874  |
| Nickel ore grade processed (%)                               | -                                         | 0.2    | 0.2                                         | 0.2    |
| Nickel recovery (%)                                          | -                                         | 67     | 67                                          | 66     |
| Nickel production (tonnes)                                   | -                                         | 2,293  | 3,657                                       | 6,267  |
| Nickel sales (tonnes)                                        | -                                         | 2,671  | 2,954                                       | 6,810  |
| Copper ore grade processed (%)                               | -                                         | 0.3    | 0.3                                         | 0.3    |
| Copper recovery (%)                                          | -                                         | 90     | 88                                          | 89     |
| Copper production (tonnes)                                   | -                                         | 4,196  | 6,353                                       | 12,897 |
| Copper sales (tonnes)                                        | -                                         | 3,254  | 5,874                                       | 12,061 |
| Gold production (ounces)                                     | -                                         | 3,324  | 5,068                                       | 9,216  |
| Platinum production (ounces)                                 | -                                         | 9,142  | 12,991                                      | 21,714 |
| Palladium production (ounces)                                | -                                         | 7,426  | 10,426                                      | 17,134 |
| Nickel cash costs (C1) (per lb) <sup>3</sup>                 | -                                         | \$4.41 | \$4.73                                      | \$4.32 |
| Nickel total costs (C3) (per lb) <sup>3</sup>                | -                                         | \$4.54 | \$5.25                                      | \$5.75 |
| Copper cash costs (C1) (per lb) <sup>3</sup>                 | -                                         | \$1.56 | \$1.98                                      | \$1.36 |
| Copper total costs (C3) (per lb) <sup>3</sup>                | -                                         | \$1.68 | \$2.32                                      | \$1.99 |
| Sales revenues                                               | -                                         | 41     | 49                                          | 141    |
| Gross profit (loss)                                          | -                                         | 3      | (12)                                        | 6      |
| Net earnings (loss) for the period - discontinued operations | -                                         | 3      | (267)                                       | 2      |
| Comparative EBITDA <sup>3</sup>                              | -                                         | 6      | (8)                                         | 35     |

<sup>1</sup> As noted earlier, Kevitsa has been classified as a discontinued operation and accordingly, comparative 2015 financial information contained in the condensed interim Consolidated Statements of Earnings and of Cash Flows has been re-presented.

<sup>2</sup> For 2015, the period presented is for the three and nine months ended September 30, 2015.

<sup>3</sup> C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

The sale of Kevitsa was completed on June 1, 2016 and therefore no operational results for Kevitsa are presented for the three months ended September 30, 2016. For the nine months ended September 30, 2016, as it relates to the operations of Kevitsa, only the period from January 1 to the date of disposition of May 31, 2016 is presented. Consequently, production and sales volumes for the nine months ended September 30, 2016 were expectedly lower than the comparative period in 2015 due to absence of four months of operations.

## DEVELOPMENT ACTIVITIES

### Sentinel Project, Zambia

Production levels within the process circuit steadily continued to improve. The plant achieved extended periods of nameplate capacity in both throughput and copper production. Train 1 and Train 2 milling circuits, combined with all three in pit crushers, are now in continuous operation. Consistent ore supply and plant stability has seen copper recoveries improving through the third quarter of 2016. Copper production to date for 2016 was 91,815 tonnes. Guidance has been revised to 130,000 tonnes to reflect the latest projection of full year production.

The current quarter has seen a reduction in transitional ore reporting to the plant with primary sulphide ore becoming more exposed and available for processing. Flotation performance has improved markedly, resulting in higher recoveries and optimization of reagent usage. Completion of improved flow sheet modification in the process circuit has also enabled recoveries around 80% to be achieved, which is aligned with the laboratory test work for the ores being treated. Nameplate recoveries of close to 90%, confirmed by flotation test work, is expected to be achieved as higher proportions of fresh primary sulphide ores are introduced into the plant. Investigation of pulp/water chemistry and further flowsheet modification to separate fast and slow floating copper sulphides are currently being performed in an effort to further improve metallurgical performance.

The power line from Mumbwa to Kalumbila was commissioned and energized on September 16, 2016. This marks the overall completion of the power line project to connect Sentinel to the national grid. With the power line now operational, it is anticipated that power supply will progressively increase to Sentinel from the current 126MW to the full requirement. The increases are expected to be concurrent with improvements in power supply availability in Zambia as new thermal generation sources in the south of the country stabilize. Declaration of commercial production will be contingent on continuous availability of higher power.

In December 2015, Kansanshi and Sentinel were advised by ZESCO that power tariffs were to be increased to 10.35 cent per kWh effective January 1, 2016. These increases are being disputed and discussions with ZESCO and the Government of Zambia are ongoing.

The Enterprise nickel mine is located approximately 12 kilometers north-west of Sentinel. Commissioning is complete for the process plant sections of Enterprise that can be incorporated into the Sentinel copper processing plant. Enterprise plant sections have been in operation to assist the Sentinel processing plant reach copper recovery and concentrate grade targets through the second quarter and third quarter of 2016 and is planned to continue to offer additional processing flexibility in the short term while the plant receives some transitional ores. This includes the Enterprise flotation, thickening and concentrate filtration circuits. Other areas of the Enterprise plant are complete such as milling, crushing and conveying, and will be commissioned when required. Pre-strip mining activities continue to remain deferred.

### Cobre Panama Project, Panama

The rate of development of Cobre Panama increased in the third quarter of 2016. The first 150MW unit of the power station remains a priority with commissioning activities expected to start in the first half of 2017 followed by first operation in the second half of 2017, with a revenue stream expected prior to startup of the processing facility. The construction ramp up at the power station continue and be at peak in the fourth quarter of 2016 through the first quarter of 2017. The second 150MW unit is targeted to follow into operation in the first half of 2018. The balance of the project is scheduled for a phased commissioning in 2018 and continued ramp-up in 2019.

Detailed engineering and design is focused on completion of the process plant and secondary infrastructure. The timing of engineering has enabled incorporation of valuable learning experiences from other operations of the Company into the design to enhance Cobre Panama.

Procurement activities continue to realize benefits of the current market conditions, while meeting the construction schedule requirements. Key orders placed in the quarter include mechanical process equipment, transformers, variable speed drives and process simulator for the power station. Planned commitments in the fourth quarter of 2016 include additional process equipment (reclaimers, secondary crushers, primary crushers, conveyor equipment, piping), insulation and refractory contracts, additional mining fleet and electrical equipment.

Demobilization of some of the Company's owned earthworks fleet commenced in the quarter as the earthworks focus is now on mining pre-strip, tailings management facility and completion of project infrastructure. Mine pre-strip earthworks during the third quarter of 2016 totalled 6 million bulk cubic meters ("BCM"). The total pre-strip volume completed to end of third quarter of 2016 is 23 million BCM out of the estimated total of approximately 57 million BCM. Total project earthworks carried out to date is 105 million m<sup>3</sup>. Total concrete placement is 211,300 m<sup>3</sup>, which represents approximately 70% of the project total. Total structural steel erection is 20,800 tonnes, representing 41% of the project structural total. Mechanical works are 36% complete for the power station and port area, and 15% complete for the process plant. In the power station and port area, piping has progressed to 47% completion and electrical and instrumentation has reached 18% completion. At

the process plant, works are on track to open major structural and mechanical/piping workfronts in 2017 with civils under way on the secondary crushing and stockpile feed conveyor areas and main piperacks.

Tailings management facility earthworks, including starter dams, quarry and waste dump, reached 58% completion.

A total payment of \$416 million has been received up to the end of the third quarter of 2016 from the precious metal stream agreement with Franco-Nevada.

Project spending to the end of the third quarter of 2016 amounts to \$3.3 billion, including \$0.6 billion contributed by Korea Panama Mining Corporation (“KPMC”), which owns a 20% interest in the project. For the year-to-date, the project spending is \$537 million. The estimated costs for completion of \$2.2 billion are expected to be met by an additional contribution from KPMC of \$0.4 billion, \$0.6 billion payable by Franco-Nevada under the precious metal stream agreement and \$1.2 billion by First Quantum.

## EXPLORATION

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

In 2016, the Company continues to focus on the community and environmental aspects of the Haquira project in Peru. The Environmental Impact Assessment (“EIA”) studies and Environmental Monitoring progressed as planned and required.

At Taca Taca, the EIA studies continued as planned with the collection of baseline data and the design of a communications and consultation plan. Engineering studies planned for 2016 include the sounding of various salt lake sites that have been selected for potential infrastructure sites. Commercial and logistical aspects continue to be addressed.

During the third quarter of 2016, near-mine exploration activities were limited to Pyhäsalmi in Finland and Kansanshi in Zambia. At Kansanshi, a new resource definition program designed to upgrade near-mine oxide reserves was ongoing during the quarter. A series of targets extending laterally beyond the current mine reserve have been identified for drill testing based on detailed pit mapping and structural modelling. Elsewhere in the Kansanshi district, a number of opportunities for satellite oxide resources have been identified through surface geochemistry and three targets are currently subject of reconnaissance drill programs.

Early stage global exploration activities have been scaled back considerably in 2016, commensurate with the economic climate. Some geoscience staff from the exploration group are currently involved in a number of mine-geology related initiatives designed to improve ore control and recovery efficiency at operational and development sites. Residual low-cost exploration data collection and reconnaissance work continues in Peru, Chile and Zambia. In the current quarter, limited reconnaissance drill programs were initiated on targets in Chile, Peru and Alaska. Elsewhere, the focus has moved onto identifying longer term counter-cyclical opportunities through generative studies and grassroots prospecting.

**SALES REVENUES**

|                        |                           | Three months ended<br>September 30 |      | Nine months ended<br>September 30 |       |
|------------------------|---------------------------|------------------------------------|------|-----------------------------------|-------|
|                        |                           | 2016                               | 2015 | 2016                              | 2015  |
| Kansanshi              | - copper                  | 293                                | 276  | 927                               | 794   |
|                        | - gold                    | 51                                 | 34   | 153                               | 98    |
| Las Cruces             | - copper                  | 93                                 | 94   | 276                               | 311   |
| Guelb Molghrein        | - copper                  | 27                                 | 74   | 115                               | 164   |
|                        | - gold                    | 15                                 | 28   | 59                                | 59    |
| Ravensthorpe           | - nickel                  | 42                                 | 65   | 135                               | 173   |
|                        | - cobalt                  | 3                                  | 4    | 8                                 | 8     |
| Çayeli                 | - copper                  | 24                                 | 22   | 68                                | 76    |
|                        | - zinc, gold and silver   | 4                                  | 5    | 9                                 | 19    |
| Pyhäsalmi              | - copper                  | 15                                 | 15   | 46                                | 45    |
|                        | - zinc                    | 3                                  | 6    | 14                                | 20    |
|                        | - pyrite, gold and silver | 9                                  | 9    | 25                                | 25    |
| Corporate <sup>1</sup> |                           | 26                                 | -    | 149                               | -     |
| Sales revenues         | - continuing operations   | 605                                | 632  | 1,984                             | 1,792 |

<sup>1</sup> Corporate sales include sales hedges

*Three month review of sales revenues*

Q3 2016 sales revenues from continuing operations were 4% lower than Q3 2015 mainly due to lower copper net realized price, and lower nickel sales volumes. Copper sales revenues for the quarter were in line with 2015. An 18% increase in Kansanshi volumes were partially offset by lower sales volumes from Guelb Moghrein. Ravensthorpe nickel sales revenues were 35% lower in Q3 2016 than in the corresponding period of 2015, attributable to lower sales volumes. The full impact of a 10% decrease in the average LME cash copper price in Q3 2016 compared with Q3 2015 was limited by the sales hedges in place during the quarter.

*Nine month review of sales revenues*

Sales revenues from continuing operations were 11% higher for the nine months ended September 30, 2016 compared with the corresponding period in 2015. This was driven largely by increased copper sales volumes at Kansanshi and Las Cruces, and higher Kansanshi gold sales volumes. Offsetting the increases in copper and gold sales were a 22% decrease in nickel sales revenues and corresponding volumes at Ravensthorpe.

Further impacting sales revenues is a 6% and 24% decrease in the net realized copper and nickel prices, respectively. Copper sales hedges have been utilized since November 2015 and nickel sales hedges utilized since April 2016, reducing the full effect on sales revenues of this decrease of net realized prices.

The Company's revenues are recognized at provisional prices when title passes to the customer. Subsequent adjustments for final pricing are materially offset by derivative adjustments and shown on a net basis in cost of sales (see "Hedging Program" for further discussion).

## REALIZED PRICES

| Copper selling price (per lb) - continuing operations    | Three months ended<br>September 30 |          | Nine months ended<br>September 30 |          |
|----------------------------------------------------------|------------------------------------|----------|-----------------------------------|----------|
|                                                          | 2016                               | 2015     | 2016                              | 2015     |
| Average LME cash price                                   | \$2.16                             | \$2.39   | \$2.14                            | \$2.58   |
| Realized copper price                                    | \$2.23                             | \$2.36   | \$2.27                            | \$2.53   |
| Treatment/refining charges ("TC/RC") and freight charges | (\$0.11)                           | (\$0.18) | (\$0.13)                          | (\$0.25) |
| Net realized copper price                                | \$2.12                             | \$2.18   | \$2.14                            | \$2.28   |

In September 2015, the Company established a sales hedging program for copper. These hedges positively impacted sales revenues since November 2015. The positive impact on the average realized price for the three months ended September 30, 2016, was \$0.09 per lb and for the nine months ended September 30, 2016, was \$0.15 per lb. At the balance sheet date the Company had sales hedges for 456,750 tonnes with maturities to December 2017.

Given the recent 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 lb) – continuing operations | Three months ended<br>September 30 |          | Nine months ended<br>September 30 |          |
|-------------------------------------------------------|------------------------------------|----------|-----------------------------------|----------|
|                                                       | 2016                               | 2015     | 2016                              | 2015     |
| Average LME cash price                                | \$4.66                             | \$4.79   | \$4.18                            | \$5.71   |
| Realized nickel price per payable lb                  | \$4.68                             | \$4.83   | \$4.17                            | \$5.59   |
| TC/RC and freight charges                             | \$0.01                             | (\$0.11) | (\$0.04)                          | (\$0.13) |
| Net realized nickel price per payable lb              | \$4.69                             | \$4.72   | \$4.13                            | \$5.46   |

In March 2016, the Company established a sales hedging program for nickel. These hedges positively impacted sales revenues since April 2016. The impact on the average realized price for the three months ended September 30, 2016, was \$0.01 per lb and for the nine months ended September 30, 2016, was \$0.04 per lb. At the balance sheet date, the Company had sales hedges for 7,404 tonnes with maturities to December 2016.

**SUMMARY FINANCIAL RESULTS**

|                                                                                | Three months ended<br>September 30 |          | Nine months ended<br>September 30 |          |
|--------------------------------------------------------------------------------|------------------------------------|----------|-----------------------------------|----------|
|                                                                                | 2016                               | 2015     | 2016                              | 2015     |
| Gross profit (loss)                                                            |                                    |          |                                   |          |
| Kansanshi                                                                      | 44                                 | 70       | 123                               | 50       |
| Las Cruces                                                                     | 18                                 | 23       | 44                                | 81       |
| Guelb Moghrein                                                                 | 4                                  | 25       | 43                                | 50       |
| Ravensthorpe                                                                   | (17)                               | (19)     | (64)                              | (27)     |
| Çayeli                                                                         | 5                                  | -        | 8                                 | 12       |
| Pyhäsalmi                                                                      | -                                  | 1        | -                                 | 11       |
| Corporate <sup>1</sup>                                                         | 26                                 | -        | 133                               | -        |
| Total gross profit – continuing operations                                     | 80                                 | 100      | 287                               | 177      |
| Exploration                                                                    | (4)                                | (8)      | (10)                              | (25)     |
| General and administrative                                                     | (17)                               | (21)     | (51)                              | (66)     |
| Impairment and related charges                                                 | -                                  | -        | -                                 | (72)     |
| Impairment to Promissory Note                                                  | -                                  | -        | -                                 | (117)    |
| Other income (expense)                                                         | 14                                 | (34)     | 11                                | (60)     |
| Net finance expense                                                            | (4)                                | (9)      | (10)                              | (1)      |
| Income tax credit (expense)                                                    | (30)                               | (567)    | 2                                 | (562)    |
| Net earnings (loss) for the period                                             |                                    |          |                                   |          |
| – continuing operations                                                        | 39                                 | (539)    | 229                               | (726)    |
| – discontinued operations                                                      | -                                  | 3        | (267)                             | 2        |
| – including discontinued operations                                            | 39                                 | (536)    | (38)                              | (724)    |
| Net earnings (loss) for the period from continuing operations attributable to: |                                    |          |                                   |          |
| Non-controlling interests                                                      | 3                                  | (109)    | 19                                | (114)    |
| Shareholders of the Company                                                    | 36                                 | (430)    | 210                               | (612)    |
| Comparative earnings                                                           | 37                                 | 66       | 138                               | 74       |
| Earnings (loss) per share – continuing operations                              |                                    |          |                                   |          |
| Basic                                                                          | \$0.05                             | (\$0.63) | \$0.31                            | (\$0.96) |
| Diluted                                                                        | \$0.05                             | (\$0.63) | \$0.30                            | (\$0.96) |
| Comparative                                                                    | \$0.05                             | \$0.10   | \$0.20                            | \$0.12   |
| Basic weighted average number of shares (in 000's)                             | 685,594                            | 684,513  | 685,746                           | 634,280  |

<sup>1</sup> Corporate gross profit relates primarily to sales hedge revenue

*Three month review of financial results*

Gross profit was 20% lower for the quarter compared with Q3 2015. Lower Zambian royalties and lower costs have been more than offset by lower sales revenues and higher depreciation resulting from higher sales realized by Kansanshi and Las Cruces.

Following the modification to the mineral royalty rate payable on Zambian copper sales that was effective June 1, 2016, a royalty rate of 5% was applied to sales by Kansanshi and Sentinel. This compares with a mineral royalty rate of 9% that was applied for Zambian copper sales in Q3 2015.

Current market conditions meant a continued focus on cost-savings initiatives which have resulted in a lower exploration expenditure in Q3 2016 compared with Q3 2015. Furthermore, general and administrative costs were 19% lower than in the corresponding quarter of 2015.

Other income for the quarter includes a foreign exchange gain of \$12 million relating mainly to the revaluation of the outstanding Zambian kwacha denominated VAT receivable. Included in other expenses for Q3 2015 was a foreign exchange loss of \$94 million in relation to the Zambian kwacha denominated VAT receivable as well as \$49 million business interruption insurance recovery relating to the Ravensthorpe atmospheric leach tank failure in December 2014.

The majority of finance costs are capitalized in relation to the development projects. Finance costs included within net earnings primarily relate to accretion costs on restoration obligations.

The tax charge recognized in the quarter relates to trading results.

*Nine month review of financial results*

Gross profit was 62% higher for the nine months ended September 30, 2016 compared with the same period in 2015. Increased copper and gold sales, benefiting from the copper and nickel sales hedge programs, together with lower Zambian royalties, lower sulphur costs and a reduction in other costs have driven the increase in gross profit. Depreciation against the comparative periods was higher, as a result of a full nine months of depreciation of the Kansanshi smelter which declared commercial production in Q3 2015 and also due to depletion of Kansanshi inventory.

Exploration and general and administrative costs for the first nine months of 2016 are lower than the corresponding period of 2015 as a result of cost-saving initiatives introduced in late 2015.

In the current nine month period a foreign exchange gain of \$20 million was recognized, relating mainly to appreciation of Zambian kwacha denominated assets. A foreign exchange loss of \$105 million was recorded in the nine months to September 30, 2015, relating primarily to the devaluation of Zambian Kwacha denominated assets held by the Company.

The majority of finance costs are capitalized in relation to the development projects. Finance costs included in net earnings largely relate to accretion costs on restoration obligations.

Excluding the \$78 million income tax credit relating to the revaluation of deferred tax balances in Zambia, and other non-comparable tax adjustments, the effective tax rate for the nine months to September 31, 2016 was 24%. This is in line with the expected effective tax rate of 20% to 30% for the full year.

**LIQUIDITY AND CAPITAL RESOURCES**

|                                                                        | Three months ended<br>September 30 |        | Nine months ended<br>September 30 |         |
|------------------------------------------------------------------------|------------------------------------|--------|-----------------------------------|---------|
|                                                                        | 2016                               | 2015   | 2016                              | 2015    |
| Cash flows from continuing operating activities                        | 263                                | 141    | 821                               | 351     |
| Cash flows from (used in) investing activities                         |                                    |        |                                   |         |
| Payments and deposits for property, plant and equipment                | (269)                              | (366)  | (833)                             | (1,123) |
| Capitalized borrowing costs paid in cash                               | (83)                               | (93)   | (271)                             | (261)   |
| Repayment and interest from ERG on promissory note                     | -                                  | 215    | 64                                | 215     |
| Initial proceeds from sale of Kevitsa                                  | -                                  | -      | 663                               | -       |
| Other investing activities                                             | -                                  | 9      | (1)                               | (2)     |
| Cash flows from (used in) financing activities                         |                                    |        |                                   |         |
| Net movement in debt and trading facilities                            | (31)                               | 65     | (78)                              | (429)   |
| Issuance of common shares                                              | -                                  | -      | -                                 | 1,121   |
| Dividends paid                                                         | (2)                                | (16)   | (7)                               | (41)    |
| Other financing activities                                             | 38                                 | 30     | 110                               | 80      |
| Exchange losses on cash and cash equivalents                           | (1)                                | -      | (19)                              | (6)     |
| Net cash flows – continuing operations                                 | (85)                               | (15)   | 449                               | (95)    |
| Net cash flows – discontinued operations                               | -                                  | 2      | (4)                               | 14      |
| Cash balance                                                           | 810                                | 276    | 810                               | 276     |
| Total assets                                                           | 18,589                             | 18,341 | 18,589                            | 18,341  |
| Total current liabilities                                              | 1,030                              | 859    | 1,030                             | 859     |
| Total long-term liabilities                                            | 7,059                              | 6,995  | 7,059                             | 6,995   |
| Cash flows from continuing operating activities per share <sup>1</sup> | \$0.38                             | \$0.21 | \$1.20                            | \$0.55  |

<sup>1</sup> Cash flows per share is not recognized under IFRS. See “Regulatory Disclosures” for further information.

Higher EBITDA from continuing operations and proceeds under the precious metal streaming arrangement with Franco-Nevada contributed to increased operating cashflows in Q3 2016 compared with Q3 2015.

The amount of VAT accrued by the Company’s Zambian operations at September 30, 2016, is \$274 million, of which \$244 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. VAT refund claims submitted by Kansanshi subsequent to the Statutory Instrument change have begun to be recovered. During the period March 2015 to September 2016, Kansanshi made VAT claims and accruals of \$160 million of which \$91 million has been received and \$69 million remains outstanding at September 30, 2016. VAT claims totaling kwacha 1,742 million (currently equivalent to \$175 million) made by Kansanshi prior to February 2015 remain outstanding. 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 in efforts to resolve the industry and country-wide dispute that has arisen and expects to come to a resolution in the near future. The Company continues to consider the outstanding VAT refunds to be fully recoverable. It is the Company’s view that as the timing of the receipt of the VAT refund remains uncertain, the Kansanshi VAT receivable of \$175 million has been classified on the balance sheet as non-current at September 30, 2016.

In April 2014, the Energy Regulation Board (“ERB”) of Zambia issued a press release unilaterally recommending ZESCO, charge a minimum average tariff of 6.84 cents per kWh for its mining customers. In May 2014, ZESCO subsequently invoiced Kansanshi for power at 6.84 cents per kWh in breach of the agreed tariff within Kansanshi’s Power Supply Agreement with ZESCO. In September 2014, Kansanshi issued arbitration proceedings against ZESCO challenging this increased tariff. In December 2015, ZESCO notified Kansanshi that from January 1, 2016, power would be charged at a further increased tariff of 10.35 cents per kWh and invoices have since been received using this higher tariff. The Company believes that the prevailing Power Supply Agreements remain in force, and discussions with ZESCO continue. On April 18, 2016, the Company withdrew its claims in the arbitration proceedings in light of these announced changes to the tariffs applicable to mining companies and the discussions underway between the mining companies and ZESCO. ZESCO also withdrew its related claims in the arbitration. Judicial Review proceedings continue in Zambia against the ERB but there is no hearing date set. The regulatory authorities in Zambia remain closely engaged with the Company and the industry, with affordability and stability the central themes of these discussions.

Capital expenditure, excluding capitalized interest, on the Company’s key development projects totalled \$269 million for the three months ended September 30, 2016 (compared to \$366 million for the same period in 2015) and is comprised primarily of \$196 million for Cobre Panama development.

A \$69 million receivable balance due from Boliden with respect to the sale of Kevitsa was held on the balance sheet at September 30, 2016. The Company received this amount in full on October 3, 2016.

Cash flows used in continuing financing activities of \$5 million for the three months ended September 30, 2016, includes \$31 million net repayments on trading and debt facilities and \$40 million of receipts from KPMC for the development of Cobre Panama. From time to time, First Quantum may reduce outstanding debt, including through prepayments, redemptions, opportunistic market purchases and other means.

### Liquidity outlook

At September 30, 2016, the Company had \$593 million of committed undrawn facilities, \$810 million in unrestricted cash, working capital of \$520 million, as well as future cash flows which support the Company's ability to meet current obligations as they become due. The Company was in full compliance with all its debt covenants.

During Q1 2016, the Company initiated the process to put in place project financing for the Cobre Panama project following the finalization of the related precious metals stream agreement. During Q2 and Q3 2016, the Company continued this process. Total project financing is targeted to be completed within the next 12 months.

At September 30, 2016, the Company had total commitments of \$609 million, of which approximately \$163 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.

The Company remains compliant with all financial covenants under its facility agreements.

As at September 30, 2016, the Company had the following contractual obligations outstanding:

|                                         | Carrying<br>Value | Contractual<br>Cashflows | < 1 year     | 1 – 3 years  | 3 – 5 years  | Thereafter   |
|-----------------------------------------|-------------------|--------------------------|--------------|--------------|--------------|--------------|
| Debt – principal repayments             | 4,919             | 5,053                    | 227          | 842          | 3,134        | 850          |
| Debt – finance charges                  | -                 | 1,315                    | 342          | 652          | 282          | 39           |
| Trading facilities                      | 79                | 79                       | 79           | -            | -            | -            |
| Trade and other payables                | 510               | 510                      | 510          | -            | -            | -            |
| Liability to related party <sup>1</sup> | 536               | 723                      | -            | 104          | 73           | 546          |
| Current taxes payable                   | 163               | 163                      | 163          | -            | -            | -            |
| Deferred payments                       | 40                | 40                       | 4            | 4            | 4            | 28           |
| Finance leases                          | 25                | 34                       | 5            | 8            | 7            | 14           |
| Commitments                             | -                 | 609                      | 163          | 424          | 14           | 8            |
| Restoration provisions                  | 554               | 929                      | 5            | 21           | 22           | 881          |
| <b>Total</b>                            | <b>6,826</b>      | <b>9,455</b>             | <b>1,498</b> | <b>2,055</b> | <b>3,536</b> | <b>2,366</b> |

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

The consolidated annual financial statements for the year ended December 31, 2015, were prepared on a going concern basis but indicated a material uncertainty that cast significant doubt over the Company's ability to continue as a going concern. The uncertainty arose in relation to the Company's ability to meet the Net Debt to EBITDA ratio covenant under the senior debt facility. Following actions taken by management during the first quarter of 2016, this uncertainty was significantly reduced and there was no longer a material uncertainty at the end of the first quarter of 2016. Actions taken by management by the end of the first quarter included: the agreement to sell the Kevitsa mine to Boliden for \$712 million; a revised capital cost estimate of \$5.48 billion for Cobre Panama, 15% lower than the original estimate; reductions and rephrasing of other capital programs across the organization; cost-saving initiatives at all operations resulting in significantly lower cash costs; reduction of working capital balances; as well as a copper and nickel sales hedging program. Additional actions have been taken during 2016 to further reduce risk, including the refinancing of the senior debt facility with revised financial covenants, the hedging of future copper sales to the end of 2017, as well as ongoing cost savings implemented across the Company.

### 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.

|                             | September 30,<br>2016 | December 31,<br>2015 |
|-----------------------------|-----------------------|----------------------|
| <b>Commodity contracts:</b> |                       |                      |
| Asset position              | 1                     | 81                   |
| Liability position          | (44)                  | (4)                  |

### Hedging of future copper and nickel 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 limit the impact of price volatility on the Company's results. As at September 30, 2016, 456,750 tonnes of copper forward sales contracts at an average price of \$2.18 remain outstanding with periods of maturity to December 2017 and 7,404 tonnes of nickel forward sales contracts at an average price of \$4.69 remain outstanding with periods of maturity to December 2016. 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. During the three months ended September 30, 2016, \$28 million of revenue for settled hedges was realized. Fair value losses on outstanding contracts of \$43 million have been recognized in other comprehensive income and as a derivative liability at September 30, 2016.

| Commodity contracts: | Open Positions<br>(tonnes) | Average Contract<br>price | Closing Market<br>price | Maturities Through |
|----------------------|----------------------------|---------------------------|-------------------------|--------------------|
| Copper               | 456,750                    | \$2.18/lb                 | \$2.19/lb               | December 2017      |
| Nickel               | 7,404                      | \$4.69/lb                 | \$4.74/lb               | December 2016      |

As at the date of this document, the Company has sales hedge positions outstanding of 417,800 tonnes of copper at an average price of \$2.18 per lb and 6,456 tonnes of nickel at an average price of \$4.69 per lb.

### 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 September 30, 2016, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

|                                                                          | Open Positions<br>(tonnes/ounces) | Average<br>Contract price | Closing Market<br>price | Maturities<br>Through |
|--------------------------------------------------------------------------|-----------------------------------|---------------------------|-------------------------|-----------------------|
| <b>Embedded derivatives in provisionally<br/>priced sales contracts:</b> |                                   |                           |                         |                       |
| Copper                                                                   | 78,397                            | \$2.17/lb                 | \$2.19/lb               | December 2016         |
| Nickel                                                                   | 803                               | \$4.78/lb                 | \$4.74/lb               | October 2016          |
| Gold                                                                     | 24,063                            | \$1,314/oz                | \$1,325/oz              | October 2016          |
| Zinc                                                                     | 2,800                             | \$1.05/lb                 | \$1.08/lb               | November 2016         |
| <b>Commodity contracts:</b>                                              |                                   |                           |                         |                       |
| Copper                                                                   | 77,833                            | \$2.17/lb                 | \$2.19/lb               | December 2016         |
| Nickel                                                                   | 803                               | \$4.78/lb                 | \$4.74/lb               | October 2016          |
| Gold                                                                     | 24,063                            | \$1,314/oz                | \$1,325/oz              | October 2016          |
| Zinc                                                                     | 2,800                             | \$1.05/lb                 | \$1.08/lb               | November 2016         |

As at September 30, 2016, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

## EQUITY

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

First Quantum listed its shares on the London Alternative Investment Market (“AIM”) in 2001 as a secondary listing. In 2007, this secondary listing was moved to the main market of the London Stock Exchange (“LSE”). The Company had hoped this LSE listing would provide additional liquidity for First Quantum shares. However, while shares traded for 15 years on the LSE, trading volumes remained very low as the Company’s shareholders chose to continue trading through the main listing on the Toronto Stock Exchange, as well as more recently through alternative trading systems in the United States and Canada. The Company decided to delist from the LSE given the costs and administration of maintaining this secondary listing.

During the second quarter, the Company requested and received confirmation of the cancellation of admission of its shares to the standard segment of the UK Listing Authority’s Official List and to trading on the London Stock Exchange’s main market for listed securities. The cancellation was effective from May 31, 2016.

## SUMMARY OF RESULTS

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

| Consolidated continuing operations                              | Q4 14   | 2014            | Q1 15    | Q2 15    | Q3 15    | Q4 15   | 2015            | Q1 16    | Q2 16   | Q3 16   | 2016    |
|-----------------------------------------------------------------|---------|-----------------|----------|----------|----------|---------|-----------------|----------|---------|---------|---------|
| <i>Sales revenues</i>                                           |         |                 |          |          |          |         |                 |          |         |         |         |
| Copper                                                          | \$554   | <b>\$2,431</b>  | \$482    | \$427    | \$481    | \$578   | <b>\$1,968</b>  | \$576    | \$519   | \$478   | \$1,573 |
| Nickel                                                          | 121     | <b>492</b>      | 41       | 67       | 65       | 61      | <b>234</b>      | 57       | 37      | 43      | 137     |
| Gold                                                            | 45      | <b>218</b>      | 50       | 50       | 64       | 61      | <b>225</b>      | 69       | 82      | 70      | 221     |
| PGE and other elements                                          | 35      | <b>130</b>      | 29       | 14       | 22       | 19      | <b>84</b>       | 18       | 21      | 14      | 53      |
| Total sales revenues                                            | 755     | <b>3,271</b>    | 602      | 558      | 632      | 719     | <b>2,511</b>    | 720      | 659     | 605     | 1,984   |
| Gross profit                                                    | 169     | <b>951</b>      | 23       | 54       | 100      | 110     | <b>287</b>      | 105      | 102     | 80      | 287     |
| EBITDA <sup>1</sup>                                             | 277     | <b>1,345</b>    | 95       | 141      | 172      | 229     | <b>637</b>      | 254      | 276     | 232     | 762     |
| Comparative EBITDA <sup>1</sup>                                 | 255     | <b>1,319</b>    | 106      | 148      | 254      | 224     | <b>732</b>      | 269      | 257     | 220     | 746     |
| Net earnings (loss) attributable to shareholders of the Company | 448     | <b>825</b>      | (78)     | (104)    | (430)    | 111     | <b>(501)</b>    | 49       | 125     | 36      | 210     |
| Comparative earnings (loss)                                     | 56      | <b>474</b>      | (12)     | 20       | 66       | 182     | <b>256</b>      | 63       | 38      | 37      | 138     |
| Basic earnings (loss) per share                                 | \$0.75  | <b>\$1.38</b>   | (\$0.13) | (\$0.17) | (\$0.63) | \$0.16  | <b>(\$0.77)</b> | \$0.07   | \$0.18  | \$0.05  | \$0.31  |
| Comparative earnings (loss) per share                           | \$0.09  | <b>\$0.80</b>   | (\$0.02) | \$0.03   | \$0.10   | \$0.27  | <b>\$0.40</b>   | \$0.09   | \$0.06  | \$0.05  | \$0.20  |
| Diluted earnings (loss) per share                               | \$0.75  | <b>\$1.38</b>   | (\$0.13) | (\$0.17) | (\$0.63) | \$0.16  | <b>(\$0.77)</b> | \$0.07   | \$0.18  | \$0.05  | \$0.30  |
| Dividends declared per common share (\$CDN per share)           | -       | <b>\$0.1434</b> | \$0.0487 | -        | \$0.0330 | -       | <b>\$0.0817</b> | \$0.0100 | -       | \$0.005 | \$0.015 |
| Basic weighted average # shares (000's) <sup>2</sup>            | 595,994 | <b>595,994</b>  | 595,986  | 621,686  | 684,513  | 684,652 | <b>646,823</b>  | 685,795  | 685,783 | 685,594 | 685,746 |
| <i>Cash flows per share from operating activities</i>           | \$0.29  | <b>\$1.08</b>   | \$0.22   | \$0.12   | \$0.21   | \$1.09  | <b>\$1.69</b>   | \$0.37   | \$0.44  | \$0.38  | \$1.20  |
| <i>Copper statistics</i>                                        |         |                 |          |          |          |         |                 |          |         |         |         |
| Total copper production (tonnes)                                | 101,075 | <b>410,120</b>  | 91,910   | 99,940   | 103,289  | 115,886 | <b>411,025</b>  | 119,287  | 131,349 | 142,721 | 393,357 |
| Total copper sales (tonnes)                                     | 89,291  | <b>391,661</b>  | 91,082   | 79,678   | 101,359  | 119,534 | <b>391,653</b>  | 131,267  | 132,030 | 136,051 | 399,348 |
| Realized copper price (per lb)                                  | 2.93    | <b>3.04</b>     | 2.58     | 2.67     | 2.36     | 2.40    | <b>2.49</b>     | 2.38     | 2.21    | 2.23    | 2.27    |
| TC/RC (per lb)                                                  | (0.15)  | <b>(0.14)</b>   | (0.16)   | (0.17)   | (0.16)   | (0.10)  | <b>(0.15)</b>   | (0.11)   | (0.12)  | (0.10)  | (0.12)  |
| Freight charges (per lb)                                        | (0.09)  | <b>(0.11)</b>   | (0.13)   | (0.11)   | (0.02)   | (0.02)  | <b>(0.06)</b>   | (0.01)   | (0.01)  | (0.01)  | (0.01)  |
| Net realized copper price (per lb)                              | 2.69    | <b>2.79</b>     | 2.29     | 2.39     | 2.18     | 2.28    | <b>2.28</b>     | 2.26     | 2.08    | 2.12    | 2.14    |
| Cash cost – copper (C1) (per lb) <sup>1</sup>                   | \$1.36  | <b>\$1.41</b>   | \$1.41   | \$1.22   | \$1.16   | \$1.06  | <b>\$1.21</b>   | \$1.03   | \$0.98  | \$0.97  | \$0.99  |
| Total cost – copper (C3) (per lb) <sup>1</sup>                  | \$2.03  | <b>\$2.12</b>   | \$2.39   | \$2.25   | \$2.10   | \$1.85  | <b>\$2.14</b>   | \$1.86   | \$1.80  | \$1.74  | \$1.80  |
| All-in sustaining cost (AISC) (per lb)                          | \$2.11  | <b>\$2.02</b>   | \$2.22   | \$2.02   | \$1.72   | \$1.51  | <b>\$1.85</b>   | \$1.36   | \$1.32  | \$1.36  | \$1.35  |
| <i>Nickel statistics</i>                                        |         |                 |          |          |          |         |                 |          |         |         |         |
| Nickel produced (contained tonnes)                              | 7,736   | <b>36,445</b>   | 4,238    | 7,115    | 7,662    | 7,653   | <b>26,668</b>   | 7,106    | 4,982   | 5,330   | 17,418  |
| Nickel sales (contained tonnes)                                 | 9,912   | <b>37,981</b>   | 3,732    | 6,556    | 8,062    | 8,583   | <b>26,933</b>   | 8,940    | 5,415   | 5,454   | 19,809  |
| Nickel produced (payable tonnes)                                | 6,059   | <b>28,472</b>   | 3,274    | 5,513    | 5,893    | 5,887   | <b>20,567</b>   | 5,295    | 3,711   | 3,974   | 12,980  |
| Nickel sales (payable tonnes)                                   | 7,688   | <b>29,546</b>   | 2,962    | 5,125    | 6,270    | 6,716   | <b>21,073</b>   | 6,813    | 4,101   | 4,082   | 14,996  |
| Realized nickel price (per payable lb)                          | 7.18    | <b>7.62</b>     | 6.53     | 5.98     | 4.83     | 4.29    | <b>5.18</b>     | 3.88     | 4.15    | 4.68    | 4.17    |
| TC/RC (per payable lb)                                          | (0.03)  | <b>(0.06)</b>   | (0.18)   | (0.14)   | (0.11)   | (0.15)  | <b>(0.14)</b>   | (0.09)   | -       | 0.01    | (0.04)  |
| Net realized nickel price (per payable lb)                      | 7.15    | <b>7.56</b>     | 6.35     | 5.84     | 4.72     | 4.14    | <b>5.04</b>     | 3.79     | 4.15    | 4.69    | 4.13    |
| Cash cost – nickel (C1) (per payable lb) <sup>1</sup>           | \$5.04  | <b>\$4.50</b>   | \$4.66   | \$4.70   | \$4.60   | \$4.49  | <b>\$4.60</b>   | \$4.48   | \$4.73  | \$5.01  | \$4.72  |
| Total cost – nickel (C3) (per payable lb) <sup>1</sup>          | \$6.57  | <b>\$5.98</b>   | \$6.28   | \$6.13   | \$5.93   | \$5.82  | <b>\$5.99</b>   | \$6.00   | \$6.63  | \$6.71  | \$6.40  |
| All-in sustaining cost (AISC) (per lb)                          | \$6.49  | <b>\$5.42</b>   | \$5.56   | \$5.56   | \$5.29   | \$4.95  | <b>\$5.30</b>   | \$4.93   | \$5.49  | \$5.90  | \$5.39  |
| <i>Gold statistics</i>                                          |         |                 |          |          |          |         |                 |          |         |         |         |
| Total gold production (ounces)                                  | 54,387  | <b>216,969</b>  | 49,780   | 53,835   | 53,563   | 53,889  | <b>211,067</b>  | 56,191   | 50,630  | 52,957  | 159,778 |
| Total gold sales (ounces)                                       | 45,379  | <b>203,228</b>  | 47,269   | 47,421   | 61,279   | 57,958  | <b>213,927</b>  | 63,141   | 69,898  | 54,124  | 187,163 |
| Net realized gold price (per ounce)                             | 991     | <b>1,071</b>    | 1,043    | 1,061    | 1,051    | 1,047   | <b>1,050</b>    | 1,097    | 1,180   | 1,282   | 1,181   |
| <i>Zinc statistics</i>                                          |         |                 |          |          |          |         |                 |          |         |         |         |
| Zinc production (tonnes)                                        | 12,557  | <b>55,980</b>   | 12,975   | 8,220    | 10,339   | 9,605   | <b>41,139</b>   | 6,223    | 6,491   | 5,064   | 17,778  |
| Zinc sales (tonnes)                                             | 12,663  | <b>56,268</b>   | 13,054   | 7,411    | 10,117   | 11,036  | <b>41,618</b>   | 5,997    | 4,740   | 4,653   | 15,390  |

<sup>1</sup> Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

<sup>2</sup> Fluctuations in average weighted shares between quarters reflects shares issued and changes in levels of treasury shares held for performance share units.

| Kansanshi statistics                         | Q4 14  | 2014           | Q1 15  | Q2 15  | Q3 15   | Q4 15   | 2015           | Q1 16   | Q2 16   | Q3 16   | 2016    |
|----------------------------------------------|--------|----------------|--------|--------|---------|---------|----------------|---------|---------|---------|---------|
| <i>Mining</i>                                |        |                |        |        |         |         |                |         |         |         |         |
| Waste mined (000's tonnes)                   | 15,971 | <b>54,966</b>  | 12,043 | 17,119 | 21,816  | 19,751  | <b>70,729</b>  | 15,957  | 22,210  | 21,710  | 59,877  |
| Ore mined (000's tonnes)                     | 6,835  | <b>26,945</b>  | 6,838  | 9,166  | 9,057   | 9,044   | <b>34,105</b>  | 7,940   | 7,790   | 8,318   | 24,048  |
| <i>Processing</i>                            |        |                |        |        |         |         |                |         |         |         |         |
| Sulphide ore processed (000's tonnes)        | 1,530  | <b>7,944</b>   | 1,389  | 1,503  | 2,478   | 2,926   | <b>8,296</b>   | 2,888   | 2,860   | 2,973   | 8,721   |
| Sulphide ore grade processed (%)             | 1.0    | <b>0.9</b>     | 0.9    | 0.9    | 0.8     | 0.7     | <b>0.8</b>     | 0.7     | 0.9     | 0.8     | 0.8     |
| Sulphide ore recovery (%)                    | 89     | <b>91</b>      | 90     | 92     | 91      | 92      | <b>91</b>      | 88      | 92      | 93      | 91      |
| Mixed ore processed (000's tonnes)           | 3,263  | <b>9,413</b>   | 3,288  | 3,342  | 2,359   | 1,960   | <b>10,949</b>  | 1,990   | 1,984   | 1,986   | 5,960   |
| Mixed ore grade processed (%)                | 1.1    | <b>1.1</b>     | 1.1    | 1.0    | 1.0     | 1.1     | <b>1.1</b>     | 1.0     | 1.0     | 1.0     | 1.0     |
| Mixed ore recovery (%)                       | 70     | <b>73</b>      | 68     | 68     | 71      | 73      | <b>72</b>      | 88      | 83      | 80      | 84      |
| Oxide ore processed (000's tonnes)           | 1,753  | <b>7,977</b>   | 1,367  | 1,760  | 1,773   | 1,895   | <b>6,795</b>   | 1,637   | 1,747   | 1,881   | 5,265   |
| Oxide ore grade processed (%)                | 1.6    | <b>1.8</b>     | 1.5    | 1.6    | 1.3     | 1.7     | <b>1.5</b>     | 1.5     | 1.4     | 1.6     | 1.5     |
| Oxide ore recovery (%)                       | 81     | <b>83</b>      | 89     | 79     | 82      | 83      | <b>80</b>      | 92      | 89      | 94      | 92      |
| Copper cathode produced (tonnes)             | 19,365 | <b>102,362</b> | 20,593 | 20,984 | 18,766  | 20,643  | <b>80,986</b>  | 19,394  | 19,213  | 20,195  | 58,802  |
| Copper cathode tolled produced (tonnes)      | -      | <b>2,560</b>   | -      | -      | -       | -       | -              | -       | -       | -       | -       |
| Copper in concentrate produced (tonnes)      | 42,559 | <b>157,365</b> | 32,953 | 36,032 | 35,746  | 40,957  | <b>145,688</b> | 38,681  | 43,145  | 46,694  | 128,520 |
| Total copper production (tonnes)             | 61,924 | <b>262,287</b> | 53,546 | 57,016 | 54,512  | 61,600  | <b>226,674</b> | 58,075  | 62,358  | 66,889  | 187,322 |
| Concentrate grade (%)                        | 22.2   | <b>23.3</b>    | 23.4   | 22.5   | 20.8    | 19.6    | <b>21.1</b>    | 19.9    | 22.6    | 20.6    | 21.1    |
| <i>Smelting<sup>2</sup></i>                  |        |                |        |        |         |         |                |         |         |         |         |
| Concentrate processed (DMT) <sup>2</sup>     | -      | -              | -      | -      | 254,709 | 228,427 | <b>709,188</b> | 244,144 | 309,063 | 276,368 | 829,575 |
| Copper anodes produced (tonnes) <sup>2</sup> | -      | -              | -      | -      | 57,085  | 46,493  | <b>150,292</b> | 52,506  | 69,210  | 62,984  | 184,700 |
| Smelter copper recovery (%)                  | -      | -              | -      | -      | 98      | 97      | <b>98</b>      | 98      | 97      | 97      | 97      |
| Acid tonnes produced (000's)                 | -      | -              | -      | -      | 229     | 214     | <b>645</b>     | 239     | 309     | 266     | 814     |
| Gold produced (ounces)                       | 36,705 | <b>154,431</b> | 32,592 | 35,182 | 34,474  | 34,009  | <b>136,257</b> | 35,743  | 34,313  | 37,833  | 107,889 |
| <i>Cash Costs (per lb)<sup>1</sup></i>       |        |                |        |        |         |         |                |         |         |         |         |
| Mining                                       | \$0.61 | <b>\$0.64</b>  | \$0.67 | \$0.56 | \$0.67  | \$0.60  | <b>\$0.62</b>  | \$0.70  | \$0.67  | \$0.58  | \$0.65  |
| Processing                                   | 0.93   | <b>0.86</b>    | 0.88   | 0.69   | 0.61    | 0.43    | <b>0.65</b>    | 0.52    | 0.49    | 0.49    | 0.50    |
| Site administration                          | 0.05   | <b>0.07</b>    | 0.09   | 0.06   | 0.06    | 0.04    | <b>0.06</b>    | 0.06    | 0.06    | 0.06    | 0.06    |
| TC/RC and freight charges                    | 0.31   | <b>0.33</b>    | 0.40   | 0.59   | 0.20    | 0.12    | <b>0.29</b>    | 0.07    | 0.06    | 0.14    | 0.09    |
| Gold credit                                  | (0.22) | <b>(0.27)</b>  | (0.27) | (0.33) | (0.28)  | (0.21)  | <b>(0.26)</b>  | (0.30)  | (0.34)  | (0.35)  | (0.33)  |
| Total smelter costs                          | -      | -              | -      | (0.20) | 0.08    | 0.11    | <b>0.02</b>    | 0.13    | 0.13    | 0.13    | 0.13    |
| Cash cost (C1) (per lb) <sup>1</sup>         | \$1.68 | <b>\$1.63</b>  | \$1.77 | \$1.37 | \$1.34  | \$1.09  | <b>\$1.38</b>  | \$1.18  | \$1.07  | \$1.05  | \$1.10  |
| Total cost (C3) (per lb) <sup>1</sup>        | \$2.17 | <b>\$2.16</b>  | \$2.75 | \$2.38 | \$2.23  | \$1.82  | <b>\$2.28</b>  | \$1.94  | \$1.76  | \$1.68  | \$1.77  |
| <i>Revenues (\$ millions)</i>                |        |                |        |        |         |         |                |         |         |         |         |
| Copper cathodes                              | \$228  | <b>\$908</b>   | \$137  | \$124  | \$108   | \$95    | <b>\$464</b>   | \$74    | \$91    | \$99    | \$264   |
| Copper anode                                 | -      | -              | 16     | -      | 139     | 248     | <b>403</b>     | 239     | 208     | 185     | 632     |
| Copper in concentrates                       | 108    | <b>618</b>     | 129    | 112    | 29      | 9       | <b>279</b>     | 10      | 12      | 9       | 31      |
| Gold                                         | 26     | <b>152</b>     | 32     | 32     | 34      | 41      | <b>139</b>     | 50      | 52      | 51      | 153     |
| Total sales revenues                         | \$362  | <b>\$1,678</b> | \$314  | \$268  | \$310   | \$393   | <b>\$1,285</b> | \$373   | \$363   | \$344   | \$1,080 |
| Copper cathode sales (tonnes)                | 31,386 | <b>128,040</b> | 20,202 | 19,372 | 20,036  | 22,238  | <b>81,848</b>  | 15,892  | 18,772  | 21,219  | 55,883  |
| Copper tolled cathode sales (tonnes)         | -      | <b>2,560</b>   | -      | -      | -       | -       | -              | -       | -       | -       | -       |
| Copper anode sales (tonnes)                  | -      | -              | 2,922  | 127    | 27,338  | 52,635  | <b>83,022</b>  | 52,866  | 44,631  | 40,107  | 137,604 |
| Copper in concentrate sales (tonnes)         | 21,335 | <b>116,712</b> | 30,380 | 24,789 | 7,182   | 2,972   | <b>65,323</b>  | 3,464   | 3,813   | 2,791   | 10,068  |
| Gold sales (ounces)                          | 27,731 | <b>142,609</b> | 31,307 | 30,459 | 31,542  | 38,664  | <b>131,972</b> | 44,132  | 43,220  | 38,896  | 126,248 |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

<sup>2</sup> 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.

| Las Cruces statistics                  | Q4 14  | 2014   | Q1 15  | Q2 15  | Q3 15  | Q4 15  | 2015   | Q1 16  | Q2 16  | Q3 16  | 2016   |
|----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Mining</i>                          |        |        |        |        |        |        |        |        |        |        |        |
| Waste mined (000's tonnes)             | 6,629  | 19,053 | 2,615  | 3,154  | 7,190  | 2,500  | 15,459 | 1,737  | 2,310  | 7,478  | 11,525 |
| Ore mined (000's tonnes)               | 350    | 1,692  | 298    | 566    | 476    | 197    | 1,537  | 267    | 340    | 442    | 1,049  |
| <i>Processing</i>                      |        |        |        |        |        |        |        |        |        |        |        |
| Copper ore processed (000's tonnes)    | 379    | 1,539  | 362    | 388    | 370    | 380    | 1,500  | 378    | 389    | 409    | 1,176  |
| Copper ore grade processed (%)         | 5.2    | 5.1    | 5.1    | 5.1    | 5.2    | 5.3    | 5.2    | 5.2    | 5.2    | 5.2    | 5.2    |
| Recovery (%)                           | 89     | 90     | 91     | 88     | 90     | 93     | 90     | 92     | 92     | 94     | 92     |
| Copper cathode produced (tonnes)       | 17,525 | 71,090 | 16,694 | 17,362 | 17,365 | 18,608 | 70,029 | 18,045 | 18,426 | 20,016 | 56,487 |
| <i>Cash Costs (per lb)<sup>1</sup></i> |        |        |        |        |        |        |        |        |        |        |        |
| Cash cost (C1) (per lb) <sup>1</sup>   | \$0.95 | \$0.96 | \$0.97 | \$0.87 | \$0.73 | \$1.03 | \$0.90 | \$0.84 | \$0.80 | \$0.67 | \$0.77 |
| Total cost (C3) (per lb) <sup>1</sup>  | \$1.94 | \$1.97 | \$1.90 | \$2.07 | \$1.84 | \$1.90 | \$1.93 | \$1.82 | \$1.85 | \$1.72 | \$1.80 |
| <i>Revenues (\$ millions)</i>          |        |        |        |        |        |        |        |        |        |        |        |
| Copper cathode                         | \$104  | \$491  | \$116  | \$101  | \$94   | \$83   | \$394  | \$89   | \$94   | \$93   | \$276  |
| Copper cathode sales (tonnes)          | 15,594 | 71,120 | 19,598 | 16,600 | 17,484 | 16,884 | 70,566 | 18,972 | 19,708 | 19,203 | 57,883 |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| Guelb Moghreïn statistics               | Q4 14  | 2014   | Q1 15  | Q2 15  | Q3 15  | Q4 15  | 2015   | Q1 16  | Q2 16  | Q3 16  | 2016   |
|-----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Mining</i>                           |        |        |        |        |        |        |        |        |        |        |        |
| Waste mined (000's tonnes)              | 4,601  | 17,140 | 2,972  | 6,198  | 4,245  | 4,130  | 17,545 | 3,823  | 2,529  | 2,249  | 8,601  |
| Ore mined (000's tonnes)                | 971    | 3,086  | 829    | 840    | 751    | 498    | 2,918  | 693    | 731    | 559    | 1,983  |
| <i>Processing</i>                       |        |        |        |        |        |        |        |        |        |        |        |
| Sulphide ore processed (000's tonnes)   | 969    | 3,057  | 1,001  | 1,014  | 979    | 1,021  | 4,015  | 1,014  | 971    | 986    | 2,971  |
| Sulphide ore grade processed (%)        | 1.1    | 1.2    | 1.2    | 1.2    | 1.3    | 1.3    | 1.2    | 1.2    | 1.0    | 0.8    | 1.0    |
| Recovery (%)                            | 91     | 92     | 92     | 91     | 92     | 91     | 92     | 93     | 90     | 91     | 91     |
| Copper in concentrate produced (tonnes) | 9,768  | 33,079 | 10,642 | 11,141 | 11,373 | 11,845 | 45,001 | 11,062 | 8,522  | 7,156  | 26,740 |
| Gold produced (ounces)                  | 13,901 | 48,948 | 14,468 | 16,240 | 16,154 | 17,145 | 64,007 | 17,240 | 13,363 | 12,208 | 42,811 |
| <i>Cash Costs (per lb)<sup>1</sup></i>  |        |        |        |        |        |        |        |        |        |        |        |
| Mining                                  | \$0.43 | \$0.60 | \$0.43 | \$0.32 | \$0.38 | \$0.38 | \$0.38 | \$0.30 | \$0.41 | \$0.45 | \$0.38 |
| Processing                              | 0.94   | 1.09   | 0.68   | 0.67   | 0.68   | 0.60   | 0.67   | 0.60   | 0.78   | 0.92   | 0.74   |
| Site administration                     | 0.21   | 0.25   | 0.18   | 0.16   | 0.19   | 0.12   | 0.16   | 0.14   | 0.19   | 0.26   | 0.19   |
| TC/RC and freight charges               | 0.57   | 0.57   | 0.58   | 0.67   | 0.59   | 0.48   | 0.57   | 0.46   | 0.45   | 0.56   | 0.48   |
| Gold credit                             | (0.84) | (0.84) | (0.76) | (0.83) | (0.75) | (0.75) | (0.77) | (0.82) | (0.94) | (1.05) | (0.93) |
| Cash cost (C1) (per lb) <sup>1</sup>    | \$1.31 | \$1.67 | \$1.11 | \$0.99 | \$1.09 | \$0.83 | \$1.01 | \$0.68 | \$0.89 | \$1.14 | \$0.86 |
| Total cost (C3) (per lb) <sup>1</sup>   | \$2.07 | \$2.41 | \$1.80 | \$1.70 | \$1.70 | \$1.49 | \$1.67 | \$1.31 | \$1.61 | \$1.96 | \$1.56 |
| <i>Revenues (\$ millions)</i>           |        |        |        |        |        |        |        |        |        |        |        |
| Copper in concentrates                  | \$48   | \$176  | \$44   | \$46   | \$74   | \$45   | \$209  | \$35   | \$53   | \$27   | \$115  |
| Gold                                    | 15     | 54     | 14     | 17     | 28     | 17     | 76     | 16     | 28     | 15     | 59     |
| Total sales revenues                    | \$63   | \$230  | \$58   | \$63   | \$102  | \$62   | \$285  | \$51   | \$81   | \$42   | \$174  |
| Copper in concentrate sales (tonnes)    | 8,519  | 30,095 | 9,010  | 9,470  | 17,614 | 11,228 | 47,322 | 9,622  | 13,998 | 6,870  | 30,490 |
| Gold sales (ounces)                     | 13,421 | 45,901 | 12,860 | 14,568 | 26,585 | 16,667 | 70,680 | 15,573 | 23,765 | 12,038 | 51,376 |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See "Regulatory Disclosures" for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| Ravensthorpe statistics                         | Q4 14  | 2014   | Q1 15  | Q2 15  | Q3 15  | Q4 15  | 2015   | Q1 16  | Q2 16  | Q3 16  | 2016   |
|-------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Processing</i>                               |        |        |        |        |        |        |        |        |        |        |        |
| Beneficiated ore processed (000's tonnes)       | 710    | 3,128  | 369    | 528    | 687    | 750    | 2,334  | 709    | 538    | 563    | 1,810  |
| Beneficiated ore grade processed (%)            | 1.4    | 1.5    | 1.4    | 1.5    | 1.4    | 1.4    | 1.4    | 1.3    | 1.2    | 1.2    | 1.3    |
| Nickel recovery – leach feed to NI produced (%) | 82     | 84     | 92     | 93     | 85     | 84     | 88     | 84     | 80     | 79     | 81     |
| Nickel produced (contained tonnes)              | 7,736  | 36,445 | 4,238  | 7,115  | 7,662  | 7,653  | 26,668 | 7,106  | 4,982  | 5,330  | 17,418 |
| Nickel produced (payable tonnes)                | 6,059  | 28,472 | 3,274  | 5,513  | 5,893  | 5,887  | 20,567 | 5,295  | 3,711  | 3,974  | 12,980 |
| <i>Cash Costs (per lb)<sup>1</sup></i>          |        |        |        |        |        |        |        |        |        |        |        |
| Mining                                          | \$0.94 | \$0.80 | \$0.86 | \$0.81 | \$0.84 | \$0.96 | \$0.87 | \$0.99 | \$0.91 | \$1.06 | \$0.99 |
| Processing                                      | 3.64   | 3.18   | 3.24   | 3.12   | 3.25   | 2.94   | 3.12   | 2.97   | 3.32   | 3.56   | 3.26   |
| Site administration                             | 0.29   | 0.29   | 0.43   | 0.42   | 0.32   | 0.31   | 0.36   | 0.27   | 0.41   | 0.42   | 0.36   |
| TC/RC and freight charges                       | 0.41   | 0.46   | 0.39   | 0.60   | 0.46   | 0.53   | 0.51   | 0.46   | 0.30   | 0.22   | 0.35   |
| Cobalt credit                                   | (0.24) | (0.23) | (0.26) | (0.25) | (0.27) | (0.25) | (0.26) | (0.21) | (0.21) | (0.25) | (0.24) |
| Cash cost (C1) (per lb) <sup>1</sup>            | \$5.04 | \$4.50 | \$4.66 | \$4.70 | \$4.60 | \$4.49 | \$4.60 | \$4.48 | \$4.73 | \$5.01 | \$4.72 |
| Total cost (C3) (per lb) <sup>1</sup>           | \$6.57 | \$5.98 | \$6.28 | \$6.13 | \$5.93 | \$5.82 | \$5.99 | \$6.00 | \$6.63 | \$6.71 | \$6.40 |
| <i>Revenues (\$ millions)</i>                   |        |        |        |        |        |        |        |        |        |        |        |
| Nickel                                          | \$121  | \$492  | \$41   | \$67   | \$65   | \$61   | \$234  | \$57   | \$36   | \$42   | \$135  |
| Cobalt                                          | 4      | 15     | 2      | 2      | 4      | 4      | 12     | 3      | 2      | 3      | 8      |
| Total sales revenues                            | \$125  | \$507  | \$43   | \$69   | \$69   | \$65   | \$246  | \$60   | \$38   | \$45   | \$143  |
| Nickel sales (contained tonnes)                 | 9,912  | 37,981 | 3,732  | 6,556  | 8,062  | 8,583  | 26,933 | 8,940  | 5,415  | 5,454  | 19,809 |
| Nickel sales (payable tonnes)                   | 7,688  | 29,546 | 2,962  | 5,125  | 6,270  | 6,716  | 21,073 | 6,813  | 4,101  | 4,083  | 14,997 |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| Çayeli statistics                              | Q4 14  | 2014   | Q1 15  | Q2 15  | Q3 15  | Q4 15  | 2015   | Q1 16  | Q2 16  | Q3 16  | 2016   |
|------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Mining</i>                                  |        |        |        |        |        |        |        |        |        |        |        |
| Ore mined (000's tonnes)                       | 366    | 1,356  | 327    | 303    | 313    | 290    | 1,233  | 328    | 303    | 323    | 954    |
| <i>Processing</i>                              |        |        |        |        |        |        |        |        |        |        |        |
| Ore milled (000's tonnes)                      | 348    | 1,341  | 332    | 315    | 312    | 270    | 1,229  | 326    | 326    | 313    | 965    |
| Copper ore grade processed (%)                 | 2.8    | 2.7    | 2.6    | 2.2    | 2.4    | 2.6    | 2.5    | 2.5    | 2.2    | 2.3    | 2.3    |
| Copper ore recovery (%)                        | 81     | 80     | 81     | 81     | 78     | 81     | 81     | 86     | 87     | 87     | 87     |
| Zinc ore grade processed (%)                   | 4.1    | 4.3    | 3.3    | 2.7    | 3.2    | 2.8    | 3.0    | 1.7    | 1.6    | 1.8    | 1.7    |
| Zinc ore recovery (%)                          | 60     | 63     | 55     | 55     | 54     | 51     | 54     | 39     | 37     | 41     | 39     |
| Copper produced (tonnes)                       | 7,820  | 29,360 | 7,136  | 5,746  | 5,816  | 5,606  | 24,304 | 6,878  | 6,376  | 6,335  | 19,589 |
| Zinc produced (tonnes)                         | 8,513  | 36,218 | 5,954  | 4,599  | 5,477  | 3,778  | 19,808 | 2,170  | 1,944  | 2,338  | 6,452  |
| <i>Cash Costs (per lb)<sup>1, 2</sup></i>      |        |        |        |        |        |        |        |        |        |        |        |
| Cash cost – Copper (C1) (per lb) <sup>1</sup>  | \$1.02 | \$0.90 | \$1.02 | \$1.34 | \$1.43 | \$1.41 | \$1.29 | \$1.18 | \$1.26 | \$1.11 | \$1.18 |
| Total cost – Copper (C3) (per lb) <sup>1</sup> | \$1.66 | \$1.83 | \$2.04 | \$2.19 | \$2.53 | \$1.79 | \$2.15 | \$1.83 | \$1.95 | \$1.76 | \$1.84 |
| <i>Revenues (\$ millions)</i>                  |        |        |        |        |        |        |        |        |        |        |        |
| Copper                                         | \$43   | \$155  | \$24   | \$30   | \$22   | \$16   | \$92   | \$26   | \$18   | \$24   | \$68   |
| Zinc                                           | 11     | 47     | 6      | 5      | 4      | 3      | 18     | 2      | -      | 3      | 5      |
| Other                                          | \$3    | \$10   | \$2    | \$1    | \$1    | \$2    | \$6    | \$1    | \$2    | \$1    | \$4    |
| Total sales revenues                           | \$57   | \$212  | \$32   | \$36   | \$27   | \$21   | \$116  | \$29   | \$20   | \$28   | \$77   |
| Copper sales (tonnes)                          | 8,419  | 29,241 | 5,720  | 6,747  | 5,672  | 4,262  | 22,401 | 7,295  | 5,733  | 6,510  | 19,538 |
| Zinc sales (tonnes)                            | 9,362  | 37,298 | 5,166  | 4,967  | 4,499  | 4,847  | 19,479 | 2,062  | -      | 2,376  | 4,438  |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| Pyhäsalmi statistics                           | Q4 14    | 2014    | Q1 15    | Q2 15   | Q3 15   | Q4 15   | 2015    | Q1 16   | Q2 16   | Q3 16   | 2016    |
|------------------------------------------------|----------|---------|----------|---------|---------|---------|---------|---------|---------|---------|---------|
| <i>Mining</i>                                  |          |         |          |         |         |         |         |         |         |         |         |
| Ore mined (000's tonnes)                       | 360      | 1,402   | 341      | 341     | 350     | 352     | 1,384   | 320     | 349     | 379     | 1,048   |
| <i>Processing</i>                              |          |         |          |         |         |         |         |         |         |         |         |
| Ore milled (000's tonnes)                      | 343      | 1,377   | 341      | 346     | 347     | 345     | 1,379   | 343     | 335     | 352     | 1,030   |
| Copper ore grade processed (%)                 | 1.2      | 1.1     | 0.9      | 0.9     | 1.0     | 0.9     | 0.9     | 1.3     | 1.1     | 1.0     | 1.1     |
| Copper ore recovery (%)                        | 97       | 96      | 97       | 97      | 96      | 97      | 97      | 98      | 97      | 95      | 97      |
| Zinc ore grade processed (%)                   | 1.3      | 1.6     | 2.2      | 1.2     | 1.6     | 1.9     | 1.7     | 1.3     | 1.5     | 0.9     | 1.2     |
| Zinc ore recovery (%)                          | 89       | 90      | 92       | 90      | 89      | 90      | 91      | 88      | 89      | 86      | 88      |
| Copper produced (tonnes)                       | 4,038    | 14,304  | 2,889    | 2,877   | 3,245   | 3,035   | 12,046  | 4,325   | 3,680   | 3,398   | 11,403  |
| Zinc produced (tonnes)                         | 4,043    | 19,762  | 7,021    | 3,621   | 4,862   | 5,827   | 21,331  | 4,053   | 4,547   | 2,726   | 11,326  |
| Pyrite produced (tonnes)                       | 200,433  | 840,929 | 198,855  | 204,493 | 220,327 | 216,031 | 839,706 | 177,149 | 195,679 | 112,882 | 485,710 |
| <i>Cash Costs (per lb)<sup>1</sup></i>         |          |         |          |         |         |         |         |         |         |         |         |
| Cash cost – Copper (C1) (per lb) <sup>1</sup>  | (\$0.49) | \$0.06  | (\$0.52) | \$0.84  | \$0.55  | \$0.42  | \$0.30  | \$0.14  | \$0.33  | \$0.61  | \$0.35  |
| Total cost – Copper (C3) (per lb) <sup>1</sup> | \$1.49   | \$2.11  | \$1.64   | \$2.96  | \$2.62  | \$2.53  | \$2.42  | \$2.04  | \$2.28  | \$2.59  | \$2.29  |
| <i>Revenues (\$ millions)</i>                  |          |         |          |         |         |         |         |         |         |         |         |
| Copper                                         | \$24     | \$84    | \$17     | \$13    | \$15    | \$11    | \$56    | \$17    | \$14    | \$15    | \$46    |
| Zinc                                           | 5        | 26      | 11       | 3       | 6       | 5       | 25      | 4       | 7       | 3       | 14      |
| Pyrite                                         | 11       | 28      | 8        | 2       | 5       | 6       | 21      | 7       | 3       | 3       | 13      |
| Other                                          | 4        | 15      | 3        | 3       | 4       | 2       | 12      | 4       | 2       | 6       | 12      |
| Total sales revenues                           | \$44     | \$153   | \$39     | \$21    | \$30    | \$24    | \$114   | \$32    | \$26    | \$27    | \$85    |
| Copper sales (tonnes)                          | 4,038    | 13,894  | 3,250    | 2,573   | 3,561   | 2,892   | 12,276  | 4,361   | 3,435   | 3,798   | 11,594  |
| Zinc sales (tonnes)                            | 3,300    | 18,970  | 7,888    | 2,444   | 5,619   | 6,188   | 22,139  | 3,935   | 4,740   | 2,277   | 10,952  |
| Pyrite sales (tonnes)                          | 320,849  | 940,843 | 229,353  | 104,919 | 198,224 | 218,233 | 750,729 | 210,183 | 107,348 | 89,118  | 406,649 |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

Production of copper during Sentinel's pre-commercial production phase is shown below for information purposes.

| Sentinel statistics                  | Q4 14 | 2014 | Q1 15 | Q2 15  | Q3 15  | Q4 15  | 2015   | Q1 16  | Q2 16  | Q3 16  | 2016   |
|--------------------------------------|-------|------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Mining</i>                        |       |      |       |        |        |        |        |        |        |        |        |
| Waste mined (000's tonnes)           | -     | -    | -     | 25,160 | 31,267 | 25,492 | 95,181 | 18,530 | 20,617 | 23,022 | 62,169 |
| Ore mined (000's tonnes)             | -     | -    | -     | 2,285  | 4,569  | 5,936  | 13,907 | 8,635  | 9,352  | 9,185  | 27,172 |
| <i>Processing</i>                    |       |      |       |        |        |        |        |        |        |        |        |
| Copper ore processed (000's tonnes)  | -     | -    | -     | 3,048  | 4,179  | 5,329  | 14,016 | 8,281  | 8,860  | 8,831  | 25,972 |
| Copper ore grade processed (%)       | -     | -    | -     | 0.8    | 0.7    | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    | 0.6    |
| Recovery (%)                         | -     | -    | -     | 25     | 40     | 52     | 41     | 44     | 64     | 76     | 62     |
| Copper concentrate produced (tonnes) | -     | -    | -     | 5,799  | 10,979 | 15,190 | 32,971 | 20,902 | 31,987 | 38,926 | 91,815 |

**Discontinued operations (to May 31, 2016)**

| Kevitsa statistics                                 | Q4 14  | 2014          | Q1 15  | Q2 15  | Q3 15  | Q4 15  | 2015          | Q1 16  | Q2 16  | Q3 16 | 2016   |
|----------------------------------------------------|--------|---------------|--------|--------|--------|--------|---------------|--------|--------|-------|--------|
| <i>Mining</i>                                      |        |               |        |        |        |        |               |        |        |       |        |
| Total tonnes mined (000's tonnes)                  | 8,302  | <b>28,165</b> | 8,514  | 10,072 | 9,029  | 9,322  | <b>36,937</b> | 8,900  | 6,077  | -     | 14,977 |
| <i>Processing</i>                                  |        |               |        |        |        |        |               |        |        |       |        |
| Ore tonnes milled (000's tonnes)                   | 1,709  | <b>6,711</b>  | 1,504  | 1,559  | 1,811  | 1,791  | <b>6,665</b>  | 1,640  | 1,234  | -     | 2,874  |
| Nickel ore grade processed (%)                     | 0.2    | <b>0.2</b>    | 0.2    | 0.2    | 0.2    | 0.2    | <b>0.2</b>    | 0.2    | 0.2    | -     | 0.2    |
| Nickel recovery (%)                                | 63     | <b>61</b>     | 64     | 66     | 67     | 69     | <b>67</b>     | 65     | 70     | -     | 67     |
| Nickel production (tonnes)                         | 2,197  | <b>9,433</b>  | 2,030  | 1,944  | 2,293  | 2,538  | <b>8,805</b>  | 1,725  | 1,932  | -     | 3,657  |
| Copper ore grade processed (%)                     | 0.3    | <b>0.3</b>    | 0.3    | 0.3    | 0.3    | 0.3    | <b>0.3</b>    | 0.2    | 0.3    | -     | 0.3    |
| Copper recovery (%)                                | 84     | <b>87</b>     | 89     | 89     | 90     | 89     | <b>89</b>     | 88     | 88     | -     | 88     |
| Copper production (tonnes)                         | 4,101  | <b>17,535</b> | 4,408  | 4,293  | 4,196  | 4,307  | <b>17,204</b> | 3,398  | 2,955  | -     | 6,353  |
| Gold production (ounces)                           | 3,093  | <b>12,844</b> | 3,002  | 2,890  | 3,324  | 3,631  | <b>12,847</b> | 2,525  | 2,543  | -     | 5,068  |
| Platinum production (ounces)                       | 9,311  | <b>34,090</b> | 6,468  | 6,104  | 9,142  | 10,185 | <b>31,899</b> | 6,094  | 6,897  | -     | 12,991 |
| Palladium production (ounces)                      | 7,234  | <b>25,990</b> | 4,977  | 4,731  | 7,426  | 8,062  | <b>25,196</b> | 4,899  | 5,527  | -     | 10,426 |
| Cash cost – Nickel (C1) (per lb) <sup>1,2</sup>    | \$2.66 | <b>\$4.07</b> | \$3.87 | \$4.61 | \$4.41 | \$3.78 | <b>\$4.16</b> | \$5.27 | \$4.21 | -     | \$4.73 |
| Total cost – Nickel (C3) (per lb) <sup>1,2,3</sup> | \$4.31 | <b>\$5.29</b> | \$5.49 | \$7.32 | \$4.54 | \$5.03 | <b>\$5.54</b> | \$6.33 | \$4.23 | -     | \$5.25 |
| Cash cost – Copper (C1) (per lb) <sup>1,2</sup>    | \$1.11 | <b>\$1.42</b> | \$1.32 | \$1.22 | \$1.56 | \$1.46 | <b>\$1.38</b> | \$2.04 | \$1.92 | -     | \$1.98 |
| Total cost – Copper (C3) (per lb) <sup>1,2,3</sup> | \$2.24 | <b>\$2.27</b> | \$2.04 | \$2.23 | \$1.68 | \$1.67 | <b>\$1.90</b> | \$2.64 | \$1.94 | -     | \$2.32 |
| <i>Revenues (\$ millions)</i>                      |        |               |        |        |        |        |               |        |        |       |        |
| Nickel                                             | \$25   | <b>\$104</b>  | \$20   | \$21   | \$19   | \$15   | <b>\$75</b>   | \$7    | \$8    | -     | \$15   |
| Copper                                             | 29     | <b>109</b>    | 19     | 22     | 13     | 18     | <b>72</b>     | 11     | 10     | -     | 21     |
| Gold                                               | 3      | <b>11</b>     | 2      | 3      | 2      | 3      | <b>10</b>     | 2      | 1      | -     | 3      |
| PGE and other                                      | 9      | <b>47</b>     | 7      | 6      | 7      | 10     | <b>30</b>     | 5      | 5      | -     | 10     |
| Total sales revenues                               | \$66   | <b>\$271</b>  | \$48   | \$52   | \$41   | \$46   | <b>\$187</b>  | \$25   | \$24   | -     | \$49   |
| Nickel sales (tonnes)                              | 2,277  | <b>9,768</b>  | 1,974  | 2,165  | 2,671  | 2,611  | <b>9,421</b>  | 1,509  | 1,445  | -     | 2,954  |
| Copper sales (tonnes)                              | 5,545  | <b>19,542</b> | 4,103  | 4,704  | 3,254  | 5,020  | <b>17,081</b> | 3,128  | 2,746  | -     | 5,874  |
| Gold sales (ounces)                                | 3,229  | <b>10,876</b> | 2,611  | 3,383  | 2,132  | 3,413  | <b>11,539</b> | 1,918  | 1,840  | -     | 3,758  |
| Platinum sales (ounces)                            | 8,330  | <b>33,898</b> | 7,310  | 7,223  | 8,486  | 11,847 | <b>34,866</b> | 6,207  | 5,288  | -     | 11,495 |
| Palladium sales (ounces)                           | 6,256  | <b>25,846</b> | 5,342  | 5,431  | 6,447  | 9,231  | <b>26,451</b> | 4,706  | 3,860  | -     | 8,566  |

<sup>1</sup> Cash cost (C1) and total cost (C3) are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

<sup>2</sup> C1 cash cost and C3 total cost are calculated on a co-product basis for nickel and copper. Common costs are allocated to each product based on the ratio of production volumes multiplied by budget metal prices. By-product credits are allocated based on the finished product concentrate in which they are produced.

<sup>3</sup> Depreciation ceased on classification as held for sale.

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

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

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

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

C1 cash cost includes all mining and processing costs less any profits from by-products such as gold, cobalt or platinum group elements. 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.

All-in sustaining cost (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<br>September 30, 2016           | Kansanshi    | Las Cruces  | Guelb<br>Moghrein | Çayeli      | Pyhäsalmi   | Copper<br>Continuing | Corporate &<br>other | Ravensthorpe | Total        |
|------------------------------------------------------------|--------------|-------------|-------------------|-------------|-------------|----------------------|----------------------|--------------|--------------|
| Cost of sales                                              | (300)        | (75)        | (38)              | (23)        | (27)        | (463)                | -                    | (62)         | (525)        |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| Depreciation                                               | 73           | 41          | 10                | 9           | 14          | 147                  | -                    | 13           | 160          |
| By-product credits                                         | 51           | -           | 15                | 5           | 12          | 83                   | -                    | 2            | 85           |
| Royalties                                                  | 18           | 1           | 1                 | -           | -           | 20                   | -                    | 2            | 22           |
| Treatment and refining charges<br>and freight costs        | (12)         | 1           | (5)               | (6)         | (3)         | (25)                 | -                    | -            | (25)         |
| Finished goods                                             | 16           | 2           | (1)               | -           | -           | 17                   | -                    | -            | 17           |
| Other                                                      | 2            | -           | -                 | -           | 1           | 3                    | -                    | 1            | 4            |
| <b>Cash cost (C1)</b>                                      | <b>(152)</b> | <b>(30)</b> | <b>(18)</b>       | <b>(15)</b> | <b>(3)</b>  | <b>(218)</b>         | <b>-</b>             | <b>(44)</b>  | <b>(262)</b> |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| Depreciation (excluding<br>depreciation in finished goods) | (71)         | (45)        | (11)              | (9)         | (14)        | (150)                |                      | (12)         | (162)        |
| Royalties                                                  | (18)         | (1)         | (1)               | -           | -           | (20)                 |                      | (2)          | (22)         |
| Other                                                      | (1)          | -           | -                 | -           | -           | (1)                  |                      | (1)          | (2)          |
| <b>Total cost (C3)</b>                                     | <b>(242)</b> | <b>(76)</b> | <b>(30)</b>       | <b>(24)</b> | <b>(17)</b> | <b>(389)</b>         |                      | <b>(59)</b>  | <b>(448)</b> |
| <b>Cash cost (C1)</b>                                      | <b>(152)</b> | <b>(30)</b> | <b>(18)</b>       | <b>(15)</b> | <b>(3)</b>  | <b>(218)</b>         |                      | <b>(44)</b>  | <b>(262)</b> |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| General and administrative                                 | (10)         | (2)         | (1)               | (1)         | -           | (14)                 |                      | (3)          | (17)         |
| Sustaining capital expenditure and<br>deferred stripping   | (35)         | (10)        | (6)               | (1)         | -           | (52)                 |                      | (2)          | (54)         |
| Royalties                                                  | (18)         | (1)         | (1)               | -           | -           | (20)                 |                      | (2)          | (22)         |
| <b>AISC</b>                                                | <b>(215)</b> | <b>(43)</b> | <b>(26)</b>       | <b>(17)</b> | <b>(3)</b>  | <b>(304)</b>         |                      | <b>(51)</b>  | <b>(355)</b> |
| Cash cost – (C1) (per lb) <sup>1</sup>                     | \$1.05       | \$0.67      | \$1.14            | \$1.11      | \$0.61      | <b>\$0.97</b>        |                      | \$5.01       |              |
| Total cost – (C3) (per lb) <sup>1</sup>                    | \$1.68       | \$1.72      | \$1.96            | \$1.76      | \$2.59      | <b>\$1.74</b>        |                      | \$6.71       |              |
| Total cost –AISC (per lb) <sup>1</sup>                     | \$1.48       | \$0.98      | \$1.72            | \$1.24      | \$0.64      | <b>\$1.36</b>        |                      | \$5.90       |              |

<sup>1</sup> Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| For the nine months ended<br>September 30, 2016            | Kansanshi    | Las Cruces   | Guelb<br>Moghrein | Çayeli      | Pyhäsalmi   | Copper<br>Continuing | Corporate &<br>other | Ravensthorpe | Total          |
|------------------------------------------------------------|--------------|--------------|-------------------|-------------|-------------|----------------------|----------------------|--------------|----------------|
| Cost of sales                                              | (957)        | (232)        | (131)             | (69)        | (85)        | (1,474)              | (16)                 | (207)        | (1,697)        |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| Depreciation                                               | 254          | 124          | 36                | 26          | 47          | 487                  | -                    | 38           | 525            |
| By-product credits                                         | 152          | -            | 59                | 11          | 41          | 263                  | -                    | 7            | 270            |
| Royalties                                                  | 78           | 4            | 6                 | -           | -           | 88                   | -                    | 6            | 94             |
| Treatment and refining charges<br>and freight costs        | (57)         | 2            | (22)              | (18)        | (9)         | (104)                | -                    | (1)          | (105)          |
| Finished goods                                             | 80           | 5            | 5                 | -           | (2)         | 88                   | -                    | 19           | 107            |
| Other                                                      | 13           | 2            | 1                 | 2           | -           | 18                   | 16                   | 2            | 36             |
| <b>Cash cost (C1)</b>                                      | <b>(437)</b> | <b>(95)</b>  | <b>(46)</b>       | <b>(48)</b> | <b>(8)</b>  | <b>(634)</b>         | <b>-</b>             | <b>(136)</b> | <b>(770)</b>   |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| Depreciation (excluding<br>depreciation in finished goods) | (203)        | (124)        | (31)              | (26)        | (47)        | (431)                |                      | (38)         | (469)          |
| Royalties                                                  | (78)         | (4)          | (6)               | -           | -           | (88)                 |                      | (6)          | (94)           |
| Other                                                      | (8)          | -            | (3)               | (1)         | -           | (12)                 |                      | (5)          | (17)           |
| <b>Total cost (C3)</b>                                     | <b>(726)</b> | <b>(223)</b> | <b>(86)</b>       | <b>(75)</b> | <b>(55)</b> | <b>(1,165)</b>       |                      | <b>(185)</b> | <b>(1,350)</b> |
| <b>Cash cost (C1)</b>                                      | <b>(437)</b> | <b>(95)</b>  | <b>(46)</b>       | <b>(48)</b> | <b>(8)</b>  | <b>(634)</b>         |                      | <b>(136)</b> | <b>(770)</b>   |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| General and administrative                                 | (29)         | (6)          | (3)               | (3)         | (1)         | (42)                 |                      | (9)          | (51)           |
| Sustaining capital expenditure and<br>deferred stripping   | (77)         | (11)         | (18)              | (4)         | (1)         | (111)                |                      | (5)          | (116)          |
| Royalties                                                  | (78)         | (4)          | (6)               | -           | -           | (88)                 |                      | (6)          | (94)           |
| <b>AISC</b>                                                | <b>(621)</b> | <b>(116)</b> | <b>(73)</b>       | <b>(55)</b> | <b>(10)</b> | <b>(875)</b>         |                      | <b>(156)</b> | <b>(1,031)</b> |
| Cash cost – (C1) (per lb) <sup>1</sup>                     | \$1.10       | \$0.77       | \$0.86            | \$1.18      | \$0.35      | <b>\$0.99</b>        |                      | \$4.72       |                |
| Total cost – (C3) (per lb) <sup>1</sup>                    | \$1.77       | \$1.80       | \$1.56            | \$1.84      | \$2.29      | <b>\$1.80</b>        |                      | \$6.40       |                |
| Total cost –AISC (per lb) <sup>1</sup>                     | \$1.51       | \$0.96       | \$1.34            | \$1.36      | \$0.42      | <b>\$1.35</b>        |                      | \$5.39       |                |

<sup>1</sup> Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| For the three months ended<br>September 30, 2015           | Kansanshi    | Las Cruces  | Guelb<br>Moghrein | Çayeli      | Pyhäsalmi   | Copper<br>Continuing | Corporate &<br>other | Ravensthorpe | Total        |
|------------------------------------------------------------|--------------|-------------|-------------------|-------------|-------------|----------------------|----------------------|--------------|--------------|
| Cost of sales                                              | (240)        | (71)        | (77)              | (27)        | (29)        | (444)                | -                    | (88)         | (532)        |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| Depreciation                                               | 42           | 36          | 20                | 9           | 14          | 121                  | -                    | 14           | 135          |
| By-product credits                                         | 33           | -           | 28                | 6           | 14          | 81                   | -                    | 2            | 83           |
| Royalties                                                  | 40           | 1           | 3                 | 4           | -           | 48                   | -                    | 3            | 51           |
| Treatment and refining charges<br>and freight costs        | (8)          | 1           | (14)              | (6)         | (3)         | (30)                 | -                    | (1)          | (31)         |
| Finished goods                                             | (25)         | 5           | 16                | (1)         | 2           | (3)                  | -                    | 8            | 5            |
| Other                                                      | (5)          | -           | -                 | (1)         | (1)         | (7)                  | -                    | 1            | (6)          |
| <b>Cash cost (C1)</b>                                      | <b>(163)</b> | <b>(28)</b> | <b>(24)</b>       | <b>(16)</b> | <b>(3)</b>  | <b>(234)</b>         | <b>-</b>             | <b>(61)</b>  | <b>(295)</b> |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| Depreciation (excluding<br>depreciation in finished goods) | (62)         | (41)        | (12)              | (9)         | (14)        | (138)                |                      | (14)         | (152)        |
| Royalties                                                  | (40)         | (1)         | (3)               | (4)         | -           | (48)                 |                      | (3)          | (51)         |
| Other                                                      | (3)          | -           | (1)               | (1)         | -           | (5)                  |                      | (1)          | (6)          |
| <b>Total cost (C3)</b>                                     | <b>(268)</b> | <b>(70)</b> | <b>(40)</b>       | <b>(30)</b> | <b>(17)</b> | <b>(425)</b>         |                      | <b>(79)</b>  | <b>(504)</b> |
| <b>Cash cost (C1)</b>                                      | <b>(163)</b> | <b>(28)</b> | <b>(24)</b>       | <b>(16)</b> | <b>(3)</b>  | <b>(234)</b>         |                      | <b>(61)</b>  | <b>(295)</b> |
| Adjustments:                                               |              |             |                   |             |             |                      |                      |              |              |
| General and administrative                                 | (13)         | (2)         | (2)               | (1)         | -           | (18)                 |                      | (3)          | (21)         |
| Sustaining capital expenditure and<br>deferred stripping   | (31)         | (11)        | (7)               | (2)         | -           | (51)                 |                      | (2)          | (53)         |
| Royalties                                                  | (40)         | (1)         | (3)               | (4)         | -           | (48)                 |                      | (3)          | (51)         |
| <b>AISC</b>                                                | <b>(247)</b> | <b>(42)</b> | <b>(36)</b>       | <b>(23)</b> | <b>(3)</b>  | <b>(351)</b>         |                      | <b>(69)</b>  | <b>(420)</b> |
| Cash cost – (C1) (per lb) <sup>1</sup>                     | \$1.34       | \$0.73      | \$1.09            | \$1.43      | \$0.55      | <b>\$1.16</b>        |                      | \$4.60       |              |
| Total cost – (C3) (per lb) <sup>1</sup>                    | \$2.23       | \$1.84      | \$1.70            | \$2.53      | \$2.62      | <b>\$2.10</b>        |                      | \$5.93       |              |
| Total cost –AISC (per lb) <sup>1</sup>                     | \$2.03       | \$1.10      | \$1.54            | \$1.99      | \$0.58      | <b>\$1.72</b>        |                      | \$5.29       |              |

<sup>1</sup> Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

| For the nine months ended<br>September 30, 2015            | Kansanshi    | Las Cruces   | Guelb<br>Moghrein | Çayeli      | Pyhäsalmi   | Copper<br>Continuing | Corporate &<br>other | Ravensthorpe | Total          |
|------------------------------------------------------------|--------------|--------------|-------------------|-------------|-------------|----------------------|----------------------|--------------|----------------|
| Cost of sales                                              | (842)        | (230)        | (173)             | (83)        | (79)        | (1,407)              | -                    | (208)        | (1,615)        |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| Depreciation                                               | 120          | 116          | 44                | 27          | 40          | 347                  | -                    | 34           | 381            |
| By-product credits                                         | 98           | -            | 59                | 20          | 45          | 222                  | -                    | 8            | 230            |
| Royalties                                                  | 178          | 5            | 8                 | 8           | -           | 199                  | -                    | 8            | 207            |
| Treatment and refining charges<br>and freight costs        | (68)         | 4            | (28)              | (18)        | (8)         | (118)                | -                    | (4)          | (122)          |
| Finished goods                                             | (41)         | 8            | 16                | (3)         | 1           | (19)                 | -                    | 10           | (9)            |
| Other                                                      | (10)         | -            | -                 | -           | (3)         | (13)                 | -                    | 2            | (11)           |
| <b>Cash cost (C1)</b>                                      | <b>(565)</b> | <b>(97)</b>  | <b>(74)</b>       | <b>(49)</b> | <b>(4)</b>  | <b>(789)</b>         | -                    | <b>(150)</b> | <b>(939)</b>   |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| Depreciation (excluding<br>depreciation in finished goods) | (154)        | (118)        | (38)              | (28)        | (40)        | (378)                |                      | (35)         | (413)          |
| Royalties                                                  | (178)        | (5)          | (8)               | (8)         | -           | (199)                |                      | (8)          | (207)          |
| Other                                                      | (5)          | -            | (2)               | (2)         | -           | (9)                  |                      | (3)          | (12)           |
| <b>Total cost (C3)</b>                                     | <b>(902)</b> | <b>(220)</b> | <b>(122)</b>      | <b>(87)</b> | <b>(44)</b> | <b>(1,375)</b>       |                      | <b>(196)</b> | <b>(1,571)</b> |
| <b>Cash cost (C1)</b>                                      | <b>(565)</b> | <b>(97)</b>  | <b>(74)</b>       | <b>(49)</b> | <b>(4)</b>  | <b>(789)</b>         |                      | <b>(150)</b> | <b>(939)</b>   |
| Adjustments:                                               |              |              |                   |             |             |                      |                      |              |                |
| General and administrative                                 | (39)         | (7)          | (6)               | (4)         | -           | (56)                 |                      | (10)         | (66)           |
| Sustaining capital expenditure and<br>deferred stripping   | (124)        | (17)         | (18)              | (6)         | (2)         | (167)                |                      | (7)          | (174)          |
| Royalties                                                  | (178)        | (5)          | (8)               | (8)         | -           | (199)                |                      | (8)          | (207)          |
| <b>AISC</b>                                                | <b>(906)</b> | <b>(126)</b> | <b>(106)</b>      | <b>(67)</b> | <b>(6)</b>  | <b>(1,211)</b>       |                      | <b>(175)</b> | <b>(1,386)</b> |
| Cash cost – (C1) (per lb) <sup>1</sup>                     | \$1.50       | \$0.86       | \$1.07            | \$1.26      | \$0.27      | \$1.27               |                      | \$4.65       |                |
| Total cost – (C3) (per lb) <sup>1</sup>                    | \$2.49       | \$1.94       | \$1.73            | \$2.24      | \$2.39      | \$2.25               |                      | \$6.08       |                |
| Total cost –AISC (per lb) <sup>1</sup>                     | \$2.49       | \$1.11       | \$1.51            | \$1.70      | \$0.38      | \$1.96               |                      | \$5.46       |                |

<sup>1</sup> Cash cost (C1), total cost (C3) and EBITDA are not recognized under IFRS. See “Regulatory Disclosures” for further information. Total cost (C3) is defined as C1 cash cost plus depreciation, exploration, insurance and royalties.

**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 is calculated as operating profit before depreciation and impairment charges.

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

|                                                                  | Three months ended<br>September 30 |            | Nine months ended<br>September 30 |            |
|------------------------------------------------------------------|------------------------------------|------------|-----------------------------------|------------|
|                                                                  | 2016                               | 2015       | 2016                              | 2015       |
| Operating profit (loss) from continuing operations               | 73                                 | 37         | 237                               | (163)      |
| Add back:                                                        |                                    |            |                                   |            |
| Depreciation                                                     | 160                                | 135        | 526                               | 381        |
| Impairment and related charges                                   | -                                  | -          | -                                 | 189        |
| <b>EBITDA</b>                                                    | <b>233</b>                         | <b>172</b> | <b>763</b>                        | <b>407</b> |
| Adjustments:                                                     |                                    |            |                                   |            |
| Foreign exchange (gain) loss                                     | (12)                               | 93         | (20)                              | 105        |
| Leach tank failure at Ravensthorpe                               | -                                  | -          | -                                 | 8          |
| Restructuring costs                                              | -                                  | -          | -                                 | 2          |
| Loss on disposal of assets                                       | -                                  | (7)        | -                                 | (5)        |
| Revisions in estimates of restoration provisions at closed sites | (1)                                | (4)        | 3                                 | (9)        |
| <b>Total adjustments to EBITDA</b>                               | <b>(13)</b>                        | <b>82</b>  | <b>(17)</b>                       | <b>101</b> |
| <b>Comparative EBITDA</b>                                        | <b>220</b>                         | <b>254</b> | <b>746</b>                        | <b>508</b> |

  

|                                                                                            | Three months ended<br>September 30 |           | Nine months ended<br>September 30 |           |
|--------------------------------------------------------------------------------------------|------------------------------------|-----------|-----------------------------------|-----------|
|                                                                                            | 2016                               | 2015      | 2016                              | 2015      |
| Net earnings (loss) from continuing operations attributable to shareholders of the Company | 36                                 | (430)     | 210                               | (612)     |
| Adjustments attributable to shareholders of the Company:                                   |                                    |           |                                   |           |
| Total adjustments to EBITDA including impairment                                           | (13)                               | 82        | (17)                              | 290       |
| Comparative tax adjustments and tax on comparative adjustments                             | 17                                 | 542       | (50)                              | 530       |
| Minority interest share of adjustments                                                     | (3)                                | (128)     | (5)                               | (134)     |
| <b>Comparative earnings</b>                                                                | <b>37</b>                          | <b>66</b> | <b>138</b>                        | <b>74</b> |
| Earnings (loss) per share as reported                                                      | \$0.05                             | (\$0.63)  | \$0.31                            | (\$0.96)  |
| Comparative earnings per share                                                             | \$0.05                             | \$0.10    | \$0.20                            | \$0.12    |

### Significant judgments, estimates and assumptions in applying accounting policies

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

#### (i) Significant judgments

- Determination of ore reserves and resources

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

Changes in the judgments surrounding proven and probable reserves may impact the carrying value of property, plant and equipment, 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.

- 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.

- Functional currency

The functional currency of the Company and for each of the Company's subsidiaries is the United States dollar ("USD"), which is the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and this is re-evaluated for each new entity, or if conditions change.

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

- Assessment of impairment indicators

Management applies significant judgment in assessing 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 by senior management.

(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 mine location 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 carrying value exceeds the recoverable amount.

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 or timing of mining interests. Internal sources of information include changes to the life of mine plans and economic performance of the assets.

Management's determination of recoverable amounts include 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.

- 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.

The Company recognizes deferred income tax assets arising from unutilized tax losses which require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize those losses, and the timing of this. 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. 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 "A-" 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 "A-" 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 "A-" are reported to, and approved by, the Audit Committee. As at September 30, 2016, substantially all cash and short-term deposits are with counterparties with ratings "A-" or higher.

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.

#### *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 nine months ended September 30, 2016, the years ended December 31, 2015, and December 31, 2014. If the Company breaches a covenant in its Financing Agreements, this would be an event of default which, if unaddressed, 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*

#### a) Commodity price risk

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

During 2015, the Company commenced a short-term hedging program and elected to apply hedge accounting for a portion of copper sales with the contracts expected to be highly effective in offsetting changes in the cash flows of future sales. For the three and nine months ended September 30, 2016 these contracts realized \$28 million and \$135 million in sales revenues. Fair value losses on outstanding contracts of \$36 million have been recognized in other comprehensive income and as a derivative liability at September 30, 2016. As at September 30, 2016, 456,750 tonnes of copper forward sales contracts at an average price of \$2.18 remain outstanding with periods of maturity to December 2017 and 7,404 tonnes of nickel forward sales contracts at an average price of \$4.69 remain outstanding with periods of maturity to December 2016.

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 September 30, 2016 and December 31, 2015, 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.

#### b) 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. Certain debt instruments held by the Company have an interest rate margin that can change relative to financial ratios of the Company. 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 September 30, 2016 and December 31, 2015, the Company held no floating-to-fixed interest rate swaps.

#### c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian kwacha ("ZMW"), Australian dollar ("A\$") 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, 2015, 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, 2015 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, 2015, 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 September 30, 2016, 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, commissioning and reaching commercial production at Sentinel and expected timing of completion of project development at Enterprise and Cobre Panama and are subject to the impact of ore grades on future production, the potential of production disruptions, capital expenditure and mine production costs, the outcome of mine permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, cobalt, nickel, zinc, pyrite, and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about continuing production at all operating facilities, the price of copper, gold, nickel, zinc, pyrite, cobalt and sulphuric acid, anticipated costs and expenditures and the ability to achieve the Company's goals. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, the temporary or

permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey and Mauritania, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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