



FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Third Quarter – September 30, 2018

(unaudited)

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

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

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

		Three months ended September 30		Nine months ended September 30	
	Note	2018	2017	2018	2017
Sales revenues	12	978	877	2,912	2,425
Cost of sales	13	(732)	(794)	(2,214)	(2,207)
Gross profit		246	83	698	218
Exploration		(6)	(4)	(19)	(10)
General and administrative		(20)	(20)	(55)	(55)
Other expenses	3	(79)	(22)	(75)	(19)
Operating profit		141	37	549	134
Finance income		6	-	15	2
Finance costs	14	(11)	(5)	(27)	(17)
Loss on extinguishment of borrowings		-	-	-	(84)
Earnings before income taxes		136	32	537	35
Income tax expense	15	(66)	(69)	(242)	(181)
Net earnings (loss)		70	(37)	295	(146)
Net earnings (loss) attributable to:					
Non-controlling interests		9	15	52	55
Shareholders of the Company	11b	61	(52)	243	(201)
Earnings (loss) per common share attributable to the shareholders of the Company					
Net earnings (loss) (\$ per share)					
Basic	11b	0.09	(0.08)	0.35	(0.29)
Diluted	11b	0.09	(0.08)	0.35	(0.29)
Weighted average shares outstanding (000's)					
Basic	11b	687,108	686,323	686,649	685,935
Diluted	11b	689,387	686,323	689,386	685,935
Total shares issued and outstanding (000's)	11a	689,391	689,384	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 (Loss)
(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net earnings (loss) for the period	70	(37)	295	(146)
Other comprehensive income (loss)				
<i>Items that have been/may subsequently be reclassified to net earnings:</i>				
Cash flow hedges reclassified to net earnings	10	73	228	243
Gains (losses) on cash flow hedges arising during the period	(1)	(88)	55	(194)
Loss on termination of Pebble framework agreement	-	-	(38)	-
Unrealized gain (loss) on available-for-sale investments	(2)	2	(2)	3
Total comprehensive income (loss) for the period	77	(50)	538	(94)
Total comprehensive income (loss) attributable to				
Non-controlling interests	9	15	52	55
Shareholders of the Company	68	(65)	486	(149)
Total comprehensive income (loss) for the period	77	(50)	538	(94)

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

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

(expressed in millions of U.S. dollars)

		Three months ended September 30		Nine months ended September 30	
	Note	2018	2017	2018	2017
Cash from operating activities					
Net earnings (loss) from operations		70	(37)	295	(146)
Adjustments for					
Depreciation	13	211	234	640	666
Income tax expense	15	66	69	242	181
Share-based compensation expense		4	5	13	16
Net finance expense		5	5	12	15
Unrealized foreign exchange (gain) loss		82	(13)	92	(13)
Loss on extinguishment of borrowings		-	-	-	84
Other		6	12	16	9
		444	275	1,310	812
Taxes paid		(48)	(6)	(198)	(136)
Precious metal stream agreements	10	89	72	604	175
Movements in non-cash operating working capital		(44)	(74)	(72)	(140)
Long term incentive plan contributions		(2)	-	(2)	-
Net cash from operating activities		439	267	1,642	711
Cash flows used by investing activities					
Purchase and deposits on property, plant and equipment	5	(523)	(480)	(1,537)	(1,154)
Acquisition of Korea Panama Mining Corp ("KPMC")		-	-	(105)	-
Interest paid and capitalized to property, plant and equipment	5	(198)	(145)	(392)	(315)
Other		6	3	11	13
Net cash used by investing activities		(715)	(622)	(2,023)	(1,456)
Cash flows from financing activities					
Net movement in trading facility		(57)	39	(72)	83
Proceeds from debt		380	330	2,726	2,606
Repayments of debt		(5)	(63)	(2,119)	(2,153)
Early redemption costs on senior notes		-	-	-	(54)
Proceeds from joint venture (KPMC shareholder loan)	9	-	-	178	-
Repayments to joint venture (KPMC shareholder loan)	9	(45)	-	(125)	-
Proceeds from joint venture (KPMC)	9	89	72	248	175
Repayments to joint venture (KPMC)	9	-	-	(356)	-
Dividends paid to shareholders of the Company		(2)	(2)	(5)	(5)
Dividends paid to non-controlling interest		(4)	-	(20)	-
Other		(7)	(6)	(7)	(26)
Net cash from financing activities		349	370	448	626
Increase (decrease) in cash and cash equivalents and bank overdrafts		73	15	67	(119)
Cash and cash equivalents and bank overdrafts – beginning of period		682	450	702	565
Exchange gains (loss) on cash and cash equivalents		(2)	11	(16)	30
Cash and cash equivalents and bank overdrafts – end of period		753	476	753	476
Cash and cash equivalents and bank overdrafts comprising:					
Cash and cash equivalents		1,225	1,407	1,225	1,407
Bank overdrafts		(472)	(931)	(472)	(931)

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	September 30, 2018	December 31, 2017 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,225	1,296
Trade and other receivables	3	533	652
Inventories	4	1,198	1,082
Current portion of other assets	7	202	159
		3,158	3,189
Non-current assets			
Cash and cash equivalents - restricted cash		79	90
Non-current VAT receivable	3	111	140
Property, plant and equipment	5	18,551	17,173
Goodwill		237	237
Investment in joint venture		600	600
Other assets	7	128	194
Total assets		22,864	21,623
Liabilities			
Current liabilities			
Bank overdraft		472	594
Trade and other payables		592	713
Current taxes payable		206	139
Current debt	8	122	316
Current portion of provisions and other liabilities	9	95	306
		1,487	2,068
Non-current liabilities			
Debt	8	6,747	5,961
Provisions and other liabilities	9	1,851	1,911
Deferred revenue	10	1,447	726
Deferred income tax liabilities		805	829
Total liabilities		12,337	11,495
Equity			
Share capital	11	5,589	5,575
Retained earnings		3,744	3,612
Accumulated other comprehensive loss		(6)	(227)
Total equity attributable to shareholders of the Company		9,327	8,960
Non-controlling interests		1,200	1,168
Total equity		10,527	10,128
Total liabilities and equity		22,864	21,623
Commitments & contingencies	18		

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	Non-controlling interests
Balance at December 31, 2016	5,553	3,933	(292)	1,091
Share-based compensation expense for the period ¹	17	-	-	-
Total comprehensive income (loss) for the period	-	(201)	52	55
Dividends	-	(5)	-	-
Balance at September 30, 2017	5,570	3,727	(240)	1,146
Share-based compensation expense for the period ¹	5	-	-	-
Total comprehensive income (loss) for the period	-	(115)	13	22
Dividends	-	-	-	-
Balance at December 31, 2017	5,575	3,612	(227)	1,168
Share-based compensation expense for the period ¹	14	-	-	-
IFRS 9 and IFRS 15 transition adjustments	-	(106)	(22)	-
Total comprehensive income for the period	-	243	243	52
Dividends	-	(5)	-	(20)
Balance at September 30, 2018	5,589	3,744	(6)	1,200

¹ Inclusive of capitalized amounts

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(amounts 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, gold, zinc, 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 nickel mine was placed under care and maintenance in October 2017. The Company is developing the Cobre Panama copper project in Panama, exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum deposit in Argentina.

The Company's shares are publicly listed for trading on the Toronto Stock Exchange and has Depositary 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, 2017, except for the new and amended standards noted below.

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

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

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

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

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(expressed in millions of U.S. dollars)

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

- The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangements were previously accounted for and classified as deferred revenue. As the timing of the transfer of goods does not match the receipt of consideration, *IFRS 15* requires the transaction price to be adjusted to reflect the significant financing component. In accordance with the requirements of *IFRS 15*, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue of \$74 million on transition.
- The Company sells a significant proportion of its products on terms whereby the Company is responsible for providing shipping services after the date at which control of the goods passes to the customer. Under *IAS 18*, the Company recognizes such shipping and other freight revenue and accrues the associated costs in full on loading. The impact of treating freight, where applicable, as a separate performance obligation and therefore recognizing revenue over time would not have materially impacted revenue, costs or earnings as at September 30, 2018 or at December 31, 2017.
- The Company's sales are made under pricing arrangements where final prices are set at a specified date based on market prices. Under *IFRS 15*, variable consideration should be estimated by method of expected value or most likely amount, and included in the transaction price, to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur. The changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices is recognized as an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales. The adoption of *IFRS 15* has not changed the assessment or treatment of the existence of embedded derivatives in these financial statements.

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

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

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Notes to the Condensed Interim Consolidated Financial Statements

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(expressed in millions of U.S. dollars)

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

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

Accounting standards issued but not yet effective

IFRS 16 Leases

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

The review and evaluation of existing contracts against the *IFRS 16* criteria for the Company and many of its subsidiaries has been completed, with work continuing into the fourth quarter. Furthermore, the process of calculating the lease liability and asset value for contracts that have been identified as containing right of use assets has commenced and is ongoing. The transition approach to be adopted is under consideration.

The accounting treatment of these contracts identified as leases under *IFRS 16* will increase assets and liabilities in the Balance Sheet as well as increase depreciation and finance costs in the Statement of Earnings and reduce operating costs.

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(expressed in millions of U.S. dollars)

3 VAT receivable

	September 30, 2018	December 31, 2017
Kansanshi Mining PLC	262	240
Kalumbila Minerals Limited	112	54
First Quantum Mining and Operations (Zambia)	18	19
VAT receivable from the Company's Zambian operations	392	313
Cobre Las Cruces SA	11	10
Çayeli Bakır İşletmeleri A.Ş.	3	6
Other	1	1
Total VAT receivable	407	330
Less: current portion, included within trade and other receivables	(296)	(190)
Non-current VAT receivable	111	140

VAT receivable by the Company's Zambian operations	September 30, 2018	December 31, 2017
Receivable at date of claim	594	435
Impact of depreciation of Zambian Kwacha against U.S. dollar ¹	(182)	(102)
	412	333
Impact of discounting non-current portion	(20)	(20)
Total receivable	392	313
Consisting:		
Current portion, included within trade and other receivables	281	173
Non-current VAT receivable	111	140

¹ The impact of depreciation of the Zambian Kwacha against the U.S. dollar in the nine months ended September 30, 2018 on the Company's Zambian operations VAT receivable of \$80 million is included within other expense in the Statement of Earnings.

4 Inventories

	September 30, 2018	December 31, 2017
Ore in stockpiles	266	256
Work-in-progress	26	25
Finished product	259	270
Total product inventory	551	551
Consumable stores	647	531
	1,198	1,082

First Quantum Minerals Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
(unaudited)

(expressed in millions of U.S. dollars)

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, 2018	4,686	7,881	2,374	2,232	17,173
Additions	-	1,557	-	-	1,557
Disposals	(7)	-	-	-	(7)
Transfers between categories	364	(391)	21	6	-
Restoration provision	-	-	(16)	1	(15)
Capitalized interest (note 14)	-	480	-	-	480
Depreciation charge (note 13)	(440)	-	(197)	-	(637)
Net book value, as at September 30, 2018	4,603	9,527	2,182	2,239	18,551
Cost	8,460	9,527	3,681	2,239	23,907
Accumulated depreciation	(3,857)	-	(1,499)	-	(5,356)

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2017	4,996	6,361	2,254	2,200	15,811
Additions	-	1,745	-	-	1,745
Disposals	(17)	(1)	-	-	(18)
Impairments	(18)	(6)	-	-	(24)
Transfers between categories	365	(703)	319	19	-
Restoration provision	-	-	59	13	72
Capitalized interest	-	485	-	-	485
Depreciation charge	(640)	-	(258)	-	(898)
Net book value, as at December 31, 2017	4,686	7,881	2,374	2,232	17,173
Cost	8,058	7,881	3,662	2,232	21,833
Accumulated depreciation	(3,372)	-	(1,288)	-	(4,660)

During the nine months ended September 30, 2018, \$480 million of interest (nine months ended September 30, 2017: \$349 million) was capitalized relating to the development of qualifying assets. The amount capitalized to September 30, 2018 was determined by applying the weighted average cost of borrowings of 7.2% (nine months ended September 30, 2017: 7.4%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at September 30, 2018, is an amount of \$604 million related to capitalized deferred stripping costs (December 31, 2017: \$638 million).

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, effective October 2017. 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 to sell. Economically recoverable reserves and resources, operating costs

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(expressed in millions of U.S. dollars)

and future capital expenditure were used to determine the fair value and represents management's assessment at the time of completing the impairment testing. A long-term nickel price of \$7.00 per pound and a nominal post tax rate of 10.5% (real post-tax rate of 8%) were used by management. Nickel prices used in the cash flow projections were within the range of current market consensus observed at September 30, 2017. Based on the results of discounted cash flow analysis, no impairment was recognized.

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

As at September 30, 2018, based on the updated model, using the above assumptions, a sensitivity analysis was performed on the cash flow model used to determine the recoverable value of Ravensthorpe. A 10% decrease in the long-term nickel price would result in an impairment of approximately \$90 million.

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

7 Other assets

	September 30, 2018	December 31, 2017
Prepaid expenses	196	218
Investments	21	68
Deferred income tax assets	61	54
Derivative instruments (note 17)	52	13
Total other assets	330	353
Less: current portion of other assets	(202)	(159)
	128	194

In May 2018, the Company and Northern Dynasty Minerals elected to terminate their framework agreement, announced on December 15, 2017, in accordance with its terms after being unable to reach agreement on the contemplated option and partnership transaction on the Pebble project. A \$38 million fair value loss on the investment has been recognized in other comprehensive income.

Included within prepaid expenses is \$28 million (December 31, 2017: \$48 million) in relation to Sentinel which are expected to be recovered through deductions on electricity invoices from ZESCO under the terms of the agreement to transfer powerline ownership.

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(expressed in millions of U.S. dollars)

8 Debt

		September 30, 2018	December 31, 2017
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.00% due February 2021		1,103	1,095
First Quantum Minerals Ltd. 7.25% due May 2022		844	843
First Quantum Minerals Ltd. 7.25% due April 2023		1,090	1,088
First Quantum Minerals Ltd. 6.50% due 2024	(a)	841	-
First Quantum Minerals Ltd. 7.50% due April 2025		1,089	1,087
First Quantum Minerals Ltd. 6.875% due 2026	(b)	990	-
Kansanshi senior term loan	(c)	-	174
First Quantum Minerals Ltd. senior debt facility	(d)	380	1,767
Trading facilities	(e)	108	180
Equipment financing	(f)	27	43
Kalumbila term loan	(g)	397	-
Total debt		6,869	6,277
Less: current maturities and short term debt		(122)	(316)
		6,747	5,961
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(d)	1,120	390
Trading facilities	(e)	227	140

a) First Quantum Minerals Ltd. 6.50% due February 2024.

In February 2018, the Company issued \$850 million in senior notes due in 2024, bearing interest at an annual rate of 6.50%. These senior notes have certain restrictions on the Company and its subsidiaries. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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

The Company may redeem some or all of the notes at any time on or after September 1, 2020, at redemption prices ranging from 103.25% in the first year to 100% from 2022, plus accrued interest. In addition, until September 1, 2020, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.50% plus accrued interest.

b) First Quantum Minerals Ltd. 6.875% due February 2026.

In February 2018, the Company issued \$1 billion in senior notes due in 2026, bearing interest at an annual rate of 6.875%. These senior notes have certain restrictions on the Company and its subsidiaries. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

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

The Company may redeem some or all of the notes at any time on or after March 1, 2021, at redemption prices ranging from 105.156% in the first year to 100% from 2024, plus accrued interest. In addition, until March 1, 2021, 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 106.875% plus accrued interest.

c) Kansanshi senior term loan

In February 2018, the term loan was repaid and the facility cancelled.

d) First Quantum Minerals Ltd. senior debt facility

In October 2017, the Company signed a Term Loan and Revolving Credit Facility ("RCF") replacing the previous \$1.875 billion Term Loan and RCF with its core relationship banks. The Facility 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. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. Interest is charged at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

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(expressed in millions of U.S. dollars)

On February 27, 2018, the Company repaid and extinguished the \$0.7 billion Term loan and repaid the outstanding balance on the RCF. During the three months ended September 30, 2018, \$380 million has been drawn, leaving \$1,120 million available for the Company to draw.

e) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totaling \$335 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.

f) Equipment financing

In April 2014, Sentinel 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 was purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2020. Of the amount outstanding at September 30, 2018, \$13 million (December 31, 2017: \$20 million) is due within twelve months of the balance sheet date.

g) Kalumbila term loan

On February 5, 2018, Kalumbila Minerals Limited, the owner of the Sentinel copper mine, signed a \$230 million unsecured term loan facility (the "Kalumbila Facility") with an initial termination date of December 31, 2020 (with the right of Kalumbila Minerals Limited to request an extension of one or two years subject to lender consent). The facility was upsized to \$400 million in March 2018 in accordance with the accordion feature of the facility agreement and is fully drawn. Repayments on the facility commence in December 2019.

9 Provisions and other liabilities

	September 30, 2018	December 31, 2017
Restoration provisions	601	618
Amount owed to joint venture	870	925
Derivative instruments (note 17)	20	288
Non-current consideration for acquisition of joint venture ¹	259	244
Other	196	142
Total other liabilities	1,946	2,217
Less: current portion	(95)	(306)
	1,851	1,911

¹ The current portion of the consideration for acquisition of joint venture of \$80 million (December 31, 2017: \$176 million) has been included in trade and other payables.

Amount owed to joint venture

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.

	September 30, 2018	December 31, 2017
Balance at the beginning of the period	925	596
Repayment of shareholder loans	(356)	-
Cash calls paid to MPSA for the development of Cobre Panama	248	264
Interest accrued	53	65
Balance at end of period due to KPMC	870	925

Following completion of the additional precious metal streaming agreement with Franco Nevada, 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 from KPMC in the period, and cash calls of \$125 million were paid by the Company to KPMC in the nine months ending September 30, 2018.

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(unaudited)

(expressed in millions of U.S. dollars)

As at September 30, 2018, the accrual for interest payable is \$204 million (December 31, 2017: \$151 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.

10 Deferred revenue

	September 30, 2018	December 31, 2017
Balance at the beginning of the period	726	462
Change in accounting policy - IFRS 15 (note 2)	74	-
Balance at the beginning of the period, as adjusted	800	462
Cash deposits received from Franco Nevada – Tranche 1	248	264
Cash deposits received from Franco Nevada – Tranche 2	356	-
Accretion of finance costs	43	-
Balance at the end of the period	1,447	726

On March 16, 2018 the Company completed an additional precious metal streaming agreement with a subsidiary of Franco Nevada Corporation. \$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 the deferred revenue balance representing the significant timing component of the agreement

11 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2017	689,384
Shares issued through Dividend Reinvestment Plan	7
Balance as at September 30, 2018	689,391

b) Earnings (loss) per share

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Basic and diluted (loss) earnings attributable to shareholders	61	(52)	243	(201)
Basic weighted average number of shares outstanding (000's of shares)	687,108	686,323	686,649	685,935
Effect of potential dilutive securities:				
Treasury shares	2,279	3,057	2,737	3,442
Diluted weighted average number of shares outstanding	689,387	686,323	689,386	685,935
Earnings (loss) per share – basic (expressed in \$ per share)	0.09	(0.08)	0.35	(0.29)
Earnings (loss) per share – diluted (expressed in \$ per share)	0.09	(0.08)	0.35	(0.29)

First Quantum Minerals Ltd.

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c) Dividends

On February 12, 2018, the Company declared a final dividend of CDN\$0.005 per share, or \$3 million, in respect of the financial year ended December 31, 2017 (February 16, 2017: CDN\$0.005 per share or \$3 million) to be paid to shareholders of record on May 8, 2018.

On July 30, 2018, the Company declared an interim dividend of CDN\$0.005 per share, or \$2 million, in respect of the financial year ended December 31, 2018 (July 27, 2017: CDN\$0.005 per share or \$3 million) to be paid on September 19, 2018 to shareholders of record on August 28, 2018.

12 Sales revenues by nature

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Copper	904	719	2,653	2,017
Gold	47	63	167	183
Zinc	10	12	38	38
Other ¹	17	25	54	47
Nickel	-	58	-	140
	978	877	2,912	2,425

¹ Other revenues include magnetite, acid, pyrite, silver and, in 2017, cobalt.

13 Cost of sales

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Costs of production	(530)	(530)	(1,581)	(1,521)
Depreciation	(206)	(241)	(637)	(663)
Movement in inventory	9	(30)	7	(20)
Movement in depreciation in inventory	(5)	7	(3)	(3)
	(732)	(794)	(2,214)	(2,207)

14 Finance costs

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Interest expense on financial liabilities measured at amortized cost	(172)	(122)	(497)	(356)
Accretion on restoration provision	(3)	(4)	(10)	(10)
Total finance costs	(175)	(126)	(507)	(366)
Less: interest capitalized (note 5)	164	121	480	349
	(11)	(5)	(27)	(17)

15 Income tax expense

A tax expense of \$242 million was recorded for the nine months ended September 30, 2018, (nine months ended September 30, 2017: \$181 million tax expense) reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early repayment of borrowings.

First Quantum Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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(expressed in millions of U.S. dollars)

16 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 December, January, February and March. As a result of the rain season, mine pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Earnings by segment

For the three-month period ended September 30, 2018, 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	434	(219)	(69)	(61)	85	(19)
Sentinel	333	(213)	(65)	(19)	36	(1)
Las Cruces	93	(34)	(48)	2	13	(9)
Guelb Moghrein	41	(32)	(8)	(1)	-	1
Çayeli	13	(7)	(6)	(2)	(2)	(31)
Pyhäsalmi	34	(11)	(14)	-	9	(5)
Ravensthorpe	-	(4)	(1)	-	(5)	2
Corporate & other ³	30	(1)	-	(24)	5	(4)
Total	978	(521)	(211)	(105)	141	(66)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings (loss) for the period on the consolidated interim 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 consolidated interim statement of earnings, as the project is under development. The development costs for this project are capitalized.

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

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Kansanshi ²	425	(190)	(69)	(18)	148	(44)
Sentinel	300	(187)	(62)	(3)	48	(11)
Las Cruces	109	(38)	(47)	(1)	23	(13)
Guelb Moghrein	50	(29)	(10)	-	11	(3)
Çayeli	39	(19)	(16)	(1)	3	(2)
Pyhäsalmi	34	(13)	(17)	(3)	1	2
Ravensthorpe	65	(65)	(13)	-	(13)	7
Corporate & other ³	(145)	(19)	-	(20)	(184)	(5)
Total	877	(560)	(234)	(46)	37	(69)

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

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For the nine-month period ended September 30, 2018, 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	1,255	(582)	(190)	(74)	409	(117)
Sentinel	1,110	(687)	(207)	(27)	189	(37)
Las Cruces	357	(110)	(150)	5	102	(32)
Guelb Moghrein	165	(107)	(29)	(5)	24	(5)
Çayeli	48	(25)	(19)	-	4	(36)
Pyhäsalmi	110	(38)	(41)	5	36	(8)
Ravensthorpe	-	(8)	(4)	-	(12)	5
Corporate & other ³	(133)	(17)	-	(53)	(203)	(12)
Total	2,912	(1,574)	(640)	(149)	549	(242)

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 consolidated interim statement of earnings, as the project is under development. The development costs for this project are capitalized.

For the nine-month period ended September 30, 2017, segmented information for the consolidated interim statement of loss is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Kansanshi ²	1,215	(585)	(212)	(11)	407	(135)
Sentinel	745	(467)	(163)	(7)	108	(21)
Las Cruces	339	(112)	(147)	(5)	75	(20)
Guelb Moghrein	158	(95)	(34)	(1)	28	(7)
Çayeli	75	(40)	(30)	(1)	4	(3)
Pyhäsalmi	105	(37)	(50)	(7)	11	(1)
Ravensthorpe	154	(177)	(29)	-	(52)	19
Corporate & other ³	(366)	(28)	(1)	(52)	(447)	(13)
Total	2,425	(1,541)	(666)	(84)	134	(181)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings (loss) for the period on the consolidated interim 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 consolidated interim statement of earnings, as the project is under development. The development costs for this project are capitalized.

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Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	September 30, 2018			December 31, 2017		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Kansanshi ²	2,837	4,431	927	2,789	4,326	1,075
Sentinel	3,146	3,609	668	3,162	3,627	226
Las Cruces	538	1,102	359	668	1,186	369
Guelb Moghrein	141	290	72	160	297	75
Çayeli	110	154	63	129	386	68
Pyhäsalmi	48	122	71	90	208	70
Ravensthorpe	706	790	157	718	798	168
Cobre Panama ³	10,003	10,356	2,594	8,322	8,619	1,881
Corporate & other ⁴	1,183	2,010	7,426	1,193	2,176	7,563
Total	18,712	22,864	12,337	17,231	21,623	11,495

¹ Non-current assets include \$18,551 million of property plant and equipment (December 31, 2017: \$17,209 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, \$683 million (December 31, 2017: \$678 million), and to the Taca Taca project, \$432 million (December 31, 2017: \$430 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 September 30		Nine months ended September 30	
	2018	2017	2018	2017
Kansanshi	58	85	140	154
Sentinel	54	32	168	88
Las Cruces	11	7	26	16
Guelb Moghrein	2	4	13	12
Çayeli	1	1	5	3
Pyhäsalmi	-	-	-	-
Cobre Panama ¹	390	350	1,171	865
Ravensthorpe	-	1	-	13
Corporate & other	7	-	14	3
Total	523	480	1,537	1,154

¹ Included within Cobre Panama are amounts included within pre-commercial production deferred stripping.

First Quantum Minerals Ltd.

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(expressed in millions of U.S. dollars)

17 Financial instruments

The Company classifies its financial instruments as amortized cost, fair value through profit or loss, or fair value through OCI.

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	237	-	-	237
Derivative instruments in designated hedge relationships	-	43	-	43
Other derivative instruments ²	-	9	-	9
Investments ³	-	-	21	21
Financial liabilities				
Trade and other payables	592	-	-	592
Other derivative instruments ²	-	20	-	20
Finance leases	18	-	-	18
Liability to joint venture	870	-	-	870
Debt	6,869	-	-	6,869

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, 2017 on the same classification basis as above (original measurement categories under IAS 39 are presented in note 2):

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	461	-	-	461
Other derivative instruments ²	-	13	-	13
Investments ³	-	-	68	68
Financial liabilities				
Trade and other payables	713	-	-	713
Derivative instruments in designated hedge relationships	-	228	-	228
Other derivative instruments ²	-	60	-	60
Finance leases	22	-	-	22
Liability to joint venture	925	-	-	925
Debt	6,277	-	-	6,277

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

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

³ The Company holds investments in privately held entities which were measured at cost prior to the adoption of IFRS 9 (Note 2).

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(expressed in millions of U.S. dollars)

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at September 30, 2018, in the fair value hierarchy as described in the annual consolidated financial statements for the year ended December 31, 2017:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	6	-	-	6
Derivative instruments – OTC contracts ²	-	46	-	46
Investments ³	8	-	13	21
Financial liabilities				
Derivative instruments – LME contracts ¹	16	-	-	16
Derivative instruments – OTC contracts ²	-	4	-	4

¹ Futures 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.

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

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. All other investments are classified within Level 3. 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, 2017, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	13	-	-	13
Investments ³	9	-	-	9
Financial liabilities				
Derivative instruments – LME contracts ¹	45	-	-	45
Derivative instruments – OTC contracts ²	-	243	-	243

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

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

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

Derivatives designated as hedged instruments

The Company has elected to apply hedge accounting with the following contracts expected to be highly effective in offsetting changes in the cash flows of designated future sales. Commodity contracts outstanding as at September 30, 2018, were as follows:

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	7,500	\$3.28/lb	\$2.80/lb	December 2018
Copper zero cost collar	61,500	\$3.07 - 3.47/lb	\$2.80/lb	June 2019

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(expressed in millions of U.S. dollars)

Other derivatives

As at September 30, 2018, 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 and the date agreed for pricing the final settlement.

Excluding the copper contracts noted above, as at September 30, 2018, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	59,785	\$2.72/lb	\$2.80/lb	January 2019
Gold	12,634	\$1,203/oz	\$1,187/oz	January 2019
Zinc	1,750	\$1.11/lb	\$1.17/lb	November 2018
Commodity contracts:				
Copper	60,760	\$2.72/lb	\$2.80/lb	January 2019
Gold	12,634	\$1,203/oz	\$1,187/oz	January 2019
Zinc	1,750	\$1.11/lb	\$1.17/lb	November 2018

As at December 31, 2017, the following derivative positions were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	81,785	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.50/lb	February 2018
Commodity contracts:				
Copper	82,703	\$3.06/lb	\$3.25/lb	April 2018
Gold	20,226	\$1,274/oz	\$1,294/oz	April 2018
Zinc	1,275	\$1.45/lb	\$1.50/lb	February 2018

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

	September 30, 2018	December 31, 2017
Commodity contracts:		
Asset position	52	13
Liability position	(20)	(288)

(expressed in millions of U.S. dollars)

18 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to \$204 million (December 31, 2017: \$628 million) in capital expenditures.

Other commitments & contingencies

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

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC ("ZCCM") under the Kansanshi Mining PLC ("KMP") Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited, the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including FQM Finance Ltd. ("FQM Finance"), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue. Settlement discussions took place in May 2017 in Lusaka with the GRZ and ZCCM. A comprehensive package of information was furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume in due course once the information has been analyzed and responded to. The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company's treasury entity FQM Finance between 2007 and 2015. The funds on deposit were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations.

The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient. 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 has since 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. ZCCM has brought an application seeking to dismiss the appeal of the Company and FQM Finance (but not the individual defendants) on procedural grounds. ZCCM's application was rejected by the Court of Appeal on 15 October 2018.

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

KMP's objection was heard in a hearing in July 2018 and deferred to a fuller hearing to take place in March 2019.

Management's Discussion and Analysis

Third quarter ended September 30, 2018



This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three and nine months ended September 30, 2018. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.first-quantum.com. This MD&A contains forward-looking information that is subject to risk factors, see "Cautionary statement on forward-looking information" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed AIF. This MD&A has been prepared as of October 29, 2018.

THIRD QUARTER 2018 HIGHLIGHTS

Operational and Financial

- The Company achieved copper production of 151,241 tonnes, 4% higher than the comparable period in 2017, reflecting higher output from Kansanshi and Sentinel. Kansanshi and Sentinel copper production of 63,687 tonnes and 56,426 tonnes, respectively, were 8% and 5% higher than the comparable period in 2017, driven by higher throughput and recoveries.
- The Kansanshi smelter achieved record quarterly production of 90,269 tonnes of copper anode and treated a record 355,435 dry metric tonnes ("DMT") of concentrate in the quarter.
- Gold production of 44,979 ounces was 5% lower than the same period of 2017, reflecting mainly lower gold feed grade at Kansanshi.
- Gross profit of \$246 million and comparative EBITDA of \$427 million were 196% and 40% higher, respectively, than the comparable period of 2017, mainly reflecting higher sales revenues driven by higher copper sales volumes and realized prices achieved in the Company's corporate sales hedge program.
- Comparative earnings of \$128 million (\$0.19 per share), net earnings attributable to shareholders of the Company of \$61 million (\$0.09 per share), and cash flows from operating activities of \$439 million (\$0.64 per share) were attained in the third quarter. These results were significantly higher than the comparable period of 2017 and include a \$31 million gain realized by the corporate sales hedge program.
- Copper all-in sustaining cost ("AISC") was \$1.83 per lb and cash cost of copper production ("C1") was \$1.34 per lb for the quarter. In 2017, the third quarter benefited from the impact of a review of previously recognized operational provisions. Excluding this impact, AISC and C1 cash cost in the third quarter were \$0.02 per lb and \$0.07 per lb higher, respectively, than the comparable period of 2017. The increase in underlying AISC reflects higher Zambian royalties and the increase in C1 cash cost, partially offset by lower deferred stripping and sustaining capital expenditure. Underlying C1 was impacted by higher fuel costs and costs relating to the timing of maintenance spend.
- The Cobre Panama project was 81% complete at the end of the quarter with the achievement of further key milestones, including mechanical completion of the first in-pit primary crusher, set 1 of the power station having generated power up to nameplate capacity during the quarter and over 50% commissioning completed on set 2, including steam blows, which progressed during the quarter and were successfully completed in October. Commissioning progressed in the process plant, and there is focus on the recruitment and training of long-term operations personnel in support of operational readiness.

Consolidated Operating Information	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Copper production (tonnes) ¹	151,241	145,376	447,549	419,644
Copper sales (tonnes)	151,342	148,894	441,766	428,225
Cash cost of copper production (C1)(per lb) ²	\$1.34	\$1.21	\$1.30	\$1.20
Total cost of copper production (C3)(per lb) ²	\$2.14	\$2.03	\$2.13	\$2.01
All-in sustaining cost (AISC)(per lb) ²	\$1.83	\$1.75	\$1.77	\$1.62
Realized copper price (per lb)	\$2.84	\$2.37	\$2.85	\$2.28
Gold production (ounces)	44,979	47,213	137,375	147,832
Gold sales (ounces)	42,864	51,729	139,851	150,653

Consolidated Financial Information	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Sales revenues	978	877	2,912	2,425
Gross profit	246	83	698	218
Net earnings (loss) attributable to shareholders of the Company	61	(52)	243	(201)
Basic and diluted earnings (loss) per share	\$0.09	(\$0.08)	\$0.35	(\$0.29)
Comparative EBITDA ³	427	304	1,256	836
Comparative earnings (loss) ³	128	(28)	305	(75)
Comparative earnings (loss) per share ³	\$0.19	(\$0.04)	\$0.44	(\$0.11)

¹ Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

² C1 cash cost, C3 total cost, AISC are not recognized under IFRS. See “Regulatory disclosures” on page 34 for further information.

³ Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss). Comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. See “Regulatory Disclosures” on pages 34-40 for a reconciliation of comparative EBITDA and comparative earnings. The use of comparative earnings and comparative EBITDA represents the Company’s adjusted earnings metrics.

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net earnings (loss) attributable to shareholders of the Company	61	(52)	243	(201)
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of debt	-	-	-	84
Total adjustments ⁴ to comparative EBITDA excluding depreciation	75	33	67	36
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(8)	(9)	(5)	6
Comparative earnings (loss)	128	(28)	305	(75)

⁴ Adjustments to comparative EBITDA relate principally to foreign exchange but also include gains and losses on disposal of assets, mine closure costs and movements in restoration provision estimates at closed sites.

FINANCIAL SUMMARY

Sales revenues increased due to higher realized metal prices with a gain on the sales hedge program and higher copper sales volumes

- Sales revenues of \$978 million in the third quarter increased by \$101 million compared to 2017, due to an increase in copper revenues of \$185 million reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe and lower gold sales revenues. The increase in copper sales volumes is mainly from Sentinel, which contributed revenues of \$333 million in the quarter. Lower gold sales revenues were driven by lower sales volumes and realized gold prices.
- The realized price for copper of \$2.84 per lb for the quarter was \$0.47 per lb higher than the same period of 2017 and above the average LME price of \$2.77 per lb, attributable to the Company's copper sales hedge program, which increased revenues by \$31 million in the quarter and the net realized copper price by \$0.09 per lb. Excluding the impact of the corporate sales hedge program, the realized price for copper was lower than the same period in 2017 by \$0.10 per lb, consistent with the 4% decrease in the average LME price of copper over the same period (*see page 23*).

Comparative EBITDA higher than Q3 2017

- Comparative EBITDA was \$427 million compared to \$304 million in the same period of 2017. Comparative EBITDA excludes \$74 million of foreign exchange losses, which includes a \$79 million unrealized loss relating to the revaluation of Zambian Kwacha denominated VAT balances, and \$1 million for closed site restoration provisions.

Gross profit higher than Q3 2017 from higher realized copper prices and sales volumes

Gross profit in Q3 2017	83
Higher realized metal prices (net of hedges)	141
Higher sales volumes	25
Lower by-product contribution	(5)
Higher cash costs (excluding royalties)	(1)
Decrease in depreciation	23
Movement in previously recognized operational provisions in 2017 ¹	(18)
Increase in Zambian royalty rate and volume	(12)
Foreign exchange gain	10
Gross profit in Q3 2018 ²	246

¹The movement in previously recognized operational provisions in the comparable quarter of 2017 resulted in a reduction in C1 of \$0.06 per lb.

²Gross profit is reconciled to comparative EBITDA by including exploration costs of \$6 million, general and administrative costs of \$20 million, other expense of \$79 million, adding back depreciation of \$211 million, and excluding a foreign exchange loss of \$74 million and revisions in estimates of restoration provisions at closed sites of \$1 million (*a reconciliation of comparative EBITDA is included on page 40*).

Increase in comparative earnings to \$128 million

- Comparative earnings of \$128 million in the third quarter of 2018 compares to comparative loss of \$28 million in the comparable period of 2017. A reconciliation of comparative metrics is included on page 40.
- Net earnings attributable to shareholders of \$61 million in the third quarter of 2018 compared to a net loss attributable to shareholders of \$52 million for the same period in 2017. The 2018 result includes \$31 million in sales hedge gains, \$74 million in foreign exchange losses, \$1 million for closed site restoration provisions, and \$8 million in tax credit and minority interest relating to foreign exchange revaluation and comparative adjustments.

FINANCIAL POSITION AND OPERATING CASH FLOW

- The Company ended the quarter with \$753 million of net unrestricted cash and cash equivalents in addition to \$1,120 million of committed undrawn facilities and was in compliance with all financial covenants.
- At September 30, 2018, 7,500 tonnes of unmargined copper forward sales contracts at an average price of \$3.28 per lb were outstanding with periods of maturity to December 2018. The Company also has unmargined zero cost collar sales contracts for 61,500 tonnes at weighted average prices of \$3.07 to \$3.47 per lb with maturities to June 2019.

- Taking into account forecast operating cash inflows, capital expenditure outflows and available committed facilities, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet.

OTHER DEVELOPMENTS

Changes to the Zambian tax regime

On September 28, 2018, the Government of the Republic of Zambia (“GRZ”) announced various changes to the Zambian mining tax regime expected to be effective January 1, 2019.

- The sliding scale mineral royalty rate on copper will be increased by 1.5% to between 5.5% and 7.5% dependent on the LME monthly average price. A new 10% mineral royalty rate will be applicable if the LME monthly average price exceeds \$7,500 per tonne. Mineral royalties will no longer be deductible for corporation tax.
- An export levy on precious metals, including gold, of 15% is to be introduced.
- An import duty of 5% is to be imposed on copper and cobalt concentrates.

Further to the above measures, the Minister of Finance of Zambia also announced the abolition of VAT and the proposed introduction of a non-refundable sales tax. The sales tax is expected to be effective April 1, 2019, though no rate has yet been announced and the Minister reaffirmed that the GRZ remains committed to settling outstanding VAT claims.

The Company’s Zambian operations have continued to accrue value-added tax (“VAT”) receivable amounts during the quarter with minimal cash refunds received or offsets to other tax liabilities approved. The total amount of VAT accrued by the Company’s Zambian operations at September 30, 2018, was \$392 million, of which \$262 million related to Kansanshi. Management of the Company continues to engage in regular discussions with the relevant government authorities and considers that the outstanding VAT claims are fully recoverable. See additional disclosure *Liquidity and Capital Resources* on page 25.

In October the Minister of Finance announced that comments by Zambia’s Chamber of Mines had been noted and that a tax policy review committee would be appointed to address technical issues relating to the changes. It was reiterated that the Ministry of Finance is open to dialogue with mining companies on the transition to the new mining tax regime.

Panama constitutional proceedings

In February 1996, the Republic of Panama and Minera Panama SA (“MPSA”), a Panamanian subsidiary of the Company, entered into a mining concession contract in respect of the Cobre Panama project.

On February 26, 1997, Contract-Law No. 9 (“Law 9”) was passed by the Panamanian National Assembly. Law 9 granted the status of national law to the mining concession contract, establishing a statutory legal and fiscal regime for the development of the Cobre Panama project. On December 30, 2016 the Government of Panama signed and issued Resolution No. 128 by which it extended the mining concession contract held by Minera Panama SA for a second 20-year term commencing March 1, 2017 up to February 28, 2037. The Company remains eligible for consideration of a third 20-year term of the MPSA mining concession contract commencing March 1, 2037.

In September 2018 the Company became aware of a ruling of the Supreme Court of Panama (“Supreme Court”) in relation to the constitutionality of Law 9. The Company understands that the ruling of the Supreme Court with respect to the constitutionality of Law 9 relates to the enactment of Law 9 and does not affect the legality of the MPSA mining concession contract itself, which remains in effect, and allows continuation of the development and operation of the Cobre Panama project by MPSA.

In respect of the Supreme Court ruling on Law 9, which remains subject to various procedural processes, the Company notes the following.

- The ruling is not yet in effect.
- The Supreme Court decision was in respect of ongoing legal filings made since 2009 in regard to specific environmental petitions.
- In reviewing the process of approval of Law 9 of 1997, the Supreme Court found that the National Assembly had failed to consider whether Law 9 complied with applicable legislation at the time, namely Cabinet Decree 267 of 1969.
- The applicable Cabinet Decree of 1969, which was repealed in 1997 by Law 9, required the Ministry of Commerce and Industry (“MICI”) to issue a request for proposals before awarding the Law 9 mining concession.
- The Attorney General of Panama has provided two formal opinions favourable to the constitutionality of Law 9 as required in this type of proceedings by Panamanian law.

- The Supreme Court ruling did not make a declaration as to the annulment of the MPSA mining concession contract.

Subsequently, MPSA has submitted filings to the Supreme Court for ruling, which it has accepted, prior to the ruling in relation to the constitutionality of Law 9 taking effect. On September 26, 2018 the Government of Panama issued a news release affirming support for the Cobre Panama project. The release confirmed that MICI considers that the MPSA mining concession contract, and its extension, remains in effect in all its parts. Construction and commissioning are continuing while the Company seeks to clarify the legal position. (The MICI release is available at www.mici.gob.pa/detalle.php?cid=16&sid=53&id=5347).

Based on support from the Government of Panama, the Chamber of Commerce and Industries of Panama, the Panamanian Mining Chamber, other Panamanian business and industry chambers and its legal advice, the Company is confident of resolving the Law 9 clarification in the near-medium term.

Assessment by Zambia Revenue Authority

On March 19, 2018, Kalumbila Minerals Ltd (“KML”) (a subsidiary of the Company) received a letter of preliminary findings following an audit by the Zambia Revenue Authority (“ZRA”) for ZMW 76.5 billion (approximately \$7.6 billion at the date of receipt of the letter, comprising \$5.5 billion in interest and \$2.0 billion in penalties on the \$150 million assessment claim on duties). The preliminary findings letter covers circa 22,700 import transactions relating to the import of capital items, consumables, and spare parts for use at Sentinel from January 2013 to December 2017.

A process for provision of relevant documentation was agreed between KML and the ZRA. KML, together with an external international accounting firm and a shipping agent completed a review of the documentation relating to the audited areas over the relevant period. KML’s internal findings and relevant supporting documentation, which was voluminous, have been provided to the ZRA with discussions progressing on the documentation provided. KML continues to refute the preliminary assessment and the Company’s view on the final value of the claim remains unchanged from that disclosed in the first quarter. KML remains engaged with the ZRA and committed to ensuring transparency in all discussions between the parties to bring the matter to a just and prompt resolution.

Legal proceedings

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC (“ZCCM”) under the Kansanshi Mining PLC (“KMP”) Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited, the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including FQM Finance Ltd. (“FQM Finance”), and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue. Settlement discussions took place in May 2017 in Lusaka with the GRZ and ZCCM. A comprehensive package of information was furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume in due course once the information has been analyzed and responded to. The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company’s treasury entity FQM Finance between 2007 and 2015. The funds on deposit were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations.

The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm’s length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient. 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 has since 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. ZCCM has brought an application seeking to dismiss the appeal of the Company and FQM Finance (but not the individual defendants) on procedural grounds. ZCCM’s application was rejected by the Court of Appeal on October 15, 2018.

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

KMP's objection was heard in a hearing in July 2018 and deferred to a fuller hearing to take place in March 2019.

DEVELOPMENT ACTIVITIES

Cobre Panama Project, Panama

Cobre Panama development progressed at peak activity during the quarter, with overall project progress at the end of the third quarter 81% complete.

The power station transitioned from construction to commissioning and ramp up, with both units having effectively completed construction. Commissioning of the 150MW set 1 power and utility systems has generated up to nameplate capacity, however the focus has been on tuning and reliability for long term operation. The set 2 power commissioning has progressed to 54% at the end of the quarter with steam blows underway, and which were successfully completed subsequent to the end of the quarter. Set 2 is expected to generate power in the fourth quarter of this year.

The process plant and mine site were 74% complete at the end of the third quarter. Commissioning continued in the process plant and first commissioning activities include air and water circuits. A focus remains on progressive completion of construction and commissioning of the process plant and mine with the construction being 83% for the first concentrate milestone requirements.

Engineering is considered complete, with a remaining focus on closing electrical, instrumentation and controls design.

The focus for procurement continues to be on completion of manufacturing and delivering to site with the overall procurement effort being 84% complete.

Some key additional milestones achieved through the quarter include: 150MW power generated on set 1 of the power station; steam blows commenced on set 2 of the power station; conveyor belt pulling commenced in the process plant; and mechanical completion of the first in-pit primary crusher.

Key status for the construction of the project at the end of the quarter includes the mine pre-strip which is largely complete as the Company prepares for operation and commissioning, and the tailings management facility earthworks at 77% completion, which continues to receive strong focus. There are 2,194 long-term operations personnel currently engaged and focused on recruitment, training and the development of operating procedures in support of operational readiness as well as supporting commissioning and progressively operating the commissioned plant. Phased commissioning will continue on the project through the remainder of 2018 with further ramp-up scheduled over 2019 and 2020.

The project capital expenditure for the nine months ended September 30, 2018, was \$1,120 million (First Quantum's share \$784 million), against the full year guidance of \$1,330 million (First Quantum's share \$931 million). Project spending to date amounts to \$5.9 billion, including \$2.0 billion contributed by third parties.

EXPLORATION

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

At the Haquira project in Peru, the focus continues on the community and environmental aspects. The Environmental Impact Assessment ("EIA") studies continued during the period. Various access agreements with communities to maintain activities have now been successfully renegotiated.

At Taca Taca, the EIA studies continued as planned. A detailed environmental and social baseline study is at an advanced stage of preparation, and communication with communities and relevant authorities is ongoing. Water supply studies are progressing well, including a field program which commenced in September to develop boreholes for pump testing sustainable groundwater resources in the area.

During the third quarter, near-mine exploration programs were active at Las Cruces in Spain and on satellite targets in the Kansanshi district of Zambia. At Las Cruces, detailed ground geophysical surveys including 2D seismic and electromagnetics, have defined some encouraging targets that may represent extensions of the primary massive sulphide bodies at depth. Drill testing of these targets is planned to continue throughout the remainder of 2018.

Exploration activities have ramped up during 2018, capitalizing on the considerable pipeline of early stage targets generated from sustained investment in information gathering and reconnaissance over the last two years. During the quarter drill programs were active on grassroots copper porphyry prospects in Peru, Chile and Serbia as well as sediment hosted copper prospects in Zambia. The Company recently commenced reconnaissance exploration for copper porphyry prospects in Ecuador, Columbia and Argentina through earn-in arrangements, investment and through its own project generation activities.

HEALTH & SAFETY

The health and safety of all of our employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. Tragically, despite this, there have been two fatal incidents at the Company's operations in 2018, at Cobre Panama in August and at Sentinel in October. All fatalities are subject to internal and external investigation, as well as Board review. These unfortunate incidents are being thoroughly analyzed and the Company is committed to learning from the findings and taking appropriate actions. The Lost Time Injury Frequency Rates ("LTIFR") is an area of continued focus and a key performance metric for the Company, our rolling 12-month LTIFR has lowered to 0.08 per 200,000 hours worked on average over the 12 month period to September 30, 2018.

MARKET GUIDANCE

Guidance is based on a number of assumptions and estimates as of September 30, 2018, including among other things, assumptions about metal prices and anticipated costs and expenditures, and involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different.

Guidance for 2018 copper production has been increased to 595,000 tonnes to reflect the latest assumptions and year-to-date performance at Kansanshi and with some small changes to Çayeli and Pyhäsalmi. Guidance for 2018 zinc production has been increased to 25,000 tonnes driven by Pyhäsalmi year-to-date performance. Gold production guidance for 2018 has been decreased to 180,000 ounces to reflect grade related reductions for both Kansanshi and Guelb Moghrein.

Guidance provided in the prior quarter for cash cost and all-in sustaining cost is unchanged.

Guidance on phasing of capital expenditure on Cobre Panama between 2018 and 2019 has been updated but with no increase to total Cobre Panama project expenditure. Guidance on other capital expenditure remains unchanged.

Production guidance

000's	2018	2019	2020
Copper (tonnes) – excluding Cobre Panama	595	595	610
Gold (ounces) – excluding Cobre Panama	180	200	195
Zinc (tonnes)	25	17	5
Nickel (contained tonnes)	-	-	-
Cobre Panama – copper (tonnes)	-	150+	270 - 300

Production guidance by operation (excluding Cobre Panama)

Copper

000's tonnes	2018	2019	2020
Kansanshi	245	235	235
Sentinel	220	235	255
Las Cruces	72	70	70
Guelb Moghrein	28	30	30
Çayeli	18	20	20
Pyhäsalmi	12	5	-

Gold

000's ounces	2018	2019	2020
Kansanshi	125	145	145
Guelb Moghrein	47	50	50
Çayeli	2	-	-
Pyhäsalmi	6	5	-

Zinc

000's tonnes	2018	2019	2020
Çayeli	4	5	5
Pyhäsalmi	21	12	-

Cash cost and all-in sustaining cost

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

Copper ¹	2018	2019	2020
C1 (per lb):	\$1.20 - \$1.40	\$1.20 - \$1.40	\$1.20 - \$1.40
AISC (per lb):	\$1.65 - \$1.85	\$1.65 - \$1.80	\$1.65 - \$1.80

¹ The above guidance for C1 and AISC does not incorporate the impact of the changes to the Zambian mining tax regime for increased mineral royalty rates, gold sales levy or the sales tax. Details of the sales tax have not yet been announced but the impact of the increased royalty rates and gold sales levy is expected to increase AISC guidance for the Group by \$0.05 per lb in 2019 and 2020 assuming a copper price close to current spot levels of \$2.80 per lb.

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

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

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

Capital expenditure¹

	2018	2019	2020
Total Cobre Panama project ²	1,330	232	-
Third-party contribution ³	(399)	(44)	-
First Quantum's share of Cobre Panama project ⁴	931	188	-
Capitalized stripping	200	200	200
Sustaining capital and other projects	360	400	400
Total net capital expenditure	1,491	788	600

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

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

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

⁴ Based on the current 90% ownership.

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

OPERATING REVIEW

	Three months ended September 30		Nine months ended September 30	
Production Summary ¹	2018	2017	2018	2017
Copper production (tonnes) ²				
Kansanshi	63,687	58,706	189,742	186,001
Sentinel	56,426	53,533	162,816	133,493
Las Cruces	15,181	17,488	52,268	54,964
Guelb Moghrein	7,902	6,756	19,818	21,636
Çayeli	5,056	5,492	13,965	13,239
Pyhäsalmi	2,989	3,401	8,940	10,311
Total copper production (tonnes)	151,241	145,376	447,549	419,644
Total gold production (ounces)	44,979	47,213	137,375	147,832
Total zinc production (tonnes)	7,348	4,376	19,120	17,167
Total nickel production (contained tonnes)	-	6,325	-	17,837

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

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

Third quarter

Copper production of 151,241 tonnes in the third quarter was 4% higher than the comparable period of 2017, reflecting higher production at Kansanshi, Sentinel and Guelb Moghrein. This increase was partially offset by lower copper production at Las Cruces, where a planned shutdown in September followed by a failure in the grinding thickener reduced equipment availability by 14 days. Copper production at Kansanshi, Sentinel and Guelb Moghrein benefited from higher throughput and recoveries, as well as higher grade at Guelb Moghrein.

The Kansanshi smelter achieved record quarterly production of 90,269 tonnes of copper anode, an increase of 85% from the comparable quarter of 2017, reflecting higher throughput and copper recovery. The smelter processed 355,435 DMT of concentrate, a 76% increase over the same period in 2017, which was impacted by a planned shutdown, and achieved a copper recovery of 97% and produced 319,000 tonnes of sulphuric acid this quarter.

Gold production of 44,979 ounces was 5% lower than the same period of 2017, reflecting lower gold production at Kansanshi partially offset by higher gold production at Guelb Moghrein. Gold production at Kansanshi was 7% lower than the comparable period in 2017, reflecting lower gold feed grade and processing constraints. At Guelb Moghrein, a 2% increase in gold production was mainly driven by higher throughput and gold recovery, which benefited from softer ore mined in the third quarter.

Nine months

Copper production for the nine months ended September 30, 2018, of 447,549 tonnes was 7% higher than the same period in 2017, reflecting mainly higher production at Sentinel and Kansanshi.

	Three months ended September 30		Nine months ended September 30	
Sales Volume Summary¹	2018	2017	2018	2017
Copper sales volume (tonnes)				
Kansanshi	66,283	64,311	174,967	192,726
Sentinel	59,069	50,855	177,954	132,593
Las Cruces	15,138	17,049	53,178	56,761
Guelb Moghrein	5,108	6,765	18,267	22,188
Çayeli	2,753	6,462	8,244	13,450
Pyhäsalmi	2,991	3,452	9,156	10,507
Total copper sales volume (tonnes)	151,342	148,894	441,766	428,225
Total gold sales volume (ounces)	42,864	51,729	139,851	150,653
Total zinc sales volume (tonnes)	6,178	5,379	17,844	18,569
Total nickel sales volume (contained tonnes)	-	7,099	-	17,818

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

Copper sales volumes for the quarter of 151,342 tonnes were 2% higher than the comparable period of 2017, mainly reflecting increased sales volumes at Sentinel and Kansanshi, partially offset by lower sales volumes at Las Cruces, Guelb Moghrein and Çayeli. Lower sales volumes at Las Cruces reflected the decrease in production volumes in the quarter, while sales volumes at Çayeli and Guelb Moghrein reflected the timing of shipments.

For the nine months ended September 30, 2018, copper sales volumes were 3% higher than the comparable period of 2017, reflecting higher sales volumes at Sentinel partially offset by a decrease in sales volumes across the other sites. Kansanshi sales volumes in the first nine months of the year lagged production volumes due to the timing of the sales of copper anode.

Unit Cost

	Three months ended September 30		Nine months ended September 30	
Unit Cost Summary	2018	2017	2018	2017
Copper C1 cash cost (\$ per lb)				
Kansanshi	\$1.12	\$0.99	\$1.05	\$1.01
Sentinel	\$1.72	\$1.62	\$1.76	\$1.71
Las Cruces	\$1.02	\$0.93	\$0.89	\$0.83
Other sites ¹	\$0.83	\$1.08	\$0.80	\$0.92
Total copper C1 cash cost (\$ per lb)	\$1.34	\$1.21	\$1.30	\$1.20
Copper AISC (\$ per lb)				
Kansanshi	\$1.64	\$1.79	\$1.55	\$1.53
Sentinel	\$2.25	\$2.05	\$2.30	\$2.13
Las Cruces	\$1.41	\$1.20	\$1.17	\$1.04
Other sites ¹	\$1.09	\$1.33	\$1.14	\$1.18
Total copper AISC (\$ per lb)	\$1.83	\$1.75	\$1.77	\$1.62

¹ Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

Third quarter

Copper C1 cash cost for the third quarter of 2017 benefited from the impact of a review of operational provisions at Kansanshi which reduced site administration costs by \$0.06 per lb. Excluding this impact, copper C1 cash cost for the third quarter of \$1.34 per lb was \$0.07 per lb higher than the comparable period of 2017. Underlying C1 cash cost was impacted by higher C1 cash cost at Sentinel, Las Cruces and Guelb Moghrein. Sentinel C1 cash cost was \$0.10 per lb higher reflecting higher fuel, labour and contractor costs. Also impacting Sentinel C1 cash cost were increased maintenance costs attributable to the planned maintenance shutdown that was brought forward to coincide with the timing of power restrictions. Las Cruces C1 cash cost increased by \$0.09 per lb due to the impact of lower copper production volumes from a 14-day shutdown. Guelb Moghrein C1 cash cost was higher by \$0.14 per lb mainly due to higher fuel prices and consumption, and costs related to drilling activities and the ball mill relining. Kansanshi underlying C1 cash cost reduced by \$0.01 per lb, driven by increased production and acid sales, offset by higher fuel costs and lower gold revenue.

Excluding the impact of a review of operational provisions at Kansanshi which reduced AISC in the third quarter of 2017, copper AISC of \$1.83 per lb was \$0.02 per lb higher than the same period in 2017. In addition to the movement in C1 cash cost, AISC for the quarter was impacted by higher Zambian royalty rates, due to higher average metal prices throughout the quarter, partially offset by lower sustaining capital expenditure and deferred stripping.

Nine months

Copper C1 cash cost for the nine months ended September 30, 2017 was \$0.06 per lb lower due to the review of operational provisions at Sentinel and Kansanshi. Excluding this impact, underlying C1 cash cost was \$0.04 per lb higher in the nine months ended September 30, 2018, reflecting an increased weighting of Sentinel of \$0.05 per lb as well as higher fuel costs. Partially offsetting the increase from Sentinel was a reduction in the underlying C1 cash cost at Kansanshi, which decreased by \$0.06 per lb reflecting higher by-product credits and lower treatment and refining charges.

AISC for the nine months ended September 30, 2018, was \$0.09 per lb higher than the comparable period in 2017, excluding the impact of the provisions review, due to movement in C1 and higher royalty costs, which reflect the higher royalty rate payable by Kansanshi and Sentinel on the higher copper LME prices in the period.

Excluding the impact of movements in operational provisions at Sentinel and Kansanshi, the C1 cash cost for the first, second and third quarters of 2017 were \$1.32, \$1.20 and \$1.27 per lb, respectively.

AISC for the first, second and third quarters of 2017, excluding the impact of movements in operational provisions, were \$1.65, \$1.50 and \$1.81 per lb, respectively.

OPERATIONS

Kansanshi	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Sulphide ore tonnes milled (000's)	3,390	3,179	9,677	9,672
Sulphide ore grade processed (%)	0.72	0.74	0.77	0.75
Sulphide copper recovery (%)	95	88	91	90
Mixed ore tonnes milled (000's)	2,082	1,983	6,021	5,985
Mixed ore grade processed (%)	1.04	1.09	1.05	1.07
Mixed copper recovery (%)	86	81	84	85
Oxide ore tonnes milled (000's)	1,749	1,705	5,248	5,105
Oxide ore grade processed (%)	1.31	1.49	1.48	1.51
Oxide copper recovery (%)	95	80	88	86
Copper production (tonnes) ¹	63,687	58,706	189,742	186,001
Copper smelter				
Concentrate processed (DMT) ²	355,435	202,093	1,032,213	863,457
Copper anodes produced (tonnes) ²	90,269	48,819	257,143	214,272
Smelter copper recovery (%)	97	94	97	96
Acid tonnes produced (000's)	319	189	935	803
Copper sales (tonnes) ³	66,283	64,311	174,967	192,726
Gold production (ounces)	30,938	33,297	96,554	104,232
Gold sales (ounces)	32,706	37,054	99,274	103,825
All-in sustaining cost (AISC) (per lb) ⁴	\$1.64	\$1.79	\$1.55	\$1.53
Cash costs (C1) (per lb) ⁴	\$1.12	\$0.99	\$1.05	\$1.01
Total costs (C3) (per lb) ⁴	\$1.79	\$1.64	\$1.77	\$1.66
Sales revenues	434	425	1,255	1,215
Gross profit	146	166	483	418
Comparative EBITDA ⁴	210	230	661	621

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

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

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

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

Kansanshi Mining Operations

Third quarter

Copper production for the third quarter of 2018 was 8% higher than the same period in 2017 due primarily to higher milling volumes and improved recoveries on the sulphide, mixed and oxide ore circuits. This was partially offset by lower grade across all three circuits. Milling volumes and plant recoveries were higher on the oxide circuit, reflective of the restrictions implemented during the smelter shutdown in the same period of 2017 to limit the acid requirements. Higher milling volumes on the sulphide circuit is due to the installation of the sulphide semi-autonomous grinding mill trommel screen. No ore was processed through the high pressure leach ("HPL") plant in the quarter due to the extended clave refurbishment. Through management action, copper production was not impacted by the power supply restriction during the quarter, which was necessary for ZESCO to perform maintenance to the distribution grid.

Gold production for the quarter of 30,938 ounces was 7% lower than the same period of 2017, resulting from lower gold feed grade and processing constraints in the gold plant. New sorting tables, to be commissioned during the fourth quarter, will improve the

gold plant capacity and potentially the recoveries. A full review to optimize the gravity concentrator feed, in light of the changing ore grades from the three circuits, commenced during the period.

Excluding the impact of a review of operational provisions which reduced C1 cash cost by \$0.14 per lb in the third quarter of 2017, C1 cash cost was \$0.01 per lb lower than the same period last year reflecting the sale of sulphuric acid following favourable acid pricing and increased production during the quarter, offset by higher fuel costs and lower gold revenue. On the same basis, AISC was \$0.29 per lb lower than the comparable period in 2017, reflecting lower deferred stripping and sustaining capital expenditures, partially offset by higher royalty costs.

Sales revenues of \$434 million were 2% higher compared to the same period in 2017, reflecting higher copper sales volumes, partially offset by lower gold sales volumes and realized metal prices, excluding the impact of the corporate sales hedge program. Gross profit decreased by 12% compared to the same period in 2017, reflecting higher royalties, smelter costs and the benefit of the impact of a review of operating provisions in 2017.

Nine months

Copper production for the first nine months of the year was 2% higher than the comparable period in 2017 due primarily to higher grade and recoveries on the sulphide circuit, and higher throughput on the mixed ore circuit.

Both AISC and C1 cash cost in 2017 benefitted from a review of operational provisions, which reduced C1 by \$0.10 per lb in the comparable period of 2017. Excluding this impact, C1 cash cost was \$0.06 per lb lower than the same period in 2017, reflecting higher by-product credits and lower treatment and refining charges following lower concentrate sales. On the same basis, AISC was \$0.08 per lb lower due to the movement in C1 cash cost and lower deferred stripping costs partially offset by higher royalty costs.

For the nine months ended September 30, 2018, sales revenues were 3% higher than the comparable period in 2017 resulting from higher realized copper prices, excluding the impact of the corporate sales hedge program, partially offset by a decrease in copper and gold sales volumes. Gross profit of \$483 million was 16% higher than the comparable period of 2017, reflecting the increase in sales revenues and favourable movements in inventoried costs, partially offset by higher royalty costs and the benefit of the impact of a review of operating provisions in 2017.

Kansanshi Copper Smelter

In the third quarter of 2018, the smelter treated 355,435 DMT of concentrate and produced 90,269 tonnes of copper in anode, both achieving quarterly records, and produced 319,000 tonnes of sulphuric acid. A small batch of concentrate, purchased externally, was successfully processed during the quarter. The quality of concentrate treated was 26% copper in concentrate grade for the current quarter. The smelter achieved an overall copper recovery rate of 97%.

In the first nine months of 2018, the smelter treated 1,032,213 tonnes of concentrate, representing an increase of 20% from the comparable period in 2017, which was impacted by the smelter shutdown in 2017, and produced 257,143 tonnes of copper in anode and 935,000 tonnes of sulphuric acid.

Outlook

Production in 2018 is expected to be approximately 245,000 tonnes of copper, and approximately 125,000 ounces of gold.

Projects at the Kansanshi complex in the second half of the year are expected to focus on the installation and commissioning of an Isaconvert furnace, consolidation of light vehicle and belt splice workshops and canteen services into centralized facilities, and the installation of processes to improve the recoveries in tarnished material as well as the addition of a sixth acid storage facility.

Sentinel	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Copper ore processed (000's tonnes)	12,602	11,434	36,316	30,253
Copper ore grade processed (%)	0.49	0.53	0.49	0.52
Copper recovery (%)	91	89	91	85
Copper production (tonnes)	56,426	53,533	162,816	133,493
Copper sales (tonnes)	59,069	50,855	177,954	132,593
All-in sustaining cost (AISC) (per lb) ¹	\$2.25	\$2.05	\$2.30	\$2.13
Cash cost (C1) (per lb) ¹	\$1.72	\$1.62	\$1.76	\$1.71
Total cost (C3) (per lb) ¹	\$2.39	\$2.30	\$2.48	\$2.44
Sales revenues	333	300	1,110	745
Gross profit	55	51	216	115
Comparative EBITDA ¹	116	113	412	275

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

Third quarter

Copper production of 56,426 tonnes for the quarter was 5% higher than the comparable period in 2017. The increase in production was achieved due to improved ore supply from the mine with 9% higher ore volumes crushed as well as higher mill throughput and recoveries compared to the same period in 2017, attributable to mining of fresher ore as well as optimized milling and flotation circuits. The increases in throughput and recoveries were partially offset by lower copper grades.

Production levels were impacted by power supply restrictions due to performance of maintenance work on the distribution grid by ZESCO, both in terms of throughput and levels of recovery. Major maintenance of several units was brought forward to coincide with the power restriction in order to improve availabilities through the remainder of the year. Upon resumption, record production levels of copper, throughput and recovery were achieved in September, aided by improved ore supply and higher feed grades. Operations are currently unconstrained by power restrictions.

Further work on the reagent suite during the quarter yielded additional improvements to concentrate quality, reduced lime consumption and increased reagent stability. Innovative approaches have aided reagent usage rates and resulted in some cost reductions.

AISC of \$2.25 per lb was \$0.20 per lb higher than the same period in 2017 mainly due to higher C1 cash cost, sustaining capital expenditure and royalty costs. C1 cash cost was \$0.10 per lb higher than the same period in 2017, reflecting higher labour, contractor and fuel costs as well as increased maintenance costs attributable to the planned maintenance shutdown that was brought forward to coincide with power restrictions. A royalty rate of 6% was in effect for the full quarter on account of the average monthly LME price exceeding \$6,000 per MT, compared to 2017 when the 6% royalty rate was in effect for only a portion of the same period.

Sales revenues of \$333 million were 11% higher than the same period in 2017, reflecting higher copper sales volumes, partially offset by lower realized copper prices excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode.

Nine months

Copper production for the nine months ended September 30 2018 was 162,816 tonnes, a 22% increase compared to the same period in 2017, reflecting higher throughput and copper recoveries partially offset by lower copper grade.

Excluding the impact of a review of operational provisions which reduced C1 cash cost by \$0.06 per lb in the comparable period of 2017, C1 cash cost in the period was \$0.01 per lb lower due to higher production volume. On the same basis, AISC of \$2.30 per lb was \$0.11 per lb higher than in the comparable period of 2017, reflecting higher royalty costs and sustaining capital expenditure. The increase in royalties reflects the higher royalty rate payable on the higher copper LME average price to date in 2018.

Sales revenues of \$1,110 million were 49% higher than the same period in 2017, reflecting higher copper sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. The increase in sales revenues flowed through to gross profit.

Outlook

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

Continued mining performance improvement is expected along with optimization of drilling and blasting practices, preparedness planning for the wet season, improved ore feed grades as well as a focus on the expansion of the trolley-assist program. Additional waste stripping in the east cutback is planned to continue for the remainder of the year.

Copper production is expected to continue to benefit from consistent ore supply, higher feed grades and maintaining current recovery levels due to continued optimization of the processing plant.

Forthcoming projects at Sentinel this year are expected to include additions to the secondary crusher and pebble conveying circuits to enhance operational flexibility and efficiency, and expansion of the trolley-assist lines to further augment mining productivity. The secondary crusher upgrades are expected to be completed in the first quarter of 2019. The addition of a fourth primary crusher, required for expansion of the pit, is expected to commence this year with procurement of long-lead items, ahead of anticipated completion at the end of 2019.

Las Cruces	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Ore tonnes processed (000's)	338	392	1,144	1,199
Copper ore grade processed (%)	4.84	5.04	4.93	5.11
Copper recovery (%)	93	88	93	90
Copper cathode production (tonnes)	15,181	17,488	52,268	54,964
Copper cathode sales (tonnes)	15,138	17,049	53,178	56,761
All-in sustaining cost (AISC) (per lb) ¹	\$1.41	\$1.20	\$1.17	\$1.04
Cash cost (C1) (per lb) ¹	\$1.02	\$0.93	\$0.89	\$0.83
Total cost (C3) (per lb) ¹	\$2.50	\$2.25	\$2.24	\$2.07
Sales revenues	93	109	357	339
Gross profit	11	24	97	80
Comparative EBITDA ¹	60	71	250	225

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

Third quarter

Copper production for the three months ended September 30, 2018 decreased by 13% compared to the same period in 2017. A major shutdown in September 2018 and failure in the grinding thickener after re-starting the plant reduced equipment availability by 14 days compared to a seven-day shutdown in the same period last year. The lower throughput and grade, due to lower ore grade of the current mined mineral, compared to the same period of 2017 were partially offset by higher recoveries which benefited from lower levels of lead and zinc in the ore processed and favourable pressure filter performance.

AISC of \$1.41 per lb for the three months ended September 30, 2018 was higher compared to the same period in 2017 due to higher C1 cash cost driven by higher processing cost and the impact of lower copper production, as well as higher deferred stripping costs.

Sales revenues decreased by 15% for the three months ended September 30, 2018 compared with same period in 2017 due to lower copper sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. Gross profit was 54% lower than the same period in 2017 due to the impact of lower sales volumes.

Nine months

Copper production for the nine months ended September 30, 2018 was 5% lower than the same period in 2017, as a result of lower grade and plant throughput, partially offset by higher copper recoveries. The planned maintenance shutdown and failure in the grinding thickener in September resulted in the decrease in throughput, while recoveries benefited from lower primary ore dilution and higher availability of the pressure filters through the first nine months of 2018.

AISC of \$1.17 per lb for the nine months ended September 30, 2018 was higher compared to same period in 2017 due to the impact of lower cathode production, higher processing and deferred stripping costs, and the strengthening of the euro against US dollar.

Sales revenues of \$357 million increased by 5% compared to the comparable period in 2017 due to higher realized copper prices excluding the impact of the corporate sales hedge program, partially offset by lower copper sales volumes. The increase in revenue flowed through to gross profit, resulting in a \$17 million increase over the same period last year.

Outlook

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

Cost optimization and capital expenditure management will continue being the source of focus for the remainder of 2018. And research on the technical and economic feasibility of the polymetallic refinery project is expected to continue.

No further shutdowns are planned for the rest of the year.

Guelb Moghrein	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Sulphide ore tonnes milled (000's)	902	832	2,701	2,515
Sulphide ore grade processed (%)	0.94	0.88	0.82	0.94
Sulphide copper recovery (%)	94	92	90	92
Copper production (tonnes)	7,902	6,756	19,818	21,636
Copper sales (tonnes)	5,108	6,765	18,267	22,188
Gold production (ounces)	11,644	11,435	33,738	35,943
Gold sales (ounces)	8,100	11,616	33,971	38,069
Magnetite concentrate production (WMT) ¹	111,765	-	328,337	-
Magnetite concentrate sales (WMT) ¹	61,315	-	291,042	-
All-in sustaining cost (AISC) (per lb) ²	\$1.93	\$1.86	\$1.91	\$1.67
Cash costs (C1) (per lb) ²	\$1.57	\$1.43	\$1.39	\$1.25
Total costs (C3) (per lb) ²	\$2.42	\$2.30	\$2.31	\$2.08
Sales revenues	41	50	165	158
Gross profit	1	11	29	29
Comparative EBITDA ¹	7	20	53	61

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

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

Third quarter

Copper production was 17% higher than the same period in 2017, due to an 8% increase in throughput, as well as higher feed grade and copper recovery due to the processing of softer ore.

Gold in concentrate production was 2% higher than the same period in 2017, due to higher throughput and gold recovery resulting from the processing of ore mined under the current mine plan.

The magnetite plant produced 111,765 WMT of magnetite concentrate this quarter.

AISC of \$1.93 per lb was \$0.07 per lb higher than the same period in 2017, reflecting a \$0.14 per lb increase in C1 cash cost partially offset by lower deferred stripping costs. C1 cash cost was higher in the quarter due to higher fuel prices and consumption, processing costs, costs related to drilling activities, the ball mill relining and treatment and refining charges, partially offset by lower mining costs and higher by-product credits as well as the impact of higher copper production volume in the quarter.

Sales revenues of \$41 million were 18% lower than the comparable period of 2017 due to lower copper and gold sales volumes and lower realized metals prices, excluding the impact of the corporate sales hedge program, partially offset by magnetite concentrate sales volumes. Gross profit of \$1 million was lower than the comparative period of 2017, reflecting the decrease in sales revenues as well as higher operating costs and depreciation.

Nine months

Copper production for the nine months ended September 30, 2018, decreased by 8% compared to the same period in 2017 due to lower feed grade and copper recovery, partially offset by a 7% increase in mill throughput. The lower feed grade is due to processing low-grade ore from stockpiles during the first half of 2018 while waste mining progressed.

Gold in concentrate production for the nine months ended September 30, 2018, decreased by 6% compared to the same period in 2017, due to lower feed grade and gold circuit recovery.

Magnetite concentrate production of 328,337 WMT was achieved in the nine months ended September 30, 2018.

AISC of \$1.91 per lb was \$0.24 per lb higher than the same period in 2017, due to higher C1 cash cost, royalties and deferred stripping costs, partially offset by lower sustaining capital expenditure. The increase in C1 cash cost reflected higher fuel, maintenance and labour costs, partially offset by higher by-product credits.

Sales revenues of \$165 million were 4% higher than the comparable period of 2017 due to higher realized copper prices, excluding the impact of the copper sales hedge program, and magnetite revenue of \$18 million, partially offset by lower copper and gold sales volumes and lower realized gold prices. Gross profit of \$29 million reflected the increase in sales revenues offset by higher operating costs.

Outlook

Production in 2018 is expected to be approximately 28,000 tonnes of copper and 47,000 ounces of gold.

The focus for the fourth quarter of 2018 will be on making further improvements to mining equipment productivities and efficiencies, cost-saving initiatives in mining operations and process plant maintenance.

A 48-hour shutdown took place in October, combining both the crusher and mill; two shutdown days are planned for the remainder of 2018.

Magnetite production in 2018 is expected to be 420,000 WMT of concentrate. Management continues to pursue further magnetite sales opportunities while focusing on debottlenecking the magnetite plant and increasing production together with maximizing realized market price through production of high iron content magnetite. Magnetite concentrate sales of 436,000 WMT are expected in 2018.

Çayeli	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Ore tonnes milled (000's)	243	274	755	731
Copper ore grade processed (%)	2.39	2.24	2.13	2.03
Copper recovery (%)	87	90	87	89
Zinc ore grade processed (%)	1.69	0.90	1.37	1.13
Zinc recovery (%)	32	27	30	36
Copper production (tonnes)	5,056	5,492	13,965	13,239
Copper sales (tonnes)	2,753	6,462	8,244	13,450
Zinc production (tonnes)	1,305	653	3,057	2,947
Zinc sales (tonnes)	-	1,944	2,159	4,435
All-in sustaining cost (AISC) (per lb) ¹	\$1.45	\$1.41	\$1.56	\$1.56
Cash cost (C1) (per lb) ¹	\$1.18	\$1.21	\$1.23	\$1.35
Total cost (C3) (per lb) ¹	\$2.05	\$2.50	\$2.14	\$2.44
Sales revenues	13	39	48	75
Gross profit (loss)	-	4	4	5
Comparative EBITDA ¹	5	20	21	33

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

Three and nine months

Copper production for the three months ended September 30, 2018, was 8% lower compared to the respective period in 2017 due to lower throughput and copper recovery, partially offset by higher copper grade due to the mining sequence. The decrease in throughput was due to a ground stabilization issue near the hoisting shaft, which has resulted in the deferral of mining activity from the upper level of the mine to 2019. Copper recovery in the quarter was lower due to the processing of a higher volume of off-spec ore compared to the respective period in 2017, whose mineralogy results in less separation of copper and zinc. Copper production for the nine months ended September 30, 2018, was 5% higher than the same period in 2017 due to higher throughput and copper grade, partially offset by lower recovery. Copper grade has been positively impacted by the opening of new work areas, which has increased mining flexibility in 2018.

Zinc production was 100% and 4% higher than the comparable periods of 2017 for the three and nine months ended September 30, 2018, respectively, reflecting higher zinc grades and, for the quarter, higher zinc recovery. New higher-grade work areas were opened compared to the low-grade stockwork ore processed in the comparable periods. The processing of a higher volume of off-spec ore contributed to the decrease in zinc recoveries for the nine months ended September 30, 2018.

AISC for the three and nine months ended September 30, 2018, increased by \$0.04 per lb and was unchanged, respectively, compared to the same periods in 2017. C1 cash cost decreased by \$0.03 per lb and \$0.12 per lb for the three and nine month periods, respectively, mainly due to lower operating expenditures attributable to the appreciation of the US dollar against the Turkish lira. The decrease in C1 cash cost was offset by higher royalty and deferred development costs for the three and nine month periods ended September 30, 2018.

Sales revenues of \$13 million for the quarter were lower than the comparable period in 2017 due to a delay in two shipments and lower realized metals prices, excluding the impact of the corporate sales hedge program. Sales revenues of \$48 million for the nine months ended September 30, 2018 were 36% lower than the same period in 2017, reflecting the cumulative impact of lower sales volumes year-to-date, partially offset by higher realized metals prices excluding the impact of the corporate sales hedge program. The lower sales revenues contributed to a decrease in gross profit for the three and nine month periods.

Outlook

Production for 2018 is forecast at 18,000 tonnes of copper and 4,000 tonnes of zinc, reflecting a declining number of work areas as the mine approaches reserve depletion in 2021.

Pyhäsalmi	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Ore tonnes milled (000's)	320	315	936	954
Copper ore grade processed (%)	0.98	1.13	1.00	1.12
Copper recovery (%)	95	96	96	97
Zinc ore grade processed (%)	2.07	1.34	1.89	1.67
Zinc recovery (%)	91	88	91	89
Copper production (tonnes)	2,989	3,401	8,940	10,311
Copper sales (tonnes)	2,991	3,452	9,156	10,507
Zinc production (tonnes)	6,043	3,723	16,063	14,220
Zinc sales (tonnes)	6,178	3,435	15,685	14,134
Pyrite production (tonnes)	171,355	184,486	477,004	537,269
Pyrite sales (tonnes)	100,894	91,569	321,072	304,031
All-in sustaining cost (AISC) (per lb) ¹	(\$0.48)	\$0.03	(\$0.41)	(\$0.31)
Cash cost (C1) (per lb) ¹	(\$0.48)	\$0.03	(\$0.41)	(\$0.32)
Total cost (C3) (per lb) ¹	\$1.67	\$2.43	\$1.74	\$1.97
Sales revenues	34	34	110	105
Gross profit	9	4	31	18
Comparative EBITDA ¹	22	21	71	67

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

Three and nine months

Copper production was 12% and 13% lower in the three and nine months ended September 30, 2018, respectively, due to lower copper grade and recovery. Lower throughput also contributed to the decrease for the nine month period. Zinc production in the three and nine months ended September 30, 2018, increased by 62% and 13%, respectively, compared to the same periods in 2017 due to higher zinc grade and recovery. The lower throughput and fluctuation in copper and zinc grades reflect the near depletion of economic ore and the constraint on available work areas at this stage in the mine life.

AISC of (\$0.48) per lb and (\$0.41) per lb for the three and nine months ended September 30, 2018, were lower than the comparable periods in 2017, reflecting higher by-product credits partially offset by the impact of lower copper production.

Sales revenues of \$34 million and \$110 million for the three and nine months ended September 30, 2018, were equal to and 5% higher than, respectively, the comparable periods of 2017. In the third quarter, higher zinc sales volumes were offset by lower copper sales volumes and realized metals prices, excluding the impact of the corporate sales hedge program. For the nine month period, sales revenues benefited from higher zinc sales volumes and realized metal prices, excluding the impact of the corporate sales hedge program, partially offset by lower copper sales volumes. Gross profit of \$9 million and \$31 million for the three and nine months ended September 30, 2018, respectively, reflected the flow-through of sales revenues as well as lower operating costs and depreciation.

Outlook

2018 is expected to be the operation's final full year of production. Production is forecast at 12,000 tonnes of copper, 6,000 ounces of gold, 21,000 tonnes of zinc and 650,000 tonnes of pyrite.

Planned shutdown periods for the remainder of 2018 include 5 days in the fourth quarter.

Ravensthorpe

Ravensthorpe remained on care and maintenance activities during the quarter, with the mine at a level ready for a resumption of operations should market conditions improve. Care and maintenance costs in the quarter were \$3 million. Contracting costs were higher than expected as a result of continued activity on descaling tanks within the hydrometallurgical plant as well as continued repairs to the process plant.

Refurbishment of the leaching circuit's atmospheric reactors is underway, scheduled for completion over the coming months while the operation is on care and maintenance at an anticipated capital cost of \$5 million. Evaporation of high salinity water in the ponds is progressing well, and improvements to site drainage and roadways is underway utilizing our care and maintenance personnel.

Outlook

A logical process of work including resource drilling of the Shoemaker Levy deposit and a capital works program for permitting, design and subsequent construction of the infrastructure requirements to bring Shoemaker Levy online is underway in anticipation of a higher sustained commodity pricing level. A sustained rise in the nickel price would initiate plans which have been developed for employee recruitment, contract mining arrangements, camp reinstatement as well as enhancements to identified process circuit opportunities. Restart costs, should favourable conditions prevail, are estimated at \$10 million.

SALES REVENUES

		Three months ended September 30		Nine months ended September 30	
		2018	2017	2018	2017
Kansanshi	- copper	392	379	1,120	1,086
	- gold	36	46	119	129
	- acid	6	-	16	-
Sentinel	- copper	333	300	1,110	745
Las Cruces	- copper	93	109	357	339
Guelb Moghrein	- copper	27	37	106	111
	- gold	9	13	41	47
	- magnetite	5	-	18	-
Çayeli	- copper	13	33	43	64
	- zinc, gold and silver	-	6	5	11
Pyhäsalmi	- copper	16	18	53	54
	- zinc	10	7	34	29
	- pyrite, gold and silver	8	9	23	22
Ravensthorpe	- nickel	-	58	-	138
	- cobalt	-	7	-	16
Corporate ¹		30	(145)	(133)	(366)
Sales revenues		978	877	2,912	2,425
	Copper	904	719	2,653	2,017
	Gold	47	63	167	183
	Zinc	10	12	38	38
	Other	17	25	54	47
	Nickel	-	58	-	140
		978	877	2,912	2,425

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

Three month review of sales revenues

Sales revenues of \$978 million in the third quarter increased by \$101 million compared to 2017, due to an increase in copper revenues of \$185 million reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe and lower gold sales revenues. The sales hedge program increased sales revenues by \$31 million compared with a reduction in revenues of \$157 million in 2017.

Nine month review of sales revenues

Sales revenues of \$2,912 million increased by \$487 million compared to 2017, due to an increase in copper revenues reflecting higher realized copper prices and sales volumes, partially offset by the absence of nickel sales revenues from Ravensthorpe and lower gold sales revenues. The increase in copper sales volumes was mainly attributable to Sentinel, which generated revenues of \$1,110 million, reflecting increased copper sales volumes and realized copper price. The sales hedge program reduced sales revenues by \$135 million compared with a reduction in revenues of \$380 million in 2017.

Realized Prices

Copper selling price (per lb)	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Average LME cash price	\$2.77	\$2.88	\$3.01	\$2.70
Realized copper price	\$2.84	\$2.37	\$2.85	\$2.28
Treatment/refining charges (“TC/RC”) and freight charges	(\$0.13)	(\$0.18)	(\$0.13)	(\$0.15)
Net realized copper price	\$2.71	\$2.19	\$2.72	\$2.13

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

The sales hedge program increased sales revenues by \$31 million and decreased sales revenues by \$135 million for the three and the nine months ended September 30, 2018, respectively. The impact on the net realized copper price was an increase of \$0.09 per lb for the quarter and a reduction of \$0.14 per lb for the nine months, respectively.

Details of the Company’s hedging program at September 30, 2018, are included on page 27.

SUMMARY FINANCIAL RESULTS

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Gross profit (loss)				
Kansanshi	146	166	483	418
Sentinel	55	51	216	115
Las Cruces	11	24	97	80
Guelb Moghrein	1	11	29	29
Çayeli	-	4	4	5
Pyhäsalmi	9	4	31	18
Ravensthorpe	(5)	(13)	(12)	(52)
Corporate ¹	29	(164)	(150)	(395)
Total gross profit	246	83	698	218
Exploration	(6)	(4)	(19)	(10)
General and administrative	(20)	(20)	(55)	(55)
Other expense	(79)	(22)	(75)	(19)
Net finance expense	(5)	(5)	(12)	(15)
Loss on extinguishment of senior notes	-	-	-	(84)
Income tax expense	(66)	(69)	(242)	(181)
Net earnings (loss)	70	(37)	295	(146)
Net earnings (loss) attributable to:				
Non-controlling interests	9	15	52	55
Shareholders of the Company	61	(52)	243	(201)
Comparative earnings (loss)	128	(28)	305	(75)
Basic	\$0.09	(\$0.08)	\$0.35	(\$0.29)
Diluted	\$0.09	(\$0.08)	\$0.35	(\$0.29)
Comparative	\$0.19	(\$0.04)	\$0.44	(\$0.11)
Basic weighted average number of shares (in 000's)	687,108	686,323	686,649	685,935

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

Three month review of financial results

Gross profit of \$246 million was \$163 million higher than the comparable period of 2017, mainly reflecting higher sales revenues driven by higher copper sales volumes and realized prices achieved in the Company's corporate sales hedge program.

Exploration expense was \$2 million higher than the third quarter of 2017. Other expense of \$79 million included a foreign exchange loss of \$79 million relating to the revaluation of the outstanding Zambian kwacha denominated VAT receivable.

Net earnings for the quarter of \$70 million included a tax expense of \$66 million reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax charge has been recognized with respect to the \$31 million gain realized on the Company's copper sales hedge program.

Nine month review of financial results

Gross profit of \$698 million was \$480 million higher compared with the same period in 2017 with operations generating improved results due to higher realized metal prices including reduced losses from the hedge program. Kansanshi and Sentinel contributed gross profit of \$483 million and \$216 million respectively, a combined increase of \$166 million compared to the same period of 2017 reflecting higher sales volumes at Sentinel and realized copper prices, partially offset by higher royalty costs and the benefit of the impact of a review of operating provisions in 2017.

Exploration expense was \$9 million higher than the same period of 2017. Other expense of \$75 million included a foreign exchange loss of \$80 million relating to the revaluation of the outstanding Zambian kwacha denominated VAT receivable, partially offset by a gain of \$8 million realized on disposal of the asset retirement obligation associated with the Troilus closed property in April 2018.

Net earnings for the nine months of \$295 million included a tax expense of \$242 million reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses of \$135 million realized under the Company's copper sales hedge program. Net earnings for the nine months ended September 30, 2017 included a loss on extinguishment of debt of \$84 million.

LIQUIDITY AND CAPITAL RESOURCES

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Cash flows from operating activities	439	267	1,642	711
Cash flows from (used by) investing activities				
Purchase and deposits for property, plant and equipment	(523)	(480)	(1,537)	(1,154)
Capitalized borrowing costs paid in cash	(198)	(145)	(392)	(315)
Acquisition of KPMC	-	-	(105)	-
Other investing activities	6	3	11	13
Cash flows from (used by) financing activities				
Net movement in debt and trading facilities	318	306	535	536
Early redemption costs on senior notes	-	-	-	(54)
Other financing activities	31	64	(87)	144
Exchange gains (losses) on cash and cash equivalents	(2)	11	(16)	30
Net cash inflow (outflow)	71	26	51	(89)
Cash balance	753	476	753	476
Total assets	22,864	20,513	22,864	20,513
Total current liabilities	1,487	2,357	1,487	2,357
Total non-current liabilities	10,850	7,953	10,850	7,953
Net debt ¹	6,116	5,059	6,116	5,059
Cash flows from operating activities per share ¹	\$0.64	\$0.39	\$2.39	\$1.04

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

Cash flows from operating activities for the third quarter of 2018 were \$172 million higher than the same period in 2017. Increased cash generated from operations and movements in working capital were partially offset by an increase in taxes paid.

The total VAT receivable accrued by the Company's Zambian operations at September 30, 2018, was \$392 million, of which \$262 million relates to Kansanshi. In February 2015, the Government of Zambia implemented a change in the Statutory Instrument regarding VAT. Claims totalling Zambian kwacha 1,585 million (currently equivalent to \$131 million) made by Kansanshi prior to this date remain outstanding. A \$20 million charge was recognized in the year-ended December 31, 2017, to reflect the impact of discounting the balance over the expected timeframe to repayment. Cash totalling \$99 million has been received to date for claims subsequent to February 2015. The accrual for historical VAT receivables stems from the application of discretionary rules established and applied by the Commissioner General relating to exports from Zambia. The Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding claims are fully recoverable.

Zambian VAT	September 30, 2018	December 31, 2017
Receivable at date of claim	594	435
Impact of depreciation of Zambian Kwacha against US\$	(182)	(102)
	412	333
Impact of discounting non-current portion	(20)	(20)
Total receivable	392	313
<i>Comprising:</i>		
Current portion, included within trade and other receivables	281	173
Non-current VAT receivable	111	140

Capital expenditure for the third quarter of 2018, excluding capitalized interest, totaled \$523 million compared to \$480 million for the same period in 2017 and comprised primarily of project capital expenditure of \$339 million at Cobre Panama.

Cash flows from financing activities for the third quarter of 2018 of \$349 million included \$318 million net proceeds from trading and debt facilities and \$44 million of net receipts from KPMC for the development of Cobre Panama, partially offset by dividends paid of \$6 million.

Liquidity outlook

At September 30, 2018, the Company had \$1,120 million of committed undrawn facilities, \$753 million in net unrestricted cash, and working capital of \$1,062 million. These, together with expected future cash flows, support the Company's belief in its ability to meet current obligations as they become due. The Company was also in full compliance with all its financial covenants at September 30, 2018 and expects to remain in compliance throughout the next 12 months.

At September 30, 2018, the Company had total commitments of \$204 million, of which approximately \$181 million related to the 12 months following the period end.

As at September 30, 2018, the Company had the following contractual obligations outstanding:

	Carrying Value	Contractual Cash flows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal repayments	6,761	6,829	14	1,915	1,950	2,950
Debt – finance charges	-	2,296	491	888	594	323
Trading facilities	108	108	108	-	-	-
Trade and other payables	512	512	512	-	-	-
Derivative instruments	20	20	20	-	-	-
Liability to joint venture ¹	870	1,360	-	-	1,360	-
Joint venture consideration	339	380	80	200	100	-
Current taxes payable	206	206	206	-	-	-
Deferred payments	36	36	4	7	7	18
Finance leases	18	24	4	8	7	5
Commitments	-	204	181	16	5	2
Restoration provisions	601	1,015	6	56	62	891

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

Hedging programs

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

Commodity contracts:	September 30, 2018	December 31, 2017
Asset position	52	13
Liability position	(20)	(288)

The Company has entered into derivative contracts to ensure that the exposure to the price of copper on future sales is managed to ensure stability of cash flows in the current higher capital expenditure phase of the development of the Cobre Panama project while maintaining compliance with financial covenants.

As at September 30, 2018, 7,500 tonnes of unmargined copper forward sales contracts at an average price of \$3.28 per lb were outstanding with periods of maturity to December 2018. The Company also had unmargined zero cost collar sales contracts for 61,500 tonnes at weighted average prices of \$3.07 per lb (protection) to \$3.47 per lb (upside) with maturities to June 2019.

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.

Approximately 25% of remaining expected copper sales in 2018 are hedged to unmargined forward and zero cost collar sales contracts at an average floor price of \$3.09 per lb.

During the nine month period ended September 30, 2018, a loss for settled hedges of \$135 million was realized through sales revenues. Fair value gains on outstanding contracts of \$43 million have been recognized as a derivative asset at September 30, 2018.

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	7,500	\$3.28/lb	\$2.80/lb	December 2018
Copper zero cost collar	61,500	\$3.07-3.47/lb	\$2.80/lb	June 2019

Provisional pricing and derivative contracts

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

As at September 30, 2018, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	59,785	\$2.72/lb	\$2.80/lb	January 2019
Gold	12,634	\$1,203/oz	\$1,187/oz	January 2019
Zinc	1,750	\$1.11/lb	\$1.17/lb	November 2018
Commodity contracts:				
Copper	60,760	\$2.72/lb	\$2.80/lb	January 2019
Gold	12,634	\$1,203/oz	\$1,187/oz	January 2019
Zinc	1,750	\$1.11/lb	\$1.17/lb	November 2018

As at September 30, 2018, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

EQUITY

At the date of this report, the Company had 689,390,565 shares outstanding.

JOINT VENTURE

On November 8, 2017, the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation and holds a 20% interest in Cobre Panama. The purchase consideration was \$664 million, of which the remaining \$380 million has been discounted and is repayable in four instalments to November 2021.

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

SUMMARY OF RESULTS

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

Consolidated operations	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Sales revenues</i>											
Copper	\$565	\$2,138	\$643	\$655	\$719	\$785	\$2,802	\$798	\$951	\$904	\$2,653
Nickel	45	182	43	39	58	8	148	-	-	-	-
Gold	50	271	54	66	63	53	236	61	59	47	167
Zinc and other elements	29	82	26	22	37	39	124	26	39	27	92
Total sales revenues	689	2,673	766	782	877	885	3,310	885	1,049	978	2,912
Gross profit	52	339	69	66	83	117	335	181	271	246	698
Comparative EBITDA	218	964	265	267	304	318	1,154	363	466	427	1,256
Net earnings (loss) attributable to shareholders of the Company	12	222	(114)	(35)	(52)	(115)	(316)	47	135	61	243
Comparative earnings (loss)	27	165	(29)	(18)	(28)	(36)	(111)	49	128	128	305
Basic earnings (loss) per share	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)	\$0.07	\$0.20	\$0.09	\$0.35
Comparative earnings (loss) per share	\$0.04	\$0.24	(\$0.04)	(\$0.03)	(\$0.04)	(\$0.05)	(\$0.16)	\$0.07	\$0.19	\$0.19	\$0.44
Diluted earnings (loss) per share	\$0.02	\$0.32	(\$0.17)	(\$0.05)	(\$0.08)	(\$0.17)	(\$0.46)	\$0.07	\$0.20	\$0.09	\$0.35
Dividends declared per common share (CDN\$ per share)	-	\$0.0150	\$0.0050	-	\$0.0050	-	\$0.0100	\$0.0050	-	\$0.0050	\$0.0100
Basic weighted average # shares (000's) ¹	685,739	685,746	685,827	685,845	686,323	686,402	685,936	686,387	686,423	687,108	686,649
Cash flows per share from operating activities	\$0.14	\$1.33	\$0.35	\$0.30	\$0.39	\$0.30	\$1.33	\$1.16	\$0.59	\$0.64	\$2.39
<i>Copper statistics</i>											
Total copper production (tonnes)	146,101	539,458	132,356	141,912	145,376	154,319	573,963	145,358	150,950	151,241	447,549
Total copper sales (tonnes)	136,265	535,613	139,810	139,521	148,894	151,905	580,130	138,021	152,403	151,342	441,766
Realized copper price (per lb)	\$2.18	\$2.26	\$2.20	\$2.24	\$2.37	\$2.50	\$2.33	\$2.74	\$2.95	\$2.84	\$2.85
TC/RC (per lb)	(0.12)	(0.12)	(0.08)	(0.09)	(0.12)	(0.08)	(0.09)	(0.07)	(0.08)	(0.09)	(0.09)
Freight charges (per lb)	(0.02)	(0.01)	(0.04)	(0.03)	(0.06)	(0.08)	(0.05)	(0.05)	(0.04)	(0.04)	(0.04)
Net realized copper price (per lb)	\$2.04	\$2.13	\$2.08	\$2.12	\$2.19	\$2.34	\$2.19	\$2.62	\$2.83	\$2.71	\$2.72
Cash cost – copper (C1) (per lb)	\$1.22	\$1.06	\$1.26	\$1.12	\$1.21	\$1.30	\$1.23	\$1.27	\$1.28	\$1.34	\$1.30
All-in sustaining cost (AISC) (per lb)	\$1.71	\$1.46	\$1.59	\$1.50	\$1.75	\$1.76	\$1.65	\$1.72	\$1.76	\$1.83	\$1.77
Total cost – copper (C3) (per lb)	\$1.91	\$1.83	\$2.05	\$1.95	\$2.03	\$2.19	\$2.06	\$2.16	\$2.11	\$2.14	\$2.13
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	6,206	23,624	5,592	5,920	6,325	-	17,837	-	-	-	-
Nickel sales (contained tonnes)	6,073	25,882	5,197	5,522	7,099	865	18,683	-	-	-	-
Nickel produced (payable tonnes)	4,650	17,630	4,291	4,537	4,866	-	13,694	-	-	-	-
Nickel sales (payable tonnes)	4,539	19,535	3,981	4,228	5,455	674	14,338	-	-	-	-
Realized nickel price (per payable lb)	\$4.50	\$4.25	\$4.93	\$4.17	\$4.77	\$5.37	\$4.67	-	-	-	-
TC/RC (per payable lb)	-	(0.03)	-	-	-	-	-	-	-	-	-
Net realized nickel price (per payable lb)	\$4.50	\$4.22	\$4.93	\$4.17	\$4.77	\$5.37	\$4.67	-	-	-	-
Cash cost – nickel (C1) (per payable lb)	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$(0.61)	\$4.45	-	-	-	-
All-in sustaining cost (AISC) (per lb)	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$(0.51)	\$5.29	-	-	-	-
Total cost – nickel (C3) (per payable lb)	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$(0.51)	\$6.17	-	-	-	-
<i>Gold statistics</i>											
Total gold production (ounces)	54,234	214,012	50,579	50,040	47,213	51,904	199,736	45,929	46,467	44,979	137,375
Total gold sales (ounces)	45,620	232,783	46,904	52,020	51,729	50,723	201,376	48,815	48,172	42,864	139,851
Net realized gold price (per ounce)	\$1,097	\$1,165	\$1,161	\$1,268	\$1,209	\$1,055	\$1,174	\$1,249	\$1,227	\$1,086	\$1,192
<i>Zinc statistics</i>											
Zinc production (tonnes)	11,084	28,862	6,253	6,538	4,376	3,556	20,723	5,227	6,545	7,348	19,120
Zinc sales (tonnes)	11,971	27,361	7,956	5,234	5,379	3,282	21,851	4,810	6,856	6,178	17,844

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

Kansanshi statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Mining</i>											
Waste mined (000's tonnes)	15,058	74,935	13,656	17,028	15,864	8,707	55,255	10,941	14,692	13,175	38,808
Ore mined (000's tonnes)	7,631	31,679	7,008	10,078	9,039	10,478	36,603	9,846	10,082	9,631	29,559
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	3,267	11,988	3,291	3,202	3,179	3,298	12,970	3,182	3,105	3,390	9,677
Sulphide ore grade processed (%)	0.79	0.79	0.74	0.76	0.74	0.76	0.75	0.79	0.81	0.72	0.77
Sulphide ore recovery (%)	93	92	93	90	88	94	91	88	91	95	91
Sulphide concentrate grade (%)	22.3	21.4	22.8	22.4	21.7	21.8	22.2	22.5	23.2	23.3	23.0
Mixed ore processed (000's tonnes)	1,993	7,953	2,010	1,992	1,983	2,012	7,997	2,009	1,930	2,082	6,021
Mixed ore grade processed (%)	0.99	1.01	1.05	1.08	1.09	0.99	1.05	1.16	0.93	1.04	1.05
Mixed ore recovery (%)	79	84	87	86	81	88	85	81	87	86	84
Mixed concentrate grade (%)	27.2	25.2	31.1	33.4	29.9	27.7	30.4	30.3	25.7	31.2	29.1
Oxide ore processed (000's tonnes)	1,811	7,076	1,650	1,750	1,705	1,811	6,916	1,791	1,708	1,749	5,248
Oxide ore grade processed (%)	1.44	1.50	1.46	1.57	1.49	1.51	1.51	1.59	1.53	1.31	1.48
Oxide ore recovery (%)	95	94	93	87	80	89	87	80	92	95	88
Oxide concentrate grade (%)	29.2	28.6	32.6	32.8	30.0	29.8	31.3	32.2	28.9	27.8	29.7
Copper cathode produced (tonnes)	20,867	79,668	17,882	19,858	17,128	23,874	78,742	22,514	18,528	16,303	57,345
Copper in concentrate produced (tonnes)	45,083	173,604	45,316	44,239	41,578	40,926	172,059	41,071	43,942	47,384	132,397
Total copper production (tonnes)	65,950	253,272	63,198	64,097	58,706	64,800	250,801	63,585	62,470	63,687	189,742
Gold produced (ounces)	40,331	148,220	36,017	34,918	33,297	36,363	140,595	32,080	33,536	30,938	96,554
<i>Smelting¹</i>											
Concentrate processed (DMT) ¹	314,399	1,143,974	327,095	334,269	202,093	348,283	1,211,740	350,591	326,187	355,435	1,032,213
Copper anodes produced (tonnes) ¹	72,630	257,330	83,070	82,383	48,819	83,281	297,553	86,777	80,097	90,269	257,143
Smelter copper recovery (%)	95	97	97	95	94	97	96	97	97	97	97
Acid tonnes produced (000's)	295	1,109	307	307	189	325	1,128	325	291	319	935
<i>Cash Costs (per lb)</i>											
Mining	\$0.68	\$0.65	\$0.66	\$0.46	\$0.55	\$0.54	\$0.54	\$0.56	\$0.58	\$0.52	\$0.56
Processing	0.46	0.49	0.50	0.50	0.51	0.46	0.49	0.49	0.49	0.47	0.48
Site administration	0.09	0.07	0.07	(0.10) ²	(0.06) ²	0.07	-	0.08	0.09	0.10	0.09
TC/RC and freight charges	0.15	0.11	0.16	0.15	0.23	0.18	0.18	0.14	0.14	0.14	0.14
By-product credits	(0.22)	(0.30)	(0.25)	(0.34)	(0.32)	(0.21)	(0.27)	(0.36)	(0.38)	(0.27)	(0.34)
Total smelter costs ³	0.14	0.13	0.14	0.08	0.08	0.12	0.11	0.09	0.10	0.16	0.12
Cash cost (C1) (per lb)	\$1.30	\$1.15	\$1.28	\$0.75	\$0.99	\$1.16	\$1.05	\$1.00	\$1.02	\$1.12	\$1.05
All-in sustaining cost (AISC) (per lb)	\$1.76	\$1.57	\$1.59	\$1.18	\$1.79	\$1.55	\$1.54	\$1.46	\$1.55	\$1.64	\$1.55
Total cost (C3) (per lb)	\$1.81	\$1.78	\$1.89	\$1.41	\$1.64	\$1.86	\$1.71	\$1.82	\$1.70	\$1.79	\$1.77
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$110	\$374	\$101	\$115	\$101	\$164	\$481	\$145	\$128	\$97	\$370
Copper anode	209	841	285	183	201	303	972	194	251	295	740
Copper in concentrates	17	48	14	9	77	21	121	10	-	-	10
Gold	33	186	40	43	46	37	166	42	41	36	119
Acid	-	-	-	-	-	-	-	2	8	6	16
Total sales revenues	\$369	\$1,449	\$440	\$350	\$425	\$525	\$1,740	\$393	\$428	\$434	\$1,255
Copper cathode sales (tonnes)	21,201	77,084	17,903	20,661	16,511	24,660	79,735	21,334	19,172	16,461	56,967
Copper anode sales (tonnes)	39,291	176,895	51,299	33,250	32,531	46,480	163,560	28,846	37,828	49,822	116,496
Copper in concentrate sales (tonnes)	4,412	14,480	3,074	2,228	15,269	3,834	24,405	1,504	-	-	1,504
Gold sales (ounces)	30,592	156,840	33,732	33,039	37,054	35,910	139,735	33,666	32,902	32,706	99,274

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

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

³ Total smelter costs include third-party concentrate purchases.

Sentinel statistics	Q4 16	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
	Pre-Commercial production	Post-Commercial production										
<i>Mining</i>												
Waste mined (000's tonnes)	7,864	12,065	82,098	16,006	24,382	26,254	21,853	88,495	21,611	23,744	25,931	71,286
Ore mined (000's tonnes)	3,519	7,269	37,960	9,272	10,641	12,692	12,039	44,644	10,172	11,996	11,334	33,502
<i>Processing</i>												
Copper ore processed (000's tonnes)	3,397	7,000	36,369	8,800	10,019	11,434	11,834	42,087	11,735	11,979	12,602	36,316
Copper ore grade processed (%)	0.50	0.57	0.57	0.51	0.52	0.53	0.54	0.52	0.47	0.51	0.49	0.49
Recovery (%)	75	88	68	81	84	89	90	87	91	92	91	91
Copper concentrate produced (tonnes)	12,652	35,133	139,600	36,274	43,686	53,533	57,190	190,683	50,310	56,080	56,426	162,816
Concentrate grade (%)	-	26.4	26.4	26.4	24.0	23.5	24.2	24.4	24.9	25.6	25.3	25.3
<i>Cash Costs (per lb)</i>												
Mining	-	\$0.51	\$0.51	\$0.72	\$0.72	\$0.59	\$0.66	\$0.67	\$0.71	\$0.62	\$0.61	\$0.65
Processing	-	0.45	0.45	0.70	0.66	0.60	0.57	0.62	0.68	0.66	0.65	0.66
Site administration	-	0.13	0.13	(0.09) ¹	0.12	0.09	0.03	0.05	0.10	0.10	0.10	0.10
TC/RC and freight charges	-	0.25	0.25	0.20	0.19	0.22	0.27	0.22	0.21	0.23	0.25	0.23
Total smelter costs	-	0.13	0.13	0.14	0.17	0.12	0.14	0.14	0.13	0.13	0.11	0.12
Cash cost (C1) (per lb)	-	\$1.47	\$1.47	\$1.67	\$1.86	\$1.62	\$1.67	\$1.70	\$1.83	\$1.74	\$1.72	\$1.76
All-in sustaining cost (AISC) (per lb)	-	\$2.13	\$2.13	\$2.07	\$2.29	\$2.05	\$2.36	\$2.19	\$2.36	\$2.29	\$2.25	\$2.30
Total cost (C3) (per lb)	-	\$2.16	\$2.16	\$2.45	\$2.61	\$2.30	\$2.49	\$2.45	\$2.60	\$2.46	\$2.39	\$2.48
<i>Revenues (\$ millions)</i>												
Copper anode	-	\$110	\$110	\$170	\$239	\$229	\$213	\$851	\$328	\$321	\$254	\$903
Copper in concentrates	-	\$43	\$43	\$19	\$17	\$71	\$68	\$175	\$57	\$71	\$79	\$207
Total sales revenues	-	\$153	\$153	\$189	\$256	\$300	\$281	\$1,026	\$385	\$392	\$333	\$1,110
Copper anode sales (tonnes)	-	20,294	20,294	29,929	43,705	36,734	32,026	142,394	48,227	47,947	42,557	138,731
Copper concentrate sales (tonnes)	-	10,034	10,034	4,362	3,742	14,121	12,741	34,966	10,115	12,596	16,512	39,223

¹ Includes movements in previously recognized operational provisions.

Las Cruces statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Mining</i>											
Waste mined (000's tonnes)	2,119	13,644	1,870	4,383	5,067	3,269	14,589	1,631	4,835	6,268	12,734
Ore mined (000's tonnes)	281	1,330	371	381	802	868	2,422	648	368	410	1,426
<i>Processing</i>											
Copper ore processed (000's tonnes)	362	1,538	398	409	392	420	1,619	390	416	338	1,144
Copper ore grade processed (%)	5.12	5.18	5.17	5.10	5.04	4.99	5.07	5.07	4.87	4.84	4.93
Recovery (%)	93	92	91	90	88	89	90	92	93	93	93
Copper cathode produced (tonnes)	17,156	73,643	18,793	18,683	17,488	18,700	73,664	18,238	18,849	15,181	52,268
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$0.94	\$0.81	\$0.78	\$0.79	\$0.93	\$0.93	\$0.86	\$0.86	\$0.83	\$1.02	\$0.89
All-in sustaining cost (AISC) (per lb)	\$1.20	\$1.01	\$0.93	\$1.00	\$1.20	\$1.12	\$1.06	\$1.03	\$1.09	\$1.41	\$1.17
Total cost (C3) (per lb)	\$1.93	\$1.83	\$1.89	\$2.09	\$2.25	\$2.40	\$2.15	\$2.15	\$2.11	\$2.50	\$2.24
<i>Revenues (\$ millions)</i>											
Copper cathode	\$82	\$358	\$119	\$111	\$109	\$122	\$461	\$131	\$133	\$93	\$357
Copper cathode sales (tonnes)	15,656	73,539	20,228	19,484	17,049	17,903	74,664	18,771	19,269	15,138	53,178

Guelb Moghrein statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Mining</i>											
Waste mined (000's tonnes)	3,465	12,066	4,041	3,349	3,055	3,607	14,052	3,961	2,737	4,277	10,975
Ore mined (000's tonnes)	717	2,700	810	983	792	519	3,104	97	296	445	838
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	927	3,898	863	820	832	874	3,389	861	938	902	2,701
Sulphide ore grade processed (%)	0.72	0.92	0.95	0.97	0.88	0.90	0.93	0.79	0.73	0.94	0.82
Recovery (%)	91	91	92	92	92	91	92	90	85	94	90
Copper produced (tonnes)	6,078	32,818	7,533	7,347	6,756	7,155	28,791	6,135	5,781	7,902	19,818
Gold produced (ounces)	11,140	53,951	12,133	12,375	11,435	13,270	49,213	11,740	10,354	11,644	33,738
Magnetite concentrate produced (WMT)	-	-	-	-	-	-	-	93,472	123,100	111,765	328,337
<i>Cash Costs (per lb)</i>											
Mining	\$0.70	\$0.44	\$0.57	\$0.61	\$0.70	\$0.79	\$0.66	\$0.51	\$1.11	\$0.66	\$0.74
Processing	1.05	0.80	0.80	1.01	0.93	0.97	0.93	1.07	1.23	1.10	1.13
Site administration	0.25	0.20	0.16	0.17	0.20	0.19	0.18	0.19	0.24	0.17	0.20
TC/RC and freight charges	0.32	0.45	0.49	0.50	0.51	0.51	0.51	0.61	0.41	0.66	0.55
Gold and magnetite credit	(1.13)	(0.96)	(0.88)	(1.05)	(0.91)	(1.12)	(1.00)	(1.39)	(1.24)	(1.02)	(1.23)
Cash cost (C1) (per lb)	\$1.19	\$0.93	\$1.14	\$1.24	\$1.43	\$1.34	\$1.28	\$0.99	\$1.75	\$1.57	\$1.39
All-in sustaining cost (AISC) (per lb)	\$2.21	\$1.51	\$1.67	\$1.53	\$1.86	\$1.60	\$1.65	\$1.84	\$2.16	\$1.93	\$1.91
Total cost (C3) (per lb)	\$2.18	\$1.68	\$1.93	\$2.08	\$2.30	\$2.25	\$2.13	\$1.86	\$2.84	\$2.42	\$2.31
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$25	\$140	\$30	\$44	\$37	\$39	\$150	\$39	\$40	\$27	\$106
Gold	14	73	11	23	13	13	60	16	16	9	41
Magnetite concentrate	-	-	-	-	-	7	7	5	8	5	18
Total sales revenues	\$39	\$213	\$41	\$67	\$50	\$59	\$217	\$60	\$64	\$41	\$165
Copper sales (tonnes)	5,840	36,330	6,122	9,301	6,765	6,811	28,999	6,387	6,772	5,108	18,267
Gold sales (ounces)	11,959	63,335	10,293	16,160	11,616	12,384	50,453	13,008	12,863	8,100	33,971
Magnetite concentrate sold (WMT)	-	-	-	-	-	-	-	79,560	150,167	61,315	291,042

Çayeli statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Mining</i>											
Ore mined (000's tonnes)	313	1,267	207	253	279	202	941	259	250	242	751
<i>Processing</i>											
Ore milled (000's tonnes)	320	1,285	204	253	274	212	943	257	255	243	755
Copper ore grade processed (%)	2.01	2.26	1.70	2.07	2.24	1.72	1.96	1.88	2.13	2.39	2.13
Copper ore recovery (%)	89	87	89	88	90	90	89	88	86	87	87
Zinc ore grade processed (%)	1.27	1.60	1.09	1.41	0.90	0.78	1.05	1.05	1.37	1.69	1.37
Zinc ore recovery (%)	39	39	39	40	27	23	34	26	30	32	30
Copper produced (tonnes)	5,741	25,330	3,115	4,632	5,492	3,284	16,523	4,225	4,684	5,056	13,965
Zinc produced (tonnes)	1,610	8,062	867	1,427	653	379	3,326	701	1,051	1,305	3,057
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.25	\$1.20	\$1.52	\$1.44	\$1.21	\$2.05	\$1.50	\$1.31	\$1.29	\$1.18	\$1.23
All-in sustaining cost (AISC) (per lb)	\$1.42	\$1.37	\$1.64	\$1.73	\$1.41	\$2.48	\$1.75	\$1.56	\$1.59	\$1.45	\$1.56
Total cost – Copper (C3) (per lb)	\$1.90	\$1.86	\$2.53	\$2.34	\$2.50	\$2.06	\$2.37	\$2.14	\$2.15	\$2.05	\$2.14
<i>Revenues (\$ millions)</i>											
Copper	\$29	\$97	\$15	\$16	\$33	\$23	\$87	(\$1)	\$31	\$13	\$43
Zinc	3	8	4	-	5	-	9	-	4	-	4
Other	1	5	1	-	1	-	2	-	1	-	1
Total sales revenues	\$33	\$110	\$20	\$16	\$39	\$23	\$98	(\$1)	\$36	\$13	\$48
Copper sales (tonnes)	7,257	26,795	3,392	3,596	6,462	4,266	17,716	-	5,491	2,753	8,244
Zinc sales (tonnes)	2,387	6,825	2,491	-	1,944	-	4,435	-	2,159	-	2,159

Pyhäsalmi statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Mining</i>											
Ore mined (000's tonnes)	382	1,430	345	335	319	316	1,315	323	299	318	940
<i>Processing</i>											
Ore milled (000's tonnes)	350	1,380	328	311	315	306	1,260	301	315	320	936
Copper ore grade processed (%)	0.99	1.11	1.08	1.15	1.13	1.07	1.11	0.98	1.02	0.98	1.00
Copper ore recovery (%)	97	97	97	97	96	97	97	97	96	95	96
Zinc ore grade processed (%)	2.91	1.67	1.82	1.83	1.34	1.17	1.55	1.66	1.94	2.07	1.89
Zinc ore recovery (%)	93	90	90	90	88	89	89	91	90	91	91
Copper produced (tonnes)	3,391	14,795	3,443	3,467	3,401	3,190	13,501	2,865	3,086	2,989	8,940
Zinc produced (tonnes)	9,474	20,800	5,386	5,111	3,723	3,177	17,397	4,526	5,494	6,043	16,063
Pyrite produced (tonnes)	4,770	490,480	184,464	168,319	184,486	154,855	692,124	145,975	159,674	171,355	477,004
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	(\$1.14)	\$0.04	(\$0.59)	(\$0.39)	\$0.03	(\$0.10)	(\$0.26)	(\$0.81)	(\$0.02)	(\$0.48)	(\$0.41)
All-in sustaining cost (AISC) (per lb)	(\$1.18)	\$0.07	(\$0.59)	(\$0.39)	\$0.03	(\$0.09)	(\$0.26)	(\$0.81)	(\$0.02)	(\$0.48)	(\$0.41)
Total cost – Copper (C3) (per lb)	\$0.84	\$1.99	\$1.57	\$1.92	\$2.43	\$2.35	\$2.06	\$1.24	\$2.23	\$1.67	\$1.74
<i>Revenues (\$ millions)</i>											
Copper	\$15	\$61	\$18	\$18	\$18	\$20	\$74	\$16	\$21	\$16	\$53
Zinc	16	30	10	12	7	8	37	12	12	10	34
Pyrite	3	16	4	3	3	6	16	6	3	4	13
Other	4	16	4	2	6	4	16	4	2	4	10
Total sales revenues	\$38	\$123	\$36	\$35	\$34	\$38	\$143	\$38	\$38	\$34	\$110
Copper sales (tonnes)	3,114	14,708	3,501	3,554	3,452	3,184	13,691	2,837	3,328	2,991	9,156
Zinc sales (tonnes)	9,584	20,536	5,465	5,234	3,435	3,282	17,416	4,810	4,697	6,178	15,685
Pyrite sales (tonnes)	111,273	517,922	105,449	107,013	91,569	114,712	418,743	120,572	99,606	100,894	321,072

Ravensthorpe statistics	Q4 16	2016	Q1 17	Q2 17	Q3 17	Q4 17	2017	Q1 18	Q2 18	Q3 18	2018
<i>Processing</i>											
Beneficiated ore (000's tonnes)	700	2,510	619	800	792	-	2,211	-	-	-	-
Beneficiated ore grade (%)	1.22	1.26	1.13	1.10	1.10	-	1.11	-	-	-	-
Nickel recovery – leach feed to Nickel produced (%)	80	81	82	79	76	-	79	-	-	-	-
Nickel produced (contained tonnes)	6,206	23,624	5,592	5,920	6,325	-	17,837	-	-	-	-
Nickel produced (payable tonnes)	4,650	17,630	4,291	4,537	4,866	-	13,694	-	-	-	-
<i>Cash Costs (per lb)</i>											
Mining	\$1.00	\$0.99	\$1.17	\$1.19	\$1.01	-	\$1.12	-	-	-	-
Processing	3.10	3.21	3.41	3.20	3.17	-	3.25	-	-	-	-
Site administration	0.38	0.36	0.38	0.36	0.34	-	0.37	-	-	-	-
TC/RC and freight charges	0.24	0.33	0.34	0.24	0.26	0.10	0.27	-	-	-	-
Cobalt credit	(0.26)	(0.23)	(0.46)	(0.56)	(0.62)	(0.71)	(0.56)	-	-	-	-
Cash cost (C1) (per lb)	\$4.46	\$4.66	\$4.84	\$4.43	\$4.16	\$(0.61)	\$4.45	-	-	-	-
All-in sustaining cost (AISC) (per lb)	\$5.03	\$5.29	\$5.81	\$5.60	\$4.67	\$(0.51)	\$5.29	-	-	-	-
Total cost (C3) (per lb)	\$6.16	\$6.34	\$6.57	\$6.09	\$5.77	\$(0.51)	\$6.17	-	-	-	-
<i>Revenues (\$ millions)</i>											
Nickel	\$50	\$185	\$41	\$39	\$58	\$8	\$146	-	-	-	-
Cobalt	2	10	4	5	7	1	17	-	-	-	-
Total sales revenues	\$52	\$195	\$45	\$44	\$65	\$9	\$163	-	-	-	-
Nickel sales (contained tonnes)	6,073	25,882	5,197	5,522	7,099	865	18,683	-	-	-	-
Nickel sales (payable tonnes)	4,539	19,536	3,981	4,228	5,455	674	14,338	-	-	-	-

REGULATORY DISCLOSURES

Seasonality

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

Off-balance sheet arrangements

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

Non-GAAP financial measures

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

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

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

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

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

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

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Purchase and deposits on property, plant and equipment	523	480	1,537	1,154
Sustaining capital expenditure and deferred stripping	139	111	288	227
Project capital expenditure – Panama	339	350	1,120	865
Project capital expenditure – Other sites	45	19	129	62
Total capital expenditure	523	480	1,537	1,154

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

For the three months ended September 30, 2018	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(288)	(278)	(82)	(40)	(13)	(25)	(726)	(1)	(5)	(732)
Adjustments:										
Depreciation	69	65	48	8	6	14	210	-	1	211
By-product credits	42	-	-	14	-	18	74	-	-	74
Royalties	27	20	1	1	1	-	50	-	-	50
Treatment and refining charges	(8)	(16)	-	(3)	(1)	(1)	(29)	-	-	(29)
Freight costs	(4)	(9)	-	-	(1)	(1)	(15)	-	-	(15)
Finished goods	7	6	(2)	(10)	(4)	-	(3)	-	-	(3)
Other	1	3	1	2	1	(2)	6	1	4	11
Cash cost (C1)	(154)	(209)	(34)	(28)	(11)	3	(433)	-	-	(433)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(64)	(60)	(48)	(12)	(8)	(14)	(206)	-	(1)	(207)
Royalties	(27)	(20)	(1)	(1)	(1)	-	(50)	-	-	(50)
Other	(1)	(1)	(1)	(1)	-	-	(4)	-	-	(4)
Total cost (C3)	(246)	(290)	(84)	(42)	(20)	(11)	(693)	-	(1)	(694)
Cash cost (C1)	(154)	(209)	(34)	(28)	(11)	3	(433)	-	-	(433)
Adjustments:										
General and administrative expenses	(7)	(9)	(1)	(2)	(1)	-	(20)	-	-	(20)
Sustaining capital expenditure and deferred stripping	(39)	(35)	(11)	(2)	(1)	-	(88)	-	-	(88)
Royalties	(27)	(20)	(1)	(1)	(1)	-	(50)	-	-	(50)
AISC	(227)	(273)	(47)	(33)	(14)	3	(591)	-	-	(591)
AISC (per lb)	\$1.64	\$2.25	\$1.41	\$1.93	\$1.45	(\$0.48)	\$1.83	-	-	
Cash cost – (C1) (per lb)	\$1.12	\$1.72	\$1.02	\$1.57	\$1.18	(\$0.48)	\$1.34	-	-	
Total cost – (C3) (per lb)	\$1.79	\$2.39	\$2.50	\$2.42	\$2.05	\$1.67	\$2.14	-	-	

For the nine months ended September 30, 2018	Kansanshi	Sentinel	Las Cruces	Guelb Moghrein	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(772)	(894)	(260)	(136)	(44)	(79)	(2,185)	(17)	(12)	(2,214)
Adjustments:										
Depreciation	190	207	150	29	19	41	636	-	4	640
By-product credits	135	-	-	59	5	57	256	-	-	256
Royalties	82	66	5	5	2	-	160	-	-	160
Treatment and refining charges	(18)	(44)	-	(11)	(5)	(6)	(84)	-	-	(84)
Freight costs	(17)	(19)	-	-	(2)	(1)	(39)	-	-	(39)
Finished goods	(34)	58	-	(8)	(10)	-	6	-	-	6
Other	3	3	2	1	-	(3)	6	17	8	31
Cash cost (C1)	(431)	(623)	(103)	(61)	(35)	9	(1,244)	-	-	(1,244)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(201)	(184)	(149)	(32)	(23)	(41)	(630)	-	(4)	(634)
Royalties	(82)	(66)	(5)	(5)	(2)	-	(160)	-	-	(160)
Other	(5)	(4)	(1)	(1)	-	-	(11)	-	-	(11)
Total cost (C3)	(719)	(877)	(258)	(99)	(60)	(32)	(2,045)	-	(4)	(2,049)
Cash cost (C1)	(431)	(623)	(103)	(61)	(35)	9	(1,244)	-	-	(1,244)
Adjustments:										
General and administrative expenses	(19)	(27)	(5)	(3)	(1)	-	(55)	-	-	(55)
Sustaining capital expenditure and deferred stripping	(98)	(99)	(22)	(13)	(5)	-	(237)	-	-	(237)
Royalties	(82)	(66)	(5)	(5)	(2)	-	(160)	-	-	(160)
AISC	(630)	(815)	(135)	(82)	(43)	9	(1,696)	-	-	(1,696)
AISC (per lb)	\$1.55	\$2.30	\$1.17	\$1.91	\$1.56	(\$0.41)	\$1.77	-	-	
Cash cost – (C1) (per lb)	\$1.05	\$1.76	\$0.89	\$1.39	\$1.23	(\$0.41)	\$1.30	-	-	
Total cost – (C3) (per lb)	\$1.77	\$2.48	\$2.24	\$2.31	\$2.14	\$1.74	\$2.13	-	-	

For the three months ended September 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghreïn	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(259)	(249)	(85)	(39)	(35)	(30)	(697)	(19)	(78)	(794)
Adjustments:										
Depreciation	69	62	47	10	16	17	221	-	13	234
By-product credits	46	-	-	13	5	14	78	-	7	85
Royalties	21	14	2	2	-	-	39	-	3	42
Treatment and refining charges	(15)	(14)	-	(4)	(4)	(3)	(40)	-	-	(40)
Freight costs	(12)	(7)	-	-	(1)	-	(20)	-	-	(20)
Finished goods	27	10	(1)	(2)	4	(1)	37	-	4	41
Other	(1)	2	-	-	-	3	4	19	6	29
Cash cost (C1)	(124)	(182)	(37)	(20)	(15)	-	(378)	-	(45)	(423)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(61)	(61)	(48)	(11)	(15)	(17)	(213)	-	(14)	(227)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)	-	(3)	(42)
Other	(2)	(1)	-	-	-	-	(3)	-	(1)	(4)
Total cost (C3)	(208)	(258)	(87)	(33)	(30)	(17)	(633)	-	(63)	(696)
Cash cost (C1)	(124)	(182)	(37)	(20)	(15)	-	(378)	-	(45)	(423)
Adjustments:										
General and administrative expenses	(6)	(9)	(2)	(1)	(1)	-	(19)	-	(2)	(21)
Sustaining capital expenditure and deferred stripping	(75)	(25)	(6)	(4)	(1)	-	(111)	-	-	(111)
Royalties	(21)	(14)	(2)	(2)	-	-	(39)	-	(3)	(42)
AISC	(226)	(230)	(47)	(27)	(17)	-	(547)	-	(50)	(597)
AISC (per lb)	\$1.79	\$2.05	\$1.20	\$1.86	\$1.41	\$0.03	\$1.75	-	\$4.67	
Cash cost – (C1) (per lb)	\$0.99	\$1.62	\$0.93	\$1.43	\$1.21	\$0.03	\$1.21	-	\$4.16	
Total cost – (C3) (per lb)	\$1.64	\$2.30	\$2.25	\$2.30	\$2.50	\$2.43	\$2.03	-	\$5.77	

For the nine months ended September 30, 2017	Kansanshi	Sentinel	Las Cruces	Guelb Moghreïn	Çayeli	Pyhäsalmi	Copper	Corporate & other	Ravensthorpe	Total
Cost of sales	(797)	(630)	(259)	(129)	(70)	(87)	(1,972)	(29)	(206)	(2,207)
Adjustments:										
Depreciation	212	163	147	34	30	50	636	1	29	666
By-product credits	129	-	-	47	11	51	238	-	16	254
Royalties	62	40	5	5	1	-	113	-	8	121
Treatment and refining charges	(32)	(32)	-	(14)	(9)	(8)	(95)	-	-	(95)
Freight costs	(24)	(10)	-	-	(3)	(1)	(38)	-	-	(38)
Finished goods	39	(15)	3	-	2	(1)	28	-	9	37
Other	8	(2)	2	-	-	4	12	28	9	49
Cash cost (C1)	(403)	(486)	(102)	(57)	(38)	8	(1,078)	-	(135)	(1,213)
Adjustments:										
Depreciation (excluding depreciation in finished goods)	(192)	(163)	(145)	(33)	(29)	(50)	(612)	-	(40)	(652)
Royalties	(62)	(40)	(5)	(5)	(1)	-	(113)	-	(8)	(121)
Other	(5)	(3)	-	-	-	-	(8)	-	(3)	(11)
Total cost (C3)	(662)	(692)	(252)	(95)	(68)	(42)	(1,811)	-	(186)	(1,997)
Cash cost (C1)	(403)	(486)	(102)	(57)	(38)	8	(1,078)	-	(135)	(1,213)
Adjustments:										
General and administrative expenses	(18)	(22)	(5)	(3)	(2)	-	(50)	-	(6)	(56)
Sustaining capital expenditure and deferred stripping	(128)	(57)	(15)	(12)	(3)	-	(215)	-	(12)	(227)
Royalties	(62)	(40)	(5)	(5)	(1)	-	(113)	-	(8)	(121)
AISC	(611)	(605)	(127)	(77)	(44)	8	(1,456)	-	(161)	(1,617)
AISC (per lb)	\$1.53	\$2.13	\$1.04	\$1.67	\$1.56	(\$0.31)	\$1.62	-	\$5.32	
Cash cost – (C1) (per lb)	\$1.01	\$1.71	\$0.83	\$1.25	\$1.35	(\$0.32)	\$1.20	-	\$4.46	
Total cost – (C3) (per lb)	\$1.66	\$2.44	\$2.07	\$2.08	\$2.44	\$1.97	\$2.01	-	\$6.12	

Comparative EBITDA and comparative earnings

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

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

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Operating profit	141	37	549	134
Adjustments:				
Depreciation	211	234	640	666
Foreign exchange loss and changes in fair value relating to option time value ¹	74	26	77	24
(Gain) loss on disposal of assets	-	(2)	(8)	1
Costs associated with moving Ravensthorpe into care and maintenance	-	7	-	7
Revisions in estimates of restoration provisions at closed sites	1	2	(2)	4
Total adjustments excluding depreciation	75	33	67	36
Comparative EBITDA	427	304	1,256	836

¹ Following the adoption of IFRS 9 on January 1, 2018, the changes in fair value relating to option time value are recognized in OCI.

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Net earnings (loss) attributable to shareholders of the Company	61	(52)	243	(201)
Adjustments attributable to shareholders of the Company:				
Loss on extinguishment of debt	-	-	-	84
Total adjustments to comparative EBITDA excluding depreciation	75	33	67	36
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(8)	(9)	(5)	6
Comparative earnings (loss)	128	(28)	305	(75)
Basic earnings (loss) per share	\$0.09	(\$0.08)	\$0.35	(\$0.29)
Comparative earnings (loss) per share	\$0.19	(\$0.04)	\$0.44	(\$0.11)

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

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

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

- The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. Proceeds received from Franco-Nevada under the terms of the precious metal stream arrangements were previously accounted for, and classified as deferred revenue. As the timing of the transfer of goods does not match the receipt of consideration, *IFRS 15* requires the transaction price to be adjusted to reflect the significant financing component. In accordance with the requirements of *IFRS 15*, deferred revenue has been adjusted for the financing component with an increase recognized in the carrying value of deferred revenue of \$74 million on transition.
- The Company sells a significant proportion of its products on terms whereby the Company is responsible for providing shipping services after the date at which control of the goods passes to the customer. Under *IAS 18*, the Company recognizes such shipping and other freight revenue and accrues the associated costs in full on loading. The impact of treating freight, where applicable, as a separate performance obligation and therefore recognizing revenue over time would not have materially impacted revenue, costs or earnings as at September 30, 2018, or at December 31, 2017.
- The Company's sales are made under pricing arrangements where final prices are set at a specified date based on market prices. Under *IFRS 15*, variable consideration should be estimated by method of expected value or most likely amount, and included in the transaction price, to the extent that it is highly probable a significant reversal in the amount of cumulative revenue recognized will not occur. The changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices is recognized as an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of cost of sales. The adoption of *IFRS 15* has not changed the assessment or treatment of the existence of embedded derivatives in these financial statements.

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

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

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

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

Accounting standards issued but not yet effective

IFRS 16 Leases

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

The review and evaluation of existing contracts against the *IFRS 16* criteria for the Company and many of its subsidiaries has been completed, with work continuing into the fourth quarter. Furthermore, the process of calculating the lease liability and asset value for contracts that have been identified as containing right of use assets has commenced and is ongoing. The transition approach to be adopted is under consideration.

The accounting treatment of these contracts identified as leases under *IFRS 16* will increase assets and liabilities in the Balance Sheet as well as increase depreciation and finance costs in the Statement of Earnings and reduce operating costs.

Significant judgments in applying accounting policies

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

- Determination of ore reserves and resources

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

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

- Achievement of commercial production

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

- Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a

number of factors including the outcome of audits, appeals and negotiation. Amounts to be recovered with respect to indirect taxes, such as VAT, are subject to judgment which, in the instance of a change of circumstances, could result in material adjustments.

- Precious metal stream arrangement

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

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

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

- Assessment of impairment indicators

Management applies significant judgment in assessing each cash-generating unit and asset for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing.

- Derecognition of financial liabilities

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

Significant accounting estimates and assumptions

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

- Determination of ore reserves and life of mine plan

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

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

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

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

- Review of asset carrying values and impairment charges

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

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

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

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

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

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

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

- Taxes

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

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

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

- Inventory

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

Financial instruments risk exposure

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

Credit risk

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

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

Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at September 30, 2018, substantially all cash and short-term deposits are with counterparties of investment grade.

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

Liquidity risk

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

In addition, the Company was obligated under its corporate revolving credit and term loan facility to maintain liquidity and satisfy various covenant ratio tests on an historical and prospective cash flow basis. These ratios were in compliance during the three and nine months ended September 30, 2018, and the years ended December 31, 2017 and December 31, 2016. If the Company breaches a covenant in its financing agreements, this would be an event of default which, if un-addressed, would entitle the lenders to make the related borrowings immediately due and payable and if made immediately due and payable all other borrowings would also be due and payable.

Market risks

Commodity price risk

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

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper sales. As at September 30, 2018, fair value gains on outstanding contracts of \$43 million have been recognized as a derivative asset and for the three months ended September 30, 2018, a fair value gain of \$31 million has been recognized through sales revenues.

As at September 30, 2018, 7,500 tonnes of unmargined copper forward sales contracts at an average price of \$3.28 per lb were outstanding with periods of maturity to December 2018. Additionally, the Company had unmargined zero cost collar sales contracts for 61,500 tonnes at weighted average prices of \$3.07 per lb (protection) to \$3.47 per lb (upside) with maturities to June 2019.

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, 2018, and December 31, 2017, the Company had not entered into any diesel or sulphur derivatives.

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

Interest rate risk

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

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

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at September 30, 2018, and December 31 2017, the Company held no floating-to-fixed interest rate swaps.

Foreign exchange risk

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

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

Disclosure Controls and Procedures

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

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

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

Internal Control over Financial Reporting

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

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

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

There were no changes in the Company's business activities during the period ended September 30, 2018, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and

instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Cautionary statement on forward-looking information

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

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

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