FIRST QUANTUM MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Second Quarter – June 30, 2015

(unaudited)

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

First Quantum Minerals Ltd.

Consolidated Statements of Earnings

(unaudited)

(expressed in millions of U.S. dollars)

		Three months ended June 30		Six months ended June 30	
	Note	2015	2014	2015	2014
Sales revenues	10	610	945	1,260	1,836
Cost of sales	11	(556)	(653)	(1,180)	(1,262)
Gross profit		54	292	80	574
Exploration		(10)	(13)	(20)	(24)
General and administrative		(22)	(29)	(46)	(58)
Impairment and related charges		-	-	(72)	-
Impairment to ENRC Promissory Note	6	(117)	-	(117)	-
Other expense		(3)	(15)	(26)	(23)
Operating profit (loss)		(98)	235	(201)	469
Finance income		9	7	16	18
Finance costs	12	(3)	(5)	(8)	(12)
Earnings (loss) before income taxes		(92)	237	(193)	475
Income tax credit (expense)		(2)	(92)	5	(185)
Net earnings (loss) for the period		(94)	145	(188)	290
Net earnings (loss) for the period attributable to:					
Non-controlling interests		7	11	(5)	29
Shareholders of the Company		(101)	134	(183)	261
Earnings (loss) per common share					
Basic	9b	(0.16)	0.23	(0.30)	0.44
Diluted	9b	(0.16)	0.23	(0.30)	0.44
Weighted average shares outstanding (000s)					
Basic	9b	621,686	587,164	609,118	587,164
Diluted	9b	625,780	590,836	613,425	590,823
Total shares issued and outstanding (000s)	9a	688,967	590,836	688,967	590,836

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

First Quantum Minerals Ltd.

Consolidated Statements of Comprehensive Income

(unaudited)

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

	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Net earnings (loss) for the period	(94)	145	(188)	290
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net earnings:				
Unrealized gain on available-for-sale investments	1	12	-	10
Tax on unrealized gain on available-for-sale investments	-	(1)	-	(1)
Comprehensive income (loss) for the period	(93)	156	(188)	299
Total comprehensive income (loss) for the period attributable to:				
Non-controlling interests	7	11	(5)	29
Shareholders of the Company	(100)	145	(183)	270
Total comprehensive income (loss) for the period	(93)	156	(188)	299

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

First Quantum Minerals Ltd.

Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Cash flows from operating activities				
Net earnings (loss) for the period	(94)	145	(188)	290
Items not affecting cash				
Depreciation	139	146	275	276
Income tax (credit) expense	2	92	(5)	185
Share-based compensation expense	6	7	13	13
Impairment and related charges	-	-	72	-
Impairment to ENRC Promissory Note	117	-	117	-
Net finance income	(6)	(2)	(8)	(6)
Other	(7)	1	12	1
	157	389	288	759
Taxes paid	(41)	(65)	(61)	(162)
Change in non-cash operating working capital				
Increase in trade, other receivables and derivatives	(12)	(104)	(37)	(135)
Increase in inventories	(53)	(8)	(19)	(44)
Increase (decrease) in trade and other payables	53	(27)	85	(131)
Long term incentive plan contributions[1]	-	-	-	(12)
	104	185	256	275
Cash flows used by investing activities				
Purchase and deposits on property, plant and equipment	(393)	(619)	(791)	(1,207)
Interest paid and capitalized to property, plant and equipment	(68)	(25)	(168)	(71)
Partial repayment and prepaid interest on ENRC Promissory Note	-	-	-	110
Interest received	2	-	3	20
Other	(5)	7	(14)	4
	(464)	(637)	(970)	(1,144)
Cash flows from financing activities				
Net movement in trading facilities	26	18	12	65
Proceeds from debt	334	1,363	806	1,953
Repayments of debt	(1,105)	(840)	(1,260)	(1,000)
Dividends paid to the shareholders of the Company	(23)	(50)	(23)	(50)
Dividends paid to non-controlling interest	(2)	(100)	(2)	(100)
Proceeds on issuance of common shares	1,121	-	1,121	-
Other	-	(3)	(2)	(12)
	351	388	652	856
Decrease in cash and cash equivalents	(9)	(64)	(62)	(13)
Cash and cash equivalents – beginning of period	302	747	357	695
Exchange losses on cash and cash equivalents	(4)	(1)	(6)	-
Cash and cash equivalents – end of period	289	682	289	682

[1] Treasury shares are purchased via a trust which is consolidated in the results of the Company. The purchases are made to fund future long term incentive plan contributions.

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

First Quantum Minerals Ltd.

Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

	Note	June 30, 2015	December 31, 2014 *(audited)*
Assets			
Current assets			
Cash and cash equivalents		289	357
Trade and other receivables		309	344
Inventories	3	1,223	1,197
Promissory Note receivable	6	300	426
Current portion of other assets	5	205	137
		2,326	2,461
Cash and cash equivalents - restricted cash		75	79
Non-current VAT receivable		217	246
Property, plant and equipment	4	15,330	14,719
Goodwill		237	237
Other assets	5	79	82
Total assets		18,264	17,824
Liabilities			
Current liabilities			
Trade and other payables		568	553
Current taxes payable		27	69
Current debt	7	70	53
Current portion of provisions and other liabilities		22	22
		687	697
Debt	7	5,503	5,929
Provisions and other liabilities	8	692	711
Deferred income tax liabilities		366	399
Total liabilities		7,248	7,736
Equity			
Share capital	9	5,526	4,392
Retained earnings		4,316	4,522
Accumulated other comprehensive loss		(1)	(1)
Total equity attributable to shareholders of the Company		9,841	8,913
Non-controlling interests		1,175	1,175
Total equity		11,016	10,088
Total liabilities and equity		18,264	17,824
Commitments and contingencies	15		

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

First Quantum Minerals Ltd.

Consolidated Statements of Changes in Equity

(unaudited)

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

	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Share capital				
Common shares				
Balance – beginning of period	4,519	4,303	4,519	4,303
Shares issued	1,121	-	1,121	-
Balance – end of period	5,640	4,303	5,640	4,303
Treasury shares				
Balance – beginning of period	(174)	(150)	(174)	(138)
Restricted and performance stock units vested	3	1	3	1
Shares purchased	-	-	-	(12)
Balance – end of period	(171)	(149)	(171)	(149)
Contributed surplus				
Balance – beginning of period	54	45	47	39
Share-based compensation expense for the period	6	7	13	13
Restricted and performance stock units vested	(3)	(1)	(3)	(1)
Balance – end of period	57	51	57	51
Total share capital	5,526	4,205	5,526	4,205
Retained earnings				
Balance – beginning of period	4,417	3,892	4,522	3,765
Earnings (loss) for the period attributable to shareholders of the Company	(101)	134	(183)	261
Dividends	-	(50)	(23)	(50)
Balance – end of period	4,316	3,976	4,316	3,976
Accumulated other comprehensive income (loss)				
Balance – beginning of period	(2)	(3)	(1)	(1)
Other comprehensive income for the period	1	11	-	9
Balance – end of period	(1)	8	(1)	8
Non-controlling interests				
Balance – beginning of period	1,163	1,138	1,175	1,120
Earnings (loss) attributable to non-controlling interests	7	11	(5)	29
Dividends	(2)	(100)	(2)	(100)
Acquisition of African Energy	7	-	7	-
Balance – end of period	1,175	1,049	1,175	1,049

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

(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, nickel, gold, zinc, platinum-group elements ("PGE") and acid, and related activities including exploration and development. The Company has operating mines located in Zambia, Australia, Finland, Turkey, Spain and Mauritania. The Company is developing the Trident project in Zambia, the Cobre Panama copper project in Panama, exploring the Haquira copper deposit in Peru and the Taca Taca copper-gold-molybdenum porphyry deposit in Argentina.

The Company has its primary listing on the Toronto Stock Exchange and secondary listings on the London Stock Exchange and 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 Significant Accounting Policies

Basis of presentation

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), including *IAS 34 – Interim Financial Reporting*. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2014.

These condensed interim consolidated financial statements were approved for issue on July 30, 2015 by the Audit Committee on behalf of the Board of Directors.

3 Inventories

	June 30, 2015	December 31, 2014
Ore in stockpiles	258	273
Work-in-progress[1]	140	272
Finished product	323	155
Total product inventory	721	700
Consumable stores	502	497
	1,223	1,197

[1] $107 million copper concentrate owned by Kansanshi is classified as work in progress (December 31, 2014: $242 million).

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

4 Property, plant and equipment

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs: Operating mines	Mineral properties and mine development costs: Development projects	Total
Cost					
As at January 1, 2014	4,626	5,389	1,896	1,986	13,897
Additions	-	2,472	-	423	2,895
Disposals	(21)	-	-	-	(21)
Transfers between categories	1,226	(1,425)	185	14	-
Restoration provision	-	-	52	31	83
Capitalized interest	-	362	-	-	362
Impairment	(5)	-	-	-	(5)
As at December 31, 2014	5,826	6,798	2,133	2,454	17,211
Additions	-	828	22	2	852
Disposals	(6)	-	-	-	(6)
Transfers between categories	466	(597)	126	5	-
Restoration provision	-	-	(19)	1	(18)
Capitalized interest	-	195	-	-	195
As at June 30, 2015	6,286	7,224	2,262	2,462	18,234
Accumulated depreciation					
As at January 1, 2014	(1,539)	-	(372)	-	(1,911)
Depreciation charge	(380)	-	(214)	-	(594)
Disposals	13	-	-	-	13
As at December 31, 2014	(1,906)	-	(586)	-	(2,492)
Depreciation charge	(255)	-	(35)	-	(290)
Capitalized depreciation	(6)	-	(61)	-	(67)
Disposals	2	-	-	-	2
Impairment[1]	(12)	(45)	-	-	(57)
As at June 30, 2015	(2,177)	(45)	(682)	-	(2,904)
Net book value					
As at December 31, 2014	3,920	6,798	1,547	2,454	14,719
As at June 30, 2015	4,109	7,179	1,580	2,462	15,330

During the six months ended June 30, 2015, $195 million of interest (June 30, 2014: $160 million) was capitalized relating to qualifying assets. The amount capitalized to June 30, 2015 was determined by applying the weighted average cost of borrowings of 6.1% (June 30, 2014: 4.8%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at June, 2015 is $127 million and $413 million respectively related to capitalized deferred stripping costs (December 31, 2014: $121 million and $321 million respectively).

The Company recorded an impairment charge to property, plant and equipment of $57 million in respect of the magnetite plant and related assets held by Guelb Moghrein for the six months ended June 30, 2015 (June 30, 2014: nil). Total impairments recorded in the statement of earnings of $72 million include impairment of property, plant and equipment and related costs.

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

5 Other assets

	June 30, 2015	December 31, 2014
Deposits on property, plant and equipment	15	18
Deferred income tax assets	27	23
Derivative instruments	35	22
Prepaid expenses	169	115
Prepaid income taxes	12	8
Investments	26	33
Total other assets	284	219
Less: current portion of other assets	(205)	(137)
	79	82
Current portion consists of:		
Derivative instruments	35	22
Prepaid income taxes	12	8
Prepaid expenses	158	107
	205	137

During the six months ended June 30, 2015, the Company recorded an impairment of $10 million relating to equity securities held at cost (June 30, 2014: nil).

6 Promissory Note receivable

On March 20, 2014, a subsidiary of Eurasian Natural Resources Corporation PLC (“ENRC” and now Eurasian Resources Group “ERG”) issued a $430 million Promissory Note secured against the shares in a subsidiary holding ENRC’s Mozambique coal assets and is guaranteed by ENRC Congo B.V., a wholly owned subsidiary of ERG. In July 2015, the Promissory Note was amended and an impairment recorded (see note 16).

Carrying amount as at January 1, 2015	426
Amortization for six month period to June 30, 2015	2
Impairment to Promissory Note	(128)
Fair value at June 30, 2015	300

Impairment to Promissory Note	(128)
Prepaid interest written off	11
Total net impairment	(117)

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

7 Debt

		June 30, 2015	December 31, 2014
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. (formerly Inmet Mining Corporation ("Inmet")) 8.75% due June 2020 & 7.50% due June 2021	(a)	33	33
First Quantum Minerals Ltd. 6.75% due February 2020	(b)	1,074	1,068
First Quantum Minerals Ltd. 7.00% due February 2021	(c)	1,072	1,067
First Quantum Minerals Ltd. 7.25% due October 2019	(d)	343	342
First Quantum Minerals Ltd. 7.25% due May 2022	(e)	839	838
Kansanshi senior term loans and revolving facility	(f)	350	350
First Quantum Minerals Ltd. senior debt facility	(g)	1,405	1,899
Amount owed to related party	(h)	317	253
Trading facilities	(i)	47	35
Equipment financing	(j)	93	97
Total debt		5,573	5,982
Less: Current maturities and short term debt		(70)	(53)
		5,503	5,929
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(g)	1,540	1,040
Trading facilities	(i)	208	220
Equipment financing	(j)	-	3

a) First Quantum Minerals Ltd. (formerly Inmet) senior notes – 8.75% ($33 million) and 7.50% ($0.3 million)

On May 18, 2012, Inmet issued $1,500 million in unsecured senior notes due in June 2020, bearing interest at an annual rate of 8.75%. On December 18, 2012, Inmet issued $500 million in unsecured senior notes due in June 2021, bearing interest at an annual rate of 7.50%.

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

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

b) First Quantum Minerals Ltd. senior notes – 6.75%

On February 12, 2014, the Company issued $1,115 million in senior notes due in 2020, bearing interest at an annual rate of 6.75%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional $6 million aggregate principal amount of new 6.75% senior notes due 2020 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

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

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

c) First Quantum Minerals Ltd. senior notes – 7.00%

On February 12, 2014, the Company issued $1,115 million in senior notes due in 2021, bearing interest at an annual rate of 7.00%. The notes are guaranteed on a subordinated basis by certain subsidiaries of the Company.

On February 27, 2014, the Company issued an additional $6 million aggregate principal amount of new 7.00% senior notes due 2021 to eligible holders of Inmet notes who validly tendered their existing notes in the exchange offer after the early tender time in the exchange offer but prior to the expiration time.

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

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

d) First Quantum Minerals Ltd. senior notes – 7.25%

On October 10, 2012, the Company issued $350 million in senior notes due in 2019, bearing interest at an annual rate of 7.25%.

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

Under a consent solicitation dated January 27, 2014, the terms of these notes were subsequently aligned with those of the Company's notes issued in February 2014.

e) First Quantum Minerals Ltd. senior notes – 7.25%

On May 13, 2014, the Company issued $850 million in senior notes due in 2022, bearing interest at an annual rate of 7.25%.

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

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

f) Kansanshi senior term loans and revolving facility

On March 27, 2014, Kansanshi entered into a $350 million term loan which was available from April 3, 2014 and fully drawn at that date. The loan is repayable in six equal semi-annual instalments commencing on September 27, 2016 and interest is calculated at a rate equal to LIBOR plus a margin.

g) First Quantum Minerals Ltd. senior debt facility

On April 15, 2014, the Company announced that it had signed and drawn down on its $2,500 million Five-Year Term Loan and Revolving Facility ("the Facility"). The Facility was syndicated during Q2 2014, which resulted in an upsizing of the Facility to $3,000 million. The Facility comprises a $1,200 million term loan facility available to draw until April 8, 2016 with interest at LIBOR plus a margin and a $1,800 million revolving credit facility available to draw until March 8, 2019 also with interest at LIBOR plus a margin. All outstanding loans on these facilities must be repaid no later than April 8, 2019.

h) Amount owed to related party

In September 2013, the Company entered into a loan agreement with Korea Panama Mining Corp. ("KPMC") who own a 20% interest in Minera Panama S.A. ("MPSA") and is therefore a related party. Interest is due semi-annually at an annual rate of 9%. As of June 30, 2015, the accrual for interest payable is $27 million (December 31, 2014: $15 million) and is included in the carrying value of the debt as this has been deferred under the loan agreement.

i) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totalling $270 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 approximately 1.75%. The loans are collateralized by physical inventories.

j) Equipment financing

On April 2, 2014, Kalumbila Minerals Ltd., a subsidiary of the Company which owns the Trident project, entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to $102 million. The agreement is secured by equipment that is purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2021. Of the amount outstanding at June 30, 2015, $23 million (December 31, 2014, $19 million) is due within 12 months of the balance sheet date.

8 Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines and processing facilities. During the three months ended June 30, 2015 the provision reduced by $15 million to $569 million (included in provisions and other liabilities on the balance sheet) due to movement in the foreign exchange rate where the estimate of the liability is not in U.S. dollars and offset by accretion of the liability and additional disturbance incurred during the period.

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

9 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2014	600,506
Shares issued	88,461
Balance as at June 30, 2015	688,967

b) Earnings per share

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Basic and diluted earnings (loss) attributable to shareholders of the Company	(101)	134	(183)	261
Basic weighted average number of shares outstanding (000s of shares)	621,686	587,164	609,118	587,164
Effect of dilutive securities:				
Treasury shares[1]	4,094	3,672	4,307	3,659
Diluted weighted average shares outstanding	625,780	590,836	613,425	590,823
Earnings per common share – basic	(0.16)	0.23	(0.30)	0.44
Earnings per common share – diluted	(0.16)	0.23	(0.30)	0.44

[1] Treasury shares are anti-dilutive for the periods ended June 30, 2015.

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

c) Equity issue

On June 4, 2015 the Company completed a public offering of common shares. Inclusive of an overallotment option 88.5 million shares were issued at a price of C$16.25. Gross proceeds were $1,156 million, with net proceeds after related fees of $1,121 million. Upon receipt of proceeds $1,000 million was used to repay the Facility (see note 7).

d) Dividends

On February 20, 2015, the Company declared a final dividend payment of $0.0487 CAD per share, or $23 million, in respect of the financial year ended December 31, 2014 (February 20, 2014: $0.0930 CAD per share or $50 million) paid to shareholders of record on April 15, 2015.

On July 29, 2015, the Company declared an interim dividend payment of $0.0330 CAD per share, or $18 million, in respect of the financial year ended December 31, 2015 (July 30, 2014 - $0.0504 CAD per share, or $28 million) paid to shareholders of record on August 28, 2015.

10 Sales revenues by nature

	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Copper	449	685	950	1,329
Nickel	86	148	148	294
Gold	53	66	105	122
Zinc	8	18	25	34
Other	14	28	32	57
	610	945	1,260	1,836

11 Cost of sales

	Three months ended June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Costs of production	(450)	(509)	(888)	(1,015)
Depreciation	(156)	(149)	(290)	(286)
Movement in inventory	33	2	(17)	29
Movement in depreciation in inventory	17	3	15	10
	(556)	(653)	(1,180)	(1,262)

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

12 Finance costs

	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Interest expense on financial liabilities measured at amortized cost	(101)	(85)	(197)	(164)
Interest expense other	-	(1)	-	(1)
Accretion on restoration provision	(3)	(4)	(6)	(7)
Total finance costs	(104)	(90)	(203)	(172)
Less: interest capitalized (note 4)	101	85	195	160
	(3)	(5)	(8)	(12)

13 Segmented information

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

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

The Kansanshi smelter is included within the Kansanshi segment.

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

For the three month period ended June 30, 2015, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other[3]	Operating profit[2]	Income taxes
Kansanshi	268	(222)	(32)	-	14	(8)
Las Cruces	101	(36)	(42)	(11)	12	3
Guelb Moghrein	63	(32)	(13)	3	21	(5)
Ravensthorpe	69	(66)	(11)	2	(6)	1
Kevitsa	52	(33)	(19)	(1)	(1)	4
Cayeli	36	(18)	(9)	-	9	(10)
Pyhäsalmi	21	(10)	(13)	(3)	(5)	2
Corporate & other	-	-	-	(142)	(142)	11
Total	610	(417)	(139)	(152)	(98)	(2)

[1] Excludes intersegment revenues of $18 million

[2] Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

[3] No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2015. The exploration and development costs for these properties are capitalized.

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

For the three month period ended June 30, 2014, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit[2]	Income taxes
Kansanshi	477	(281)	(39)	(9)	148	(69)
Las Cruces	129	(40)	(43)	14	60	(16)
Guelb Moghrein	47	(32)	(6)	(2)	7	(2)
Ravensthorpe	131	(73)	(14)	(2)	42	(8)
Kevitsa	71	(45)	(15)	(3)	8	(4)
Çayeli	52	(23)	(13)	(2)	14	(3)
Pyhäsalmi	38	(18)	(14)	1	7	-
Corporate & other	-	5	(2)	(54)	(51)	10
Total	945	(507)	(146)	(57)	235	(92)

[1] Excludes intersegment revenues of $28 million

[2] Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

[3] No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2014. The exploration and development costs for these properties are capitalized.

For the six month period ended June 30, 2015, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit[2]	Income taxes
Kansanshi	582	(524)	(78)	(39)	(59)	(9)
Las Cruces	217	(79)	(80)	14	72	(26)
Guelb Moghrein	121	(72)	(24)	(58)	(33)	9
Ravensthorpe	112	(100)	(20)	(16)	(24)	9
Kevitsa	100	(68)	(29)	(4)	(1)	-
Çayeli	68	(38)	(18)	(2)	10	(12)
Pyhäsalmi	60	(24)	(26)	3	13	(3)
Corporate & other	-	-	-	(179)	(179)	37
Total	1,260	(905)	(275)	(281)	(201)	5

[1] Excludes intersegment revenues of $35 million

[2] Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

[3] No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2015. The exploration and development costs for these properties are capitalized.

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

For the six month period ended June 30, 2014, segmented information for the statement of earnings is presented as follows:

	Revenue[1]	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit[2]	Income taxes
Kansanshi	907	(518)	(67)	(28)	294	(126)
Las Cruces	261	(85)	(78)	13	111	(30)
Guelb Moghrein	96	(64)	(12)	(4)	16	(4)
Ravensthorpe	250	(151)	(31)	(1)	67	(12)
Kevitsa	152	(98)	(31)	(4)	19	(6)
Çayeli	95	(43)	(23)	(3)	26	(6)
Pyhäsalmi	75	(32)	(30)	1	14	(1)
Corporate & other	-	5	(4)	(79)	(78)	-
Total	1,836	(986)	(276)	(105)	469	(185)

[1] Excludes intersegment revenues of $47 million

[2] Operating profit less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings

[3] No segmented information for Trident and Cobre Panama is disclosed for the statement of earnings as these projects were under development at June 30, 2014. The exploration and development costs for these properties are capitalized.

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2015			December 31, 2014		
	Non-current assets[1]	Total assets	Total liabilities	Non-current assets[1]	Total assets	Total liabilities
Kansanshi[2]	3,424	4,467	717	3,289	4,299	666
Las Cruces	1,016	1,254	377	1,082	1,322	388
Guelb Moghrein	230	402	49	287	455	57
Ravensthorpe	830	943	187	850	977	202
Kevitsa	912	907	37	904	928	43
Trident	2,541	2,673	189	2,294	2,381	174
Çayeli	195	652	129	210	660	137
Pyhäsalmi	237	414	97	261	411	99
Cobre Panama[3]	4,847	5,133	460	4,461	4,728	405
Corporate & other[4]	1,112	1,419	5,006	1,090	1,663	5,565
Total	15,344	18,264	7,248	14,728	17,824	7,736

[1] Non-current assets include $15,330 million of property plant and equipment (December 31, 2014: $14,719 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.

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

[4] Included within the Corporate & other segment are assets relating to the Haquira project, $656 million, (December 31, 2014: $649 million), and to the Taca Taca project, $425 million, (December 31, 2014: $424 million).

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

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 June 30		Six months ended June 30	
	2015	**2014**	**2015**	**2014**
Kansanshi	103	210	236	432
Las Cruces	-	11	13	15
Guelb Moghrein	15	38	25	59
Ravensthorpe	8	2	11	4
Kevitsa	16	27	34	51
Trident	104	203	203	395
Çayeli	2	3	4	6
Pyhäsalmi	-	1	4	1
Cobre Panama	145	117	254	232
Corporate & other	-	7	7	12
Total[1]	393	619	791	1,207

[1] Not included within the above figure is $7 million representing the cash consideration paid for African Energy Resource Limited.

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

14 Financial Instruments

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at June 30, 2015:

	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	289	-	-	-	289	289
Cash and cash equivalents – restricted cash	75	-	-	-	75	75
Trade and other receivables[1]	224	-	-	-	224	224
Derivative instruments[2]	-	-	35	-	35	35
Investments						
At cost [3]	-	16	-	-	16	n/a
At fair value	-	10	-	-	10	10
Promissory Note receivable [4]	300	-	-	-	300	300
Financial liabilities						
Trade and other payables	-	-	-	568	568	568
Derivative instruments[2]	-	-	2	-	2	2
Finance leases	-	-	-	28	28	28
Debt	-	-	-	5,573	5,573	5,568

[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] Derivatives related to provisionally priced sales contracts and copper anode inventory held by Kansanshi are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

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

[4] The Promissory Note from a subsidiary of ENRC is classified as a loan or receivable and carried at amortized cost. The fair value is calculated by reference to the amendment in July 2015 (see note 16).

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

The following provides a comparison of carrying and fair values of each classification of financial instrument at December 31, 2014:

	Loans and receivables	Available-for-sale	Fair value through profit or loss	Other financial liabilities	Total carrying amount	Total fair value
Financial assets						
Cash and cash equivalents	357	-	-	-	357	357
Cash and cash equivalents - restricted cash	79	-	-	-	79	79
Trade and other receivables[1]	268	-	-	-	268	268
Derivative instruments[2]	-	-	22	-	22	22
Investments						
At cost[3]	-	23	-	-	23	n/a
At fair value	-	10	-	-	10	10
Promissory Note receivable[4]	426	-	-	-	426	403
Financial liabilities						
Trade and other payables	-	-	-	553	553	553
Derivative instruments[2]	-	-	2	-	2	2
Finance leases	-	-	-	31	31	31
Debt	-	-	-	5,982	5,982	5,768

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

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

[4] The Promissory Note from a subsidiary of ENRC is classified as loans and receivables and carried at amortized cost. The fair value is calculated by reference to the principal value as the interest due on the note has been pre-paid.

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

Fair Values

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at June 30, 2015, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts [1]	34	-	-	34
Derivative instruments – OTC contracts [2]	-	1	-	1
Investments [3]	10	-	-	10
Financial liabilities				
Derivative instruments – LME contracts [1]	2	-	-	2

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

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

[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.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2014, in the fair value hierarchy (as described in the notes to the annual consolidated financial statements):

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts[1]	21	-	-	21
Derivative instruments – OTC contracts[2]	-	1	-	1
Investments[3]	10	-	-	10
Financial liabilities				
Derivative instruments – LME contracts[1]	1	-	-	1
Derivative instruments – OTC contracts[2]	-	1	-	1

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

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

[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 not designated as hedged instruments

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

As at June 30, 2015, 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	55,943	$2.70/lb	$2.60/lb	October 2015
Nickel	905	$5.82/lb	$5.30/lb	July 2015
Gold	16,448	$1,187/oz	$1,173/oz	October 2015
Zinc	3,225	$0.98/lb	$0.90/lb	August 2015
Platinum	2,944	$1,099/oz	$1,081/oz	July 2015
Palladium	2,049	$757/oz	$674/oz	July 2015
Commodity contracts:				
Copper [1]	53,791	$2.70/lb	$2.60/lb	October 2015
Nickel	159	$5.82/lb	$5.30/lb	July 2015
Gold	16,448	$1,187/oz	$1,173/oz	October 2015
Zinc	3,225	$0.98/lb	$0.90/lb	August 2015
Platinum	2,944	$1,099/oz	$1,081/oz	July 2015
Palladium	2,049	$757/oz	$674/oz	July 2015

[1] Further to the above the Company entered into derivative positions totalling 40,000 tonnes at an average contract price of $2.77 per pound for copper anode inventory at Kansanshi in Zambia. A gain on the open position as at June 30, 2015 of $14 million was recognized in the period (June 30, 2014: nil).

As at December 31, 2014, 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	53,866	$2.97/lb	$2.88/lb	April 2015
Nickel	2,293	$7.28/lb	$6.77/lb	January 2015
Gold	13,664	$1,195/oz	$1,199/oz	April 2015
Zinc	3,100	$1.01/lb	$0.98/lb	February 2015
Platinum	5,096	$1,038/oz	$1,210/oz	January 2015
Palladium	4,088	$803/oz	$798/oz	January 2015
Commodity contracts:				
Copper	53,475	$2.97/lb	$2.88/lb	April 2015
Nickel	2,580	$7.28/lb	$6.77/lb	January 2015
Gold	13,327	$1,195/oz	$1,199/oz	April 2015
Zinc	3,100	$1.01/lb	$0.98/lb	February 2015
Platinum	5,115	$1,038/oz	$1,210/oz	January 2015
Palladium	4,109	$803/oz	$798/oz	January 2015

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

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

	June 30, 2015	December 31, 2014
Commodity contracts:		
Asset position	35	22
Liability position	(2)	(2)

15 Commitments and contingencies

Capital commitments

In conjunction with the development of Trident and Cobre Panama, and other projects including the copper smelter project at Kansanshi, the Company has committed to $1,124 million (December 31, 2014: $1,092 million) in capital expenditures.

Revenue stream commitment

The Company's subsidiary MPSA has an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panama project. Under the terms of the agreement a wholly-owned subsidiary of Franco-Nevada has agreed to provide a $1,000 million deposit to be funded on a pro-rata of 1:3 with certain of the Company's funding contributions to MPSA.

The amount of precious metals deliverable is indexed to the copper in concentrate produced from the Cobre Panama project and based on the mine plan at the time the agreement was entered into approximates 86% of the estimated payable precious metals attributable to the Company's 80% ownership during the first 31 years of mine life. Beyond the first 31 years of the currently contemplated mine life, the precious metals deliverable will be based on a fixed percentage of the precious metals in concentrate.

Franco-Nevada will pay MPSA an amount for each ounce of precious metals delivered equal to $400 per ounce for gold and $6 per ounce for silver (subject to an annual adjustment for inflation) for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries) and thereafter the greater of $400 per ounce for gold and $6 per ounce for silver (subject to an adjustment for inflation) or one half of the then prevailing market price. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

Discussions are ongoing to effect changes to the existing security and reporting requirements of this agreement. No funds have been drawn on this agreement.

Other commitments & contingencies

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

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

16 Post balance sheet events

Zambian tax regime

As of July 29, 2015 the Zambian government is in the process of passing into parliament changes which, effective from July 1, 2015 will decrease mineral royalties to 9% for open pit and underground mines and reinstate corporate tax to 30% with variable profits tax of up to 15%. The proposed changes had no impact on the results for the period ended June 30, 2015. The impact of the 9% royalty rate would have been to reduce Q2 2015 royalty charges by $38 million. At the proposed rates the Company estimates a full year 2015 effective group tax rate of 20% - 30%. The reintroduction of corporation tax will require a revaluation to the Company's deferred tax balances in Zambia, which will result in the reversal of an income tax credit through the statement of earnings, which arose in Q4 2014 as a consequence of the reduction in corporate tax to 0%.

Renegotiation of ENRC Promissory Note

On July 7, 2015 the Company agreed an amendment with ERG in respect of the $430 million Promissory Note, which had a term to final maturity of December 31, 2015. Under the revised terms the Promissory Note has been reduced from $430 million to $300 million, after an immediate cash payment of $215 million was received. The balance of $85 million outstanding is to be satisfied by either a sale and purchase agreement in respect of the acquisition of certain ERG assets, or if terms of a sale and purchase agreement are not satisfied by early October 2015 an immediate payment of $85 million in cash. All existing security stays in place until final settlement.

For the period ended June 30, 2015 the Company has recorded a write down to the value of the Promissory Note to $300 million. This has resulted in an impairment of $117 million (after amortization of prepaid interest) recorded in the statement of earnings.