



**FIRST QUANTUM**  
MINERALS LTD.

**Condensed Interim Consolidated Financial Statements**

**First Quarter - March 31, 2019**

(unaudited)

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

# First Quantum Minerals Ltd.

## Interim Consolidated Statements of Earnings

(unaudited)

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

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

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

# First Quantum Minerals Ltd.

## Interim Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)

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

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

# First Quantum Minerals Ltd.

## Condensed Interim Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

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

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

# First Quantum Minerals Ltd.

## Interim Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)

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

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

# First Quantum Minerals Ltd.

## Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in millions of U.S. dollars)

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

<sup>1</sup> Inclusive of capitalized amounts

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

<sup>1</sup> Inclusive of capitalized amounts

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 1 Nature of operations

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

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

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

### 2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board have been condensed or omitted. The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2018, except for the new and amended standards noted below.

#### *New standards adopted by the Company*

##### *IFRS 16 Leases*

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

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

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 3 Trade receivables

#### a) Trade and other receivables

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

#### b) VAT receivable

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

#### c) VAT receivable by the Company's Zambian operations

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

*Consisting:*

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

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



# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 4 Inventories

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

### 5 Property, plant and equipment

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

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

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

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

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

## 6 Ravensthorpe

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

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

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 7 Other assets

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

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

### 8 Joint venture

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

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

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 9 Debt

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

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

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

#### b) First Quantum Minerals Ltd. 2017 senior debt facility

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

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

#### c) First Quantum Minerals Ltd. 2019 senior debt facility

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 10 Provisions and other liabilities

#### a) Provisions and other liabilities

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

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

#### b) Amount owed to joint venture

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

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

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 11 Deferred revenue

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

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

#### Franco-Nevada precious metal stream arrangement

The Company, through its subsidiary, MPSA, has a precious metal streaming arrangement with Franco-Nevada. The arrangement comprises two tranches, the first of which ("Tranche 1") was finalized on October 5, 2015. Under the terms of Tranche 1 Franco-Nevada, through a wholly owned subsidiary, agreed to provide a \$1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company's 80% share of the capital costs of Cobre Panama in excess of \$1 billion. The full Tranche 1 deposit amount has been fully funded to MPSA. The second ("Tranche 2") was finalized on March 16, 2018, and \$356 million was received on completion. Proceeds received from Franco-Nevada under the terms of the precious metals streaming agreement are accounted for as deferred revenue.

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

Although the market price feature represents an embedded derivative, the value of this derivative is not material. In all cases the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

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

### 12 Share capital

#### a) Common shares

Authorized

Unlimited common shares without par value

Issued

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### b) Dividends

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

## 13 Earnings per share

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

## 14 Sales revenues by nature

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

## 15 Cost of sales

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 16 Finance costs

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

### 17 Income tax expense

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

### 18 Segmented information

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

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

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



# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### Earnings by segment

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

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

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

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

<sup>3</sup> 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.

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

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

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

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

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

<sup>3</sup> 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.

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### *Balance sheet by segment*

Segmented information on balance sheet items is presented as follows:

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

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

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

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

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

### *Capital expenditure by segment*

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### 19 Financial instruments

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

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

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

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

<sup>2</sup> 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.

<sup>3</sup> Investments held by the Company are held at fair value through other comprehensive income.

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

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

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

<sup>2</sup> 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.

<sup>3</sup> Investments held by the Company are held at fair value through other comprehensive income.

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### Fair Values

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

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

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

	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>				
Derivative instruments – LME contracts <sup>1</sup>	1	-	-	1
Derivative instruments – OTC contracts <sup>2</sup>	-	-	-	-
Investments <sup>3</sup>	17	-	-	17
<b>Financial liabilities</b>				
Derivative instruments – LME contracts <sup>1</sup>	5	-	-	5
Derivative instruments – OTC contracts <sup>2</sup>	-	11	-	11

<sup>1</sup>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.

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2018, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
<b>Financial assets</b>				
Derivative instruments – LME contracts <sup>1</sup>	14	-	-	14
Derivative instruments – OTC contracts <sup>2</sup>	-	29	-	29
Investments <sup>3</sup>	18	-	-	18
<b>Financial liabilities</b>				
Derivative instruments – LME contracts <sup>1</sup>	2	-	-	2
Derivative instruments – OTC contracts <sup>2</sup>	-	1	-	1

<sup>1</sup>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.

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

### *Derivatives designated as hedged instruments*

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

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

### *Other derivatives*

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

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

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

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

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

# First Quantum Minerals Ltd.

## Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)

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

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

## 20 Commitments & contingencies

### *Capital commitments*

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

### *Other commitments & contingencies*

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

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

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

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

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