



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

First Quarter - March 31, 2019

(unaudited)

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Earnings

(unaudited)

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

| | | Three months ended March 31 | |
|--|-------------|------------------------------------|----------------|
| | Note | 2019 | 2018 |
| Sales revenues | 14 | 857 | 885 |
| Cost of sales | 15 | (672) | (704) |
| Gross profit | | 185 | 181 |
| Exploration | | (4) | (7) |
| General and administrative | | (18) | (18) |
| Other expense | | (10) | 7 |
| Operating profit | | 153 | 163 |
| Finance income | | 5 | 5 |
| Finance costs | 16 | (6) | (10) |
| Loss on partial redemption of senior notes | 9 | (25) | - |
| Earnings before income taxes | | 127 | 158 |
| Income tax expense | 17 | (62) | (86) |
| Net earnings | | 65 | 72 |
| Net earnings attributable to: | | | |
| Non-controlling interests | | 12 | 25 |
| Shareholders of the Company | 13 | 53 | 47 |
| Earnings per common share attributable to the shareholders of the | | | |
| Net earnings (\$ per share) | | | |
| Basic | 13 | 0.08 | 0.07 |
| Diluted | 13 | 0.08 | 0.07 |
| Weighted average shares outstanding (000's) | | | |
| Basic | 13 | 687,100 | 686,387 |
| Diluted | 13 | 689,391 | 689,384 |
| Total shares issued and outstanding (000's) | 12a | 689,391 | 689,384 |

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)

| | Three months ended March 31 | |
|---|-----------------------------|------|
| | 2019 | 2018 |
| Net earnings for the period | 65 | 72 |
| Other comprehensive income (loss) | | |
| <i>Items that have been/may subsequently be reclassified to net earnings:</i> | | |
| Cash flow hedges reclassified to net earnings | (13) | 172 |
| Gains (losses) on cash flow hedges arising during the period | (19) | 33 |
| <i>Items that will not subsequently be reclassified to net earnings:</i> | | |
| Unrealized loss on investments | (1) | - |
| Total comprehensive income for the period | 32 | 277 |
| Total comprehensive income for the period attributable to: | | |
| Non-controlling interests | 12 | 25 |
| Shareholders of the Company | 20 | 252 |
| Total comprehensive income for the period | 32 | 277 |

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

First Quantum Minerals Ltd.

Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

| | Note | Three months ended March 31 | |
|--|-------|-----------------------------|---------|
| | | 2019 | 2018 |
| Cash flows from operating activities | | | |
| Net earnings from operations | | 65 | 72 |
| Adjustments for | | | |
| Depreciation | 15 | 194 | 205 |
| Income tax expense | 17 | 62 | 86 |
| Share-based compensation expense | | 5 | 5 |
| Net finance expense | | 1 | 5 |
| Unrealized foreign exchange (gain) loss | | 10 | (8) |
| Loss on partial redemption of senior notes | | 25 | - |
| Other | | 10 | 8 |
| | | 372 | 373 |
| Taxes paid | | (57) | (48) |
| Franco-Nevada Corporation precious metal stream arrangement | 11 | - | 426 |
| Movements in non-cash operating working capital | | (156) | 45 |
| Net cash from operating activities | | 159 | 796 |
| Cash flows from (used by) investing activities | | | |
| Purchase and deposits on property, plant and equipment | 5 | (447) | (439) |
| Acquisition of Korea Panama Mining Corp ("KPMC") | | - | (105) |
| Interest paid and capitalized to property, plant and equipment | 5 | (216) | (72) |
| Other | | 5 | 5 |
| Net cash used by investing activities | | (658) | (611) |
| Cash flows from financing activities | | | |
| Net movement in trading facility | | 33 | (8) |
| Movement in restricted cash | | (2) | (1) |
| Proceeds from debt | 9 | 2,296 | 2,177 |
| Repayments of debt | 9 | (1,774) | (2,109) |
| Early redemption costs on senior notes | 9 | (14) | - |
| Net proceeds from (payments to) joint venture (KPMC) | 8,10b | 35 | (143) |
| Other | | (6) | (4) |
| Net cash from (used by) financing activities | | 568 | (88) |
| Increase in cash and cash equivalents and bank overdrafts | | 69 | 97 |
| Cash and cash equivalents and bank overdrafts – beginning of period | | 788 | 702 |
| Exchange gains (losses) on cash and cash equivalents | | (7) | 11 |
| Cash and cash equivalents and bank overdrafts – end of period | | 850 | 810 |
| Cash and cash equivalents and bank overdrafts comprising: | | | |
| Cash and cash equivalents | | 1,345 | 1,504 |
| Bank overdrafts | | (495) | (694) |

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

First Quantum Minerals Ltd.

Interim Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

| | Note | March 31, 2019 | December 31, 2018 |
|--|------|-------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,345 | 1,255 |
| Trade and other receivables | 3 | 751 | 658 |
| Inventories | 4 | 1,277 | 1,196 |
| Current portion of other assets | 7 | 135 | 155 |
| | | 3,508 | 3,264 |
| Non-current assets | | | |
| Cash and cash equivalents - restricted cash | | 80 | 78 |
| Non-current VAT receivable | 3 | 106 | 109 |
| Property, plant and equipment | 5 | 19,527 | 19,098 |
| Goodwill | | 237 | 237 |
| Investment in joint venture | 8 | 600 | 600 |
| Other assets | 7 | 255 | 151 |
| Total assets | | 24,313 | 23,537 |
| Liabilities | | | |
| Current liabilities | | | |
| Bank overdraft | | 495 | 467 |
| Trade and other payables | | 660 | 731 |
| Current taxes payable | | 147 | 125 |
| Current debt | 9 | 208 | 174 |
| Current portion of provisions and other liabilities | 10 | 164 | 147 |
| | | 1,674 | 1,644 |
| Non-current liabilities | | | |
| Debt | 9 | 7,649 | 7,111 |
| Provisions and other liabilities | 10 | 1,977 | 1,818 |
| Deferred revenue | 11 | 1,467 | 1,452 |
| Deferred income tax liabilities | | 789 | 790 |
| Total liabilities | | 13,556 | 12,815 |
| Equity | | | |
| Share capital | 12 | 5,598 | 5,592 |
| Retained earnings | | 3,992 | 3,942 |
| Accumulated other comprehensive loss | | (60) | (27) |
| Total equity attributable to shareholders of the Company | | 9,530 | 9,507 |
| Non-controlling interests | | 1,227 | 1,215 |
| Total equity | | 10,757 | 10,722 |
| Total liabilities and equity | | 24,313 | 23,537 |
| Commitments & contingencies | 20 | | |

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in millions of U.S. dollars)

| | Share capital | Retained earnings | Accumulated other comprehensive loss | Total equity attributable to shareholders of the Company | Non-controlling interests | Total Equity |
|---|---------------|-------------------|--------------------------------------|--|---------------------------|---------------|
| Balance at January 1, 2019 | 5,592 | 3,942 | (27) | 9,507 | 1,215 | 10,722 |
| Net earnings | - | 53 | - | 53 | 12 | 65 |
| Other comprehensive income | - | - | (33) | (33) | - | (33) |
| Total comprehensive income | - | 53 | (33) | 20 | 12 | 32 |
| Share-based compensation expense ¹ | 6 | - | - | 6 | - | 6 |
| Dividends | - | (3) | - | (3) | - | (3) |
| Balance at March 31, 2019 | 5,598 | 3,992 | (60) | 9,530 | 1,227 | 10,757 |

¹ Inclusive of capitalized amounts

| | Share capital | Retained earnings | Accumulated other comprehensive loss | Total equity attributable to shareholders of the Company | Non-controlling interests | Total Equity |
|---|---------------|-------------------|--------------------------------------|--|---------------------------|---------------|
| Balance at December 31, 2017 | 5,575 | 3,612 | (227) | 8,960 | 1,168 | 10,128 |
| IFRS 9 and IFRS 15 transition adjustments | - | (106) | (22) | (128) | - | (128) |
| Balance at January 1, 2018 | 5,575 | 3,506 | (249) | 8,832 | 1,168 | 10,000 |
| Net earnings | - | 47 | - | 47 | 25 | 72 |
| Other comprehensive income | - | - | 205 | 205 | - | 205 |
| Total comprehensive income | - | 47 | 205 | 252 | 25 | 277 |
| Share-based compensation expense ¹ | 5 | - | - | 5 | - | 5 |
| Dividends | - | (3) | - | (3) | (16) | (19) |
| Balance at March 31, 2018 | 5,580 | 3,550 | (44) | 9,086 | 1,177 | 10,263 |

¹ Inclusive of capitalized amounts

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

1 Nature of operations

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold, zinc, silver and acid, and related activities including exploration and development. The Company has operating mines located in Zambia, Finland, Turkey, Spain and Mauritania. The Company's Ravensthorpe mine was placed under care and maintenance in October 2017. The Company is developing the Cobre Panama copper project in Panama, exploring the Haqira copper deposit in Peru and the Taca Taca copper-gold-molybdenum deposit in Argentina.

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

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

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board have been condensed or omitted. 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, 2018, except for the new and amended standards noted below.

New standards adopted by the Company

IFRS 16 Leases

IFRS 16 has replaced IAS 17 Leases. On adoption of IFRS 16, the Company has recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. The Company has elected to apply the modified transition approach whereby no restatement of comparative periods is required. Right-of-use assets have been recognized at the amount of the liability on transition. These liabilities were valued at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The adoption of IFRS 16 resulted in increases to property, plant and equipment (note 5) and other liabilities (note 10) on January 1, 2019 of \$20 million.

Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Leases with terms that end within 12 months of the mandatory transition date are accounted for by the Company as short-term leases. Payments associated with short-term leases and leases of low-value assets are recognized as expenses.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

3 Trade receivables

a) Trade and other receivables

| | March 31, 2019 | December 31, 2018 |
|--------------------------|-------------------|----------------------|
| Trade receivables | 279 | 241 |
| VAT receivable (current) | 404 | 353 |
| Other receivables | 68 | 64 |
| | 751 | 658 |

b) VAT receivable

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| Kansanshi Mining PLC | 301 | 282 |
| Kalumbila Minerals Limited | 166 | 137 |
| First Quantum Mining and Operations (Zambia) Limited | 28 | 24 |
| VAT receivable from the Company's Zambian operations | 495 | 443 |
| Cobre Las Cruces SA | 8 | 11 |
| Çayeli Bakır İşletmeleri A.Ş. | 4 | 5 |
| Other | 3 | 3 |
| Total VAT receivable | 510 | 462 |
| Less: current portion, included within trade and other receivables | (404) | (353) |
| Non-current VAT receivable | 106 | 109 |

c) VAT receivable by the Company's Zambian operations

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| Receivable at date of claim | 706 | 645 |
| Impact of depreciation of Zambian kwacha against U.S. dollar ¹ | (186) | (177) |
| | 520 | 468 |
| Impact of discounting non-current portion | (25) | (25) |
| Total receivable | 495 | 443 |

Consisting:

| | | |
|--|-----|-----|
| Current portion, included within trade and other receivables | 389 | 334 |
| Non-current VAT receivable | 106 | 109 |

¹ The impact of depreciation of the Zambian kwacha against the U.S. dollar in the three month period ended March 31, 2019 on the Company's Zambian operations VAT receivable of \$9 million (three month period ended March 31, 2018: \$8 million) is included within other expense in the Statement of Earnings.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

4 Inventories

| | March 31, 2019 | December 31, 2018 |
|--------------------------------|-------------------|----------------------|
| Ore in stockpiles | 251 | 250 |
| Work-in-progress | 29 | 26 |
| Finished product | 294 | 259 |
| Total product inventory | 574 | 535 |
| Consumable stores | 703 | 661 |
| | 1,277 | 1,196 |

5 Property, plant and equipment

| | Plant and equipment | Capital work- in-progress | Mineral properties and mine development costs | | Total |
|---|------------------------|------------------------------|--|-------------------------|----------------|
| | | | Operating mines | Development projects | |
| Net book value, as at January 1, 2019 | 4,634 | 10,125 | 2,097 | 2,242 | 19,098 |
| Change in accounting policy (note 2) | 20 | - | - | - | 20 |
| Additions | - | 415 | - | - | 415 |
| Disposals | (13) | - | - | - | (13) |
| Transfers between categories | 93 | (103) | 8 | 2 | - |
| Restoration provision | - | - | (2) | - | (2) |
| Capitalized interest | - | 198 | - | - | 198 |
| Depreciation charge | (125) | - | (64) | - | (189) |
| Net book value, as at March 31, 2019 | 4,609 | 10,635 | 2,039 | 2,244 | 19,527 |
| Cost | 8,762 | 10,635 | 3,678 | 2,244 | 25,319 |
| Accumulated depreciation | (4,153) | - | (1,639) | - | (5,792) |

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

| | Plant and equipment | Capital work-in-progress | Mineral properties and mine development costs | | Total |
|---|---------------------|--------------------------|---|----------------------|---------|
| | | | Operating mines | Development projects | |
| Net book value, as at January 1, 2018 | 4,686 | 7,881 | 2,374 | 2,232 | 17,173 |
| Additions | - | 2,166 | - | - | 2,166 |
| Disposals | (9) | - | - | - | (9) |
| Transfers between categories | 538 | (575) | 42 | (5) | - |
| Restoration provision | - | - | (50) | 15 | (35) |
| Capitalized interest | - | 653 | - | - | 653 |
| Depreciation charge | (581) | - | (269) | - | (850) |
| Net book value, as at December 31, 2018 | 4,634 | 10,125 | 2,097 | 2,242 | 19,098 |
| Cost | 8,638 | 10,125 | 3,672 | 2,242 | 24,677 |
| Accumulated depreciation | (4,004) | - | (1,575) | - | (5,579) |

During the three months ended March 31, 2019, \$198 million of interest (three months ended March 31, 2018: \$156 million) was capitalized relating to the development of Cobre Panama. The amount capitalized to March 31, 2019 was determined by applying the weighted average cost of borrowings of 6.9% (three months ended March 31, 2018: 7.3%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at March 31, 2019, is an amount of \$617 million related to capitalized deferred stripping costs (December 31, 2018: \$632 million).

Disposals in the three months ended March 31, 2019 include a \$9 million write-off of assets as a result of a land slippage at the Las Cruces mine in January 2019 (three months ended March 31, 2018: nil).

6 Ravensthorpe

In September 2017 the Company announced its intention to suspend operations at its Ravensthorpe nickel operation and place it on care and maintenance due to the prevailing market conditions. The Company considered this decision to be an indicator of impairment and an impairment test was performed at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs of disposal. Economically recoverable reserves and resources, operating costs and future capital expenditure were used to determine the fair value represent management's assessment at the time of completing the impairment testing. Based on the results of discounted cash flow analysis, no impairment was recognized.

An updated trigger assessment was performed at the reporting date and no impairment was noted.

As at March 31, 2019, based on an updated model, using a long-term nickel price of \$7.50 per pound and a nominal post tax rate of 10.5% (real post-tax rate of 8%), a sensitivity analysis was performed on the cash flow model used to determine the recoverable value of Ravensthorpe. A 10% decrease in the long-term nickel price would result in an impairment of approximately \$55 million. Nickel prices used in the cashflow projections were within the range of current market consensus observed at March 31, 2019.

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

7 Other assets

| | March 31, 2019 | December 31, 2018 |
|---------------------------------------|-------------------|----------------------|
| Prepaid expenses | 142 | 115 |
| KPMC shareholder loan (note 8) | 152 | 56 |
| Other investments | 17 | 18 |
| Deferred income tax assets | 78 | 74 |
| Derivative instruments (note 19) | 1 | 43 |
| Total other assets | 390 | 306 |
| Less: current portion of other assets | (135) | (155) |
| | 255 | 151 |

Included within prepaid expenses is \$28 million (December 31, 2018: \$28 million) in relation to Sentinel which are to be recovered through deductions on electricity invoices from ZESCO under the terms of the agreement to transfer powerline ownership.

8 Joint venture

On November 8, 2017 the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation and holds a 20% interest in Cobre Panama. The purchase consideration of \$664 million comprised the acquisition consideration of \$635 million and the reimbursement of cash advances of \$29 million. Consideration of \$185 million has been made in the year ended December 31, 2018. The remaining consideration is payable in three instalments to November 2021. \$100 million is included within other current liabilities and \$169 million within other non-current liabilities.

A \$600 million investment in joint venture representing the discounted consideration value has been recognized against which the Company's proportionate share of the profit or loss in KPMC is recognized. The principal assets and liabilities of KPMC are an investment in MPSA, a subsidiary of the Company, and shareholder loans. The notional purchase price allocation was finalized in the year ended December 31, 2018.

Proceeds from (payments to) joint venture are presented net of the following in the Statements of Cash Flows:

| | Three months ended March 31 2019 | 2018 |
|---|-------------------------------------|-------|
| Proceeds from joint venture (KPMC shareholder loan) | - | 178 |
| Payments to joint venture (KPMC shareholder loan) | (53) | (35) |
| Proceeds from joint venture (KPMC) | 88 | 70 |
| Repayments to joint venture (KPMC) | - | (356) |
| Proceeds from (payments to) joint venture | 35 | (143) |

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

9 Debt

| | | March 31, 2019 | December 31, 2018 |
|---|-----|-------------------|----------------------|
| Drawn debt | | | |
| Senior notes: | | | |
| First Quantum Minerals Ltd. 7.00% due February 2021 | (a) | 296 | 1,105 |
| First Quantum Minerals Ltd. 7.25% due May 2022 | | 845 | 844 |
| First Quantum Minerals Ltd. 7.25% due April 2023 | | 1,091 | 1,090 |
| First Quantum Minerals Ltd. 6.50% due March 2024 | | 842 | 842 |
| First Quantum Minerals Ltd. 7.50% due April 2025 | | 1,090 | 1,089 |
| First Quantum Minerals Ltd. 6.875% due March 2026 | | 990 | 990 |
| First Quantum Minerals Ltd. 2017 senior debt facility | (b) | - | 800 |
| First Quantum Minerals Ltd. 2019 senior debt facility | (c) | 2,146 | - |
| Kalumbila term loan | | 398 | 397 |
| Trading facilities | | 139 | 106 |
| Equipment financing | | 20 | 22 |
| Total debt | | 7,857 | 7,285 |
| Less: current maturities and short term debt | | (208) | (174) |
| | | 7,649 | 7,111 |
| Undrawn debt | | | |
| First Quantum Minerals Ltd. senior debt facility | | 520 | 700 |
| Trading facilities | | 211 | 229 |

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

In March 2019, the Company made a partial redemption of \$821 million of the notes at a redemption price of 101.75%. The redemption premium is presented within cash flows from financing activities in the Statement of Cash Flows. The loss arising from the partial redemption of senior notes of \$25 million has been recognized in earnings before income taxes in the Statement of Earnings.

b) First Quantum Minerals Ltd. 2017 senior debt facility

In October 2017, the Company signed a Term Loan and Revolving Credit Facility ("RCF") of \$2.2 billion, comprised of a \$0.7 billion Term Loan Facility and a \$1.5 billion RCF, maturing in December 2020 with repayment beginning in December 2019.

On February 27, 2018, the Company repaid and extinguished the \$0.7 billion Term loan. On February 6, 2019, the RCF was extinguished (see note 9c).

c) First Quantum Minerals Ltd. 2019 senior debt facility

On February 6, 2019, the Company signed a Term Loan and RCF ("The 2019 Facility") replacing the previous \$1.5 billion RCF, which was extinguished with no extinguishment gain or loss. The 2019 Facility has an accordion feature to increase it to \$3.0 billion before the end of 2019 and comprises a \$1.5 billion Term Loan Facility and a \$1.2 billion RCF (which can be upsized to \$1.5 billion if the accordion feature is activated), maturing on December 31, 2022. Interest is charged at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

Transaction costs for the new facilities have been deducted from the principal drawn on initial recognition.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

10 Provisions and other liabilities

a) Provisions and other liabilities

| | March 31, 2019 | December 31, 2018 |
|---|-------------------|----------------------|
| Amount owed to joint venture (note 10b) | 1,087 | 946 |
| Restoration provisions | 587 | 585 |
| Derivative instruments (note 19) | 16 | 3 |
| Lease liabilities (note 2) | 33 | 17 |
| Non-current consideration for acquisition of joint venture ¹ | 169 | 164 |
| Other | 249 | 250 |
| Total other liabilities | 2,141 | 1,965 |
| Less: current portion | (164) | (147) |
| | 1,977 | 1,818 |

¹ The current portion of the consideration for acquisition of joint venture of \$100 million (December 31, 2018: \$100 million) has been included in trade and other payables.

b) Amount owed to joint venture

| | March 31, 2019 | December 31, 2018 |
|--|-------------------|----------------------|
| Balance at the beginning of the year | 946 | 925 |
| Repayment of shareholder loans | - | (356) |
| Funding provided to MPSA for the development of Cobre Panama | 119 | 304 |
| Interest accrued | 22 | 73 |
| Balance at end of period due to KPMC | 1,087 | 946 |

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A. ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. In November 2017, the Company acquired a 50% interest in KPMC from LS-Nikko Copper Inc. inclusive of the above shareholder loans. The assets and liabilities of KPMC are an investment in MPSA, a subsidiary of the Company, a loan receivable from MPSA, and loans due to shareholders. Interest income and expense earned on these loans are on the same terms.

Following completion of the additional precious metal streaming agreement with Franco-Nevada (see note 11), the receipt of \$356 million proceeds by MPSA was used entirely to repay shareholder loans by MPSA to KPMC. Of this \$356 million shareholder loan repayment, \$178 million was received by the Company.

As at March 31, 2019, the accrual for interest payable is \$246 million (December 31, 2018: \$224 million) and is included in the carrying value of the amount owed to joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

11 Deferred revenue

| | March 31, 2019 | December 31 2018 |
|--|-------------------|---------------------|
| Balance at the beginning of the year | 1,490 | 800 |
| Cash deposits received from Franco-Nevada – Tranche 1 | - | 274 |
| Cash deposits received from Franco-Nevada – Tranche 2 | - | 356 |
| Accretion of finance costs | 15 | 60 |
| Balance at the end of the period | 1,505 | 1,490 |
| Less: current portion (included within provisions and other liabilities) | (38) | (38) |
| Non-current deferred revenue | 1,467 | 1,452 |

On March 16, 2018 the Company completed an additional precious metal streaming agreement with a subsidiary of Franco-Nevada Corporation ("Franco-Nevada"). \$356 million was received on completion. Proceeds received from Franco-Nevada under the terms of the precious metals streaming agreement are accounted for as deferred revenue. An accretion of finance costs is recognized as part of the deferred revenue balance representing the significant financing component of the agreement.

Franco-Nevada precious metal stream arrangement

The Company, through its subsidiary, MPSA, has a precious metal streaming arrangement with Franco-Nevada. The arrangement comprises two tranches, the first of which ("Tranche 1") was finalized on October 5, 2015. Under the terms of Tranche 1 Franco-Nevada, through a wholly owned subsidiary, 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 full Tranche 1 deposit amount has been fully funded to MPSA. The second ("Tranche 2") was finalized on March 16, 2018, and \$356 million was received on completion. Proceeds received from Franco-Nevada under the terms of the precious metals streaming agreement are accounted for as deferred revenue.

The amount of precious metals deliverable under both tranches is indexed to total copper-in-concentrate sold by Cobre Panama. Under the terms of Tranche 1 the ongoing payment of the Fixed Payment Stream is fixed per ounce payments of \$418.27/oz gold and \$6.27/oz silver subject to an annual inflation adjustment for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries). Thereafter the greater of \$418.27/oz for gold and \$6.27/oz for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Under Tranche 2 the ongoing price per ounce for deliveries is 20% of the spot price for the first 604,000 ounces of gold and 9,618,000 ounces of silver (approximately the first 25 years of production), and thereafter the price per ounce rises to 50% spot price of gold and silver.

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.

Deferred revenue will be recognized as revenue over the life of the mine, which is expected to be 36 years.

12 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

| | Number of shares (000's) |
|--|--------------------------|
| Balance as at December 31, 2018 and March 31, 2019 | 689,391 |

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(expressed in millions of U.S. dollars)

b) Dividends

On February 14, 2019, the Company declared a final dividend of CDN\$0.005 per share, or \$3 million, in respect of the financial year ended December 31, 2018 (February 12, 2018: CDN\$0.005 per share or \$3 million) to be paid on May 7, 2019 to shareholders of record on April 15, 2019.

13 Earnings per share

| | Three months ended March 31 | |
|---|-----------------------------|---------|
| | 2019 | 2018 |
| Basic and diluted earnings attributable to shareholders of the Company | 53 | 47 |
| Basic weighted average number of shares outstanding (000's of shares) | 687,100 | 686,387 |
| Potential dilutive securities: | 2,291 | 2,997 |
| Diluted weighted average number of shares outstanding (000's of shares) | 689,391 | 689,384 |
| Earnings per common share – basic (expressed in \$ per share) | 0.08 | 0.07 |
| Earnings per common share – diluted (expressed in \$ per share) | 0.08 | 0.07 |

14 Sales revenues by nature

| | Three months ended March 31 | |
|--------|-----------------------------|------|
| | 2019 | 2018 |
| Copper | 770 | 798 |
| Gold | 57 | 61 |
| Zinc | 12 | 12 |
| Other | 18 | 14 |
| | 857 | 885 |

15 Cost of sales

| | Three months ended March 31 | |
|---------------------------------------|-----------------------------|-------|
| | 2019 | 2018 |
| Costs of production | (502) | (516) |
| Depreciation | (189) | (225) |
| Movement in inventory | 24 | 17 |
| Movement in depreciation in inventory | (5) | 20 |
| | (672) | (704) |

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16 Finance costs

| | Three months ended March 31 | |
|--|-----------------------------|-------|
| | 2019 | 2018 |
| Interest expense on financial liabilities measured at amortized cost | (201) | (162) |
| Accretion on restoration provision | (3) | (4) |
| Total finance costs | (204) | (166) |
| Less: interest capitalized (note 5) | 198 | 156 |
| | (6) | (10) |

17 Income tax expense

A tax expense of \$62 million was recorded for the three months ended March 31, 2019, (three months ended March 31, 2018: \$86 million tax expense) reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax expenses or credits have been recognized with respect to gains realized under the Company's sales hedge program and losses incurred for the early repayment of borrowings.

18 Segmented information

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

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

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

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Earnings by segment

For the three-month period ended March 31, 2019, segmented information for the consolidated interim statement of earnings is presented as follows:

| | Revenue | Cost of sales (excluding depreciation) | Depreciation | Other | Operating profit (loss) ¹ | Income tax (expense) credit |
|----------------------------------|------------|--|--------------|-------------|---|-----------------------------------|
| Kansanshi ² | 364 | (193) | (55) | (8) | 108 | (42) |
| Sentinel | 296 | (183) | (58) | (6) | 49 | (24) |
| Las Cruces | 71 | (33) | (44) | (12) | (18) | 5 |
| Guelb Moghrein | 64 | (40) | (18) | (1) | 5 | (1) |
| Çayeli | 18 | (8) | (7) | 7 | 10 | (4) |
| Pyhäsalmi | 36 | (15) | (10) | 2 | 13 | 4 |
| Ravensthorpe | - | (5) | (1) | - | (6) | - |
| Corporate & other ^{3,4} | 8 | (1) | (1) | (14) | (8) | - |
| Total | 857 | (478) | (194) | (32) | 153 | (62) |

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

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

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

⁴ Includes hedge gains and losses recognized on forward copper sales and zero cost collar options.

For the three month period ended March 31, 2018, segmented information for the statement of earnings is presented as follows:

| | Revenue | Cost of sales (excluding depreciation) | Depreciation | Other | Operating profit (loss) ¹ | Income tax (expense) credit |
|----------------------------------|------------|--|--------------|-------------|---|-----------------------------------|
| Kansanshi ² | 393 | (177) | (60) | 4 | 160 | (39) |
| Sentinel | 385 | (224) | (68) | (1) | 92 | (23) |
| Las Cruces | 131 | (38) | (51) | (2) | 40 | (11) |
| Guelb Moghrein | 60 | (35) | (10) | (2) | 13 | (3) |
| Çayeli | (1) | (2) | (3) | - | (6) | 2 |
| Pyhäsalmi | 38 | (14) | (12) | (5) | 7 | (2) |
| Ravensthorpe | - | (2) | (1) | - | (3) | 1 |
| Corporate & other ^{3,4} | (121) | (7) | - | (12) | (140) | (11) |
| Total | 885 | (499) | (205) | (18) | 163 | (86) |

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

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

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

⁴ Includes hedge gains and losses recognized on forward copper sales and zero cost collar options.

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Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

| | March 31, 2019 | | | December 31, 2018 | | |
|--------------------------------|---------------------------------|---------------|-------------------|---------------------------------|---------------|-------------------|
| | Non-current assets ¹ | Total assets | Total liabilities | Non-current assets ¹ | Total assets | Total liabilities |
| Kansanshi ² | 2,684 | 4,568 | 962 | 2,706 | 4,490 | 944 |
| Sentinel | 3,122 | 3,724 | 743 | 3,150 | 3,673 | 711 |
| Las Cruces | 456 | 1,015 | 293 | 499 | 1,077 | 308 |
| Guelb Moghrein | 113 | 191 | 34 | 126 | 228 | 36 |
| Çayeli | 98 | 131 | 30 | 104 | 150 | 43 |
| Pyhäsalmi | 17 | 100 | 49 | 28 | 92 | 56 |
| Ravensthorpe | 690 | 776 | 143 | 689 | 776 | 142 |
| Cobre Panama ³ | 11,187 | 11,599 | 2,909 | 10,640 | 10,992 | 2,745 |
| Corporate & other ⁴ | 1,320 | 2,209 | 8,393 | 1,212 | 2,059 | 7,830 |
| Total | 19,687 | 24,313 | 13,556 | 19,154 | 23,537 | 12,815 |

¹ Non-current assets include \$19,527 million of property plant and equipment (December 31, 2018: \$19,098 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

³ Cobre Panama is 20% owned by KPMC, a joint venture.

⁴ Included within the corporate segment are assets relating to the Haquira project, \$686 million (December 31, 2018: \$683 million), and to the Taca project, \$435 million (December 31, 2018: \$434 million).

Capital expenditure by segment

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

| | Three months ended March 31 | |
|-------------------|-----------------------------|------------|
| | 2019 | 2018 |
| Kansanshi | 34 | 28 |
| Sentinel | 36 | 55 |
| Las Cruces | 4 | 5 |
| Guelb Moghrein | 1 | 8 |
| Çayeli | 1 | 2 |
| Pyhäsalmi | - | - |
| Ravensthorpe | 2 | - |
| Cobre Panama | 366 | 338 |
| Corporate & other | 3 | 3 |
| Total | 447 | 439 |

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Notes to the Condensed Interim Consolidated Financial Statements

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19 Financial instruments

The Company classifies its financial assets as amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are measured at amortized cost or FVTPL.

The following provides a comparison of carrying and fair values of each classification of financial instrument at March 31, 2019:

| | Amortized cost | Fair value through profit or loss | Fair value through OCI | Total |
|--|----------------|-----------------------------------|------------------------|-------|
| Financial assets | | | | |
| Trade and other receivables ¹ | 68 | 279 | - | 347 |
| Due from KPMC (note 7) | 152 | - | - | 152 |
| Other derivative instruments ² | - | 1 | - | 1 |
| Investments ³ | - | - | 17 | 17 |
| Financial liabilities | | | | |
| Trade and other payables | 660 | - | - | 660 |
| Derivative instruments in designated hedge relationships | - | - | 5 | 5 |
| Other derivative instruments ² | - | 11 | - | 11 |
| Lease liabilities (note 10) | 33 | - | - | 33 |
| Liability to joint venture (note 10) | 1,087 | - | - | 1,087 |
| Debt | 7,857 | - | - | 7,857 |

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

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

³ Investments held by the Company are held at fair value through other comprehensive income.

The following provides a comparison of carrying and fair values of each classification of financial instruments at December 31, 2018 on the same classification basis as above:

| | Amortized cost | Fair value through profit or loss | Fair value through OCI | Total |
|--|----------------|-----------------------------------|------------------------|-------|
| Financial assets | | | | |
| Trade and other receivables ¹ | 64 | 241 | - | 305 |
| Derivative instruments in designated hedge relationships | - | 27 | - | 27 |
| Other derivative instruments ² | - | 16 | - | 16 |
| Investments ³ | - | - | 18 | 18 |
| Financial liabilities | | | | |
| Trade and other payables | 731 | - | - | 731 |
| Other derivative instruments ² | - | 3 | - | 3 |
| Finance leases | 17 | - | - | 17 |
| Liability to joint venture | 946 | - | - | 946 |
| Debt | 7,285 | - | - | 7,285 |

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

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

³ Investments held by the Company are held at fair value through other comprehensive income.

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Fair Values

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at March 31, 2019:

| | Level 1 | Level 2 | Level 3 | Total fair value |
|---|---------|---------|---------|------------------|
| Financial assets | | | | |
| Derivative instruments – LME contracts ¹ | 1 | - | - | 1 |
| Derivative instruments – OTC contracts ² | - | - | - | - |
| Investments ³ | 17 | - | - | 17 |
| Financial liabilities | | | | |
| Derivative instruments – LME contracts ¹ | 5 | - | - | 5 |
| Derivative instruments – OTC contracts ² | - | 11 | - | 11 |

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

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

³The 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, 2018, in the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total fair value |
|---|---------|---------|---------|------------------|
| Financial assets | | | | |
| Derivative instruments – LME contracts ¹ | 14 | - | - | 14 |
| Derivative instruments – OTC contracts ² | - | 29 | - | 29 |
| Investments ³ | 18 | - | - | 18 |
| Financial liabilities | | | | |
| Derivative instruments – LME contracts ¹ | 2 | - | - | 2 |
| Derivative instruments – OTC contracts ² | - | 1 | - | 1 |

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

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

³The 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.

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Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of designated future sales. Commodity contracts outstanding as at March 31, 2019, were as follows:

| | Open Positions (tonnes/ozs) | Average Contract price | Closing Market price | Maturities Through |
|-----------------------------|--------------------------------|------------------------|----------------------|--------------------|
| Commodity contracts: | | | | |
| Copper forward | 41,250 | \$2.91/lb | \$2.94/lb | November 2019 |
| Copper zero cost collar | 92,500 | \$2.83 - \$3.06/lb | \$2.94/lb | February 2020 |

Other derivatives

As at March 31, 2019, the Company had entered into the following derivative contracts for copper, gold and zinc in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site when the sale is provisionally priced and the date agreed for pricing the final settlement.

Excluding the copper contracts noted above, as at March 31, 2019, the following derivative positions were outstanding:

| | Open Positions (tonnes/ozs) | Average Contract price | Closing Market price | Maturities Through |
|--|--------------------------------|------------------------|----------------------|--------------------|
| Embedded derivatives in provisionally priced sales contracts: | | | | |
| Copper | 69,837 | \$2.90/lb | \$2.94/lb | July 2019 |
| Gold | 19,640 | \$1,309/oz | \$1,295/oz | June 2019 |
| Zinc | 1,475 | \$1.27/lb | \$1.36/lb | May 2019 |
| Commodity contracts: | | | | |
| Copper | 69,850 | \$2.90/lb | \$2.94/lb | July 2019 |
| Gold | 19,609 | \$1,309/oz | \$1,295/oz | June 2019 |
| Zinc | 1,475 | \$1.27/lb | \$1.36/lb | May 2019 |

As at December 31, 2018, the following derivative positions were outstanding:

| | Open Positions (tonnes/ozs) | Average Contract price | Closing Market price | Maturities Through |
|--|--------------------------------|------------------------|----------------------|--------------------|
| Embedded derivatives in provisionally priced sales contracts: | | | | |
| Copper | 90,633 | \$2.78/lb | \$2.71/lb | April 2019 |
| Gold | 16,069 | \$1,235/oz | \$1,282/oz | April 2019 |
| Zinc | 2,175 | \$1.18/lb | \$1.14/lb | January 2019 |
| Commodity contracts: | | | | |
| Copper | 90,425 | \$2.78/lb | \$2.71/lb | April 2019 |
| Gold | 16,069 | \$1,235/oz | \$1,282/oz | April 2019 |
| Zinc | 2,175 | \$1.18/lb | \$1.14/lb | January 2019 |

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

| | March 31, 2019 | December 31, 2018 |
|----------------------|-------------------|----------------------|
| Commodity contracts: | | |
| Asset position | 1 | 43 |
| Liability position | (16) | (3) |

20 Commitments & contingencies

Capital commitments

The Company has committed to \$186 million (December 31, 2018: \$392 million) in capital expenditures, of which \$92 million is in conjunction with the development of Cobre Panama.

Other commitments & contingencies

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

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company's treasury entity FQM Finance. The deposits were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations. The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient.

Several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court granted leave to the Company, FQM Finance and the individual defendants to appeal against this decision and the litigants have agreed to a stay pending the appeal. The appeal hearing took place on November 21, 2018, with submissions made by all parties. The Court of Appeal delivered judgment on January 11, 2019, dismissing the appeal, and an appeal to the Supreme Court of Zambia has been requested and will be heard on 24 April 2019.

The Arbitration required ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A three-day hearing on the Arbitration on whether permission is granted or denied took place in January 2018. On February 22, 2018, the Arbitral Tribunal issued a ruling denying ZCCM permission to continue the proceedings. On March 21, 2018, ZCCM served an application seeking to challenge the Arbitral Tribunal's ruling through the English court. On June 1, 2018, despite being severely out of time, ZCCM sought to amend its application for additional grounds on which to challenge the Arbitral Tribunal's ruling. ZCCM's arbitration challenge was resisted by KHL in a substantive hearing in the English High Court heard in London during March 26-28, 2019. KHL argued that ZCCM committed an abuse of process in trying to raise irrelevant circumstances which would not have affected the Tribunal's ruling, because the ruling was made on the weak facts ZCCM submitted in the arbitration. A decision from the High Court is expected during the second quarter.

Cooperative discussions between the parties, including representatives of the Zambian Government, took place in May 2017 and are expected to be repeated.