FIRST QUANTUM
MINERALS LTD.

Condensed Interim Consolidated Financial Statements

Second Quarter – June 30, 2018

(unaudited)

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Earnings (Loss)

(unaudited)

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

	Note	Three months ended June 30		Six months ended June 30	
		2018	**2017**	**2018**	**2017**
Sales revenues	12	1,049	782	1,934	1,548
Cost of sales	13	(778)	(716)	(1,482)	(1,413)
Gross profit		271	66	452	135
Exploration		(6)	(3)	(13)	(6)
General and administrative		(17)	(18)	(35)	(35)
Other income (loss)		(3)	1	4	3
Operating profit		245	46	408	97
Finance income		4	1	9	2
Finance costs	14	(6)	(6)	(16)	(12)
Loss on extinguishment of borrowings		-	-	-	(84)
Earnings (loss) before income taxes		243	41	401	3
Income tax expense	15	(90)	(56)	(176)	(112)
Net earnings (loss)		153	(15)	225	(109)
Net earnings (loss) attributable to:					
Non-controlling interests		18	20	43	40
Shareholders of the Company	11b	135	(35)	182	(149)
Earnings (loss) per common share attributable to the shareholders of the Company					
Net earnings (loss) ($ per share)					
Basic	11b	0.20	(0.05)	0.27	(0.22)
Diluted	11b	0.20	(0.05)	0.26	(0.22)
Weighted average shares outstanding (000's)					
Basic	11b	686,423	685,845	686,413	685,844
Diluted	11b	689,385	685,845	689,385	685,844
Total shares issued and outstanding (000's)	11a	689,386	689,380	689,386	689,380

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Comprehensive Income (Loss)

(unaudited)

(expressed in millions of U.S. dollars)

	Three months ended June 30		Six months ended June 30	
	2018	**2017**	**2018**	**2017**
Net earnings (loss) for the period	153	(15)	225	(109)
Other comprehensive income (loss)				
Items that have been/may be subsequently reclassified to net earnings:				
Cash flow hedges reclassified to net earnings	46	83	218	170
Gains (losses) on cash flow hedges arising during the period	23	7	56	(106)
Loss on termination of Pebble framework agreement	(38)	-	(38)	-
Unrealized gain on available-for-sale investments	-	-	-	1
Total comprehensive income (loss) for the period	184	75	461	(44)
Total comprehensive income (loss) for the period				
Non-controlling interests	18	20	43	40
Shareholders of the Company	166	55	418	(84)
Total comprehensive income (loss) for the period	184	75	461	(44)

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

First Quantum Minerals Ltd.

Interim Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)

	Note	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Cash from operating activities					
Net earnings (loss) from operations		153	(15)	225	(109)
Adjustments for					
Depreciation	13	224	219	429	432
Income tax expense	15	90	56	176	112
Share-based compensation expense		4	5	9	11
Net finance expense		2	5	7	10
Unrealized foreign exchange gain (loss)		18	(13)	10	(13)
Loss on extinguishment of borrowings		-	-	-	84
Other		2	10	10	10
		493	267	866	537
Taxes paid		(102)	(85)	(150)	(130)
Precious metal stream agreements	10	89	53	515	103
Movements in non-cash operating working capital		(73)	(30)	(28)	(66)
Net cash from operating activities of operations		407	205	1,203	444
Cash flows used by investing activities					
Purchase and deposits on property, plant and equipment	5	(575)	(363)	(1,014)	(674)
Acquisition of Korea Panama Mining Corp (“KPMC”)		-	-	(105)	-
Interest paid and capitalized to property, plant and equipment	5	(122)	(46)	(194)	(170)
Other		-	-	5	10
Net cash used by investing activities of operations		(697)	(409)	(1,308)	(834)
Cash flows from financing activities					
Net movement in trading facility		(7)	8	(15)	44
Proceeds from debt		169	100	2,346	2,276
Repayments of debt		(5)	(5)	(2,114)	(2,090)
Early redemption costs on senior notes		-	-	-	(54)
Amounts received from (paid to) joint venture (KPMC shareholder loan)	9	(45)	-	98	-
Proceeds from (payments to) joint venture (KPMC)	9	89	53	(197)	103
Dividends paid to shareholders of the Company		(3)	(3)	(3)	(3)
Dividends paid to non-controlling interest		(16)	-	(16)	-
Other		5	34	-	(20)
Net cash from financing activities of operations		187	187	99	256
Increase (decrease) in cash and cash equivalents and bank overdrafts		(103)	(17)	(6)	(134)
Cash and cash equivalents and bank overdrafts – beginning of period		810	449	702	565
Exchange gains (loss) on cash and cash equivalents		(25)	18	(14)	19
Cash and cash equivalents and bank overdrafts – end of period		682	450	682	450
Cash and cash equivalents and bank overdrafts comprising:					
Cash and cash equivalents		1,458	1,407	1,458	1,407
Bank overdrafts		(776)	(957)	(776)	(957)

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	June 30, 2018	December 31, 2017 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,458	1,296
Trade and other receivables	3	595	652
Inventories	4	1,135	1,082
Current portion of other assets	7	226	159
		3,414	3,189
Cash and cash equivalents - restricted cash		80	90
Non-current VAT receivable	3	139	140
Property, plant and equipment	5	18,080	17,173
Goodwill		237	237
Investment in joint venture		600	600
Other assets	7	111	194
Total assets		**22,661**	**21,623**
Liabilities			
Current liabilities			
Bank overdraft		776	594
Trade and other payables		675	713
Current taxes payable		172	139
Current debt	8	181	316
Current portion of provisions and other liabilities	9	88	306
		1,892	2,068
Debt	8	6,366	5,961
Provisions and other liabilities	9	1,787	1,911
Deferred revenue	10	1,342	726
Deferred income tax liabilities		822	829
Total liabilities		**12,209**	**11,495**
Equity			
Share capital	11	5,585	5,575
Retained earnings		3,685	3,612
Accumulated other comprehensive loss		(13)	(227)
Total equity attributable to shareholders of the Company		9,257	8,960
Non-controlling interests		1,195	1,168
Total equity		**10,452**	**10,128**
Total liabilities and equity		**22,661**	**21,623**
Commitments & contingencies	18		

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

First Quantum Minerals Ltd.
Interim Consolidated Statements of Changes in Equity
(unaudited)

(expressed in millions of U.S. dollars)

	Share capital	Retained earnings	Accumulated other comprehensive loss	Non-controlling interests
Balance at December 31, 2016	5,553	3,933	(292)	1,091
Share-based compensation expense for the period[1]	12	-	-	-
Total comprehensive income (loss) for the period	-	(149)	65	40
Dividends	-	(3)	-	-
Balance at June 30, 2017	5,565	3,781	(227)	1,131
Share-based compensation expense for the period[1]	10	-	-	-
Total comprehensive income (loss) for the period	-	(167)	-	37
Dividends	-	(2)	-	-
Balance at December 31, 2017	5,575	3,612	(227)	1,168
Share-based compensation expense for the period[1]	10	-	-	-
IFRS 9 and IFRS 15 transition adjustments	-	(106)	(22)	-
Total comprehensive income for the period	-	182	236	43
Dividends	-	(3)	-	(16)
Balance at June 30, 2018	**5,585**	**3,685**	**(13)**	**1,195**

[1] Inclusive of capitalized amounts

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

1 Nature of operations

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

The Company's shares are publicly listed for trading on the Toronto Stock Exchange and has 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 ("IASB") have been condensed or omitted. The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2017.

New and amended standards adopted by the Company

IFRS 9 Financial Instruments

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

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

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

(expressed in millions of U.S. dollars)

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

(expressed in millions of U.S. dollars)

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

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

Accounting standards issued but not yet effective

IFRS 16 Leases

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

The process of reviewing and evaluating contracts for the impact of IFRS 16 on the financial statements is ongoing. It is expected that the introduction of *IFRS 16* will result in an increase in assets and liabilities recognized together with an increase in depreciation and finance costs. Fewer leases will qualify for operating lease accounting through cost of sales as is the case under the current standard, and more leases are accounted for in line with current finance lease accounting.

(expressed in millions of U.S. dollars)

3 VAT receivable

	June 30, 2018	December 31, 2017
Kansanshi Mining PLC	287	240
Kalumbila Minerals Limited	99	54
First Quantum Mining and Operations (Zambia)	25	19
VAT receivable from the Company's Zambian operations	411	313
Cobre Las Cruces SA	10	10
Çayeli Bakır İşletmeleri A.Ş.	3	6
Other	1	1
Total VAT receivable	425	330
Less: current portion, included within trade and other receivables	(286)	(190)
Non-current VAT receivable	139	140

VAT receivable by the Company's Zambian operations	June 30, 2018	December 31, 2017
Receivable at date of claim	534	435
Impact of depreciation of Zambian Kwacha against U.S. dollars	(103)	(102)
	431	333
Impact of discounting non-current portion	(20)	(20)
Total receivable	411	313
Consisting:		
Current portion, included within trade and other receivables	272	173
Non-current VAT receivable	139	140

4 Inventories

	June 30, 2018	December 31, 2017
Ore in stockpiles	258	256
Work-in-progress	28	25
Finished product	262	270
Total product inventory	548	551
Consumable stores	587	531
	1,135	1,082

(expressed in millions of U.S. dollars)

5 Property, plant and equipment

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at January 1, 2018	4,686	7,881	2,374	2,232	17,173
Additions	-	1,038	-	-	1,038
Disposals	(5)	-	-	-	(5)
Transfers between categories	238	(249)	8	3	-
Restoration provision	-	-	(12)	1	(11)
Capitalized interest (note 14)	-	316	-	-	316
Depreciation charge (note 13)	(297)	-	(134)	-	(431)
Net book value, as at June 30, 2018	4,622	8,986	2,236	2,236	18,080
Cost	8,361	8,986	3,667	2,236	23,250
Accumulated depreciation	(3,739)	-	(1,431)	-	(5,170)

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

During the six months ended June 30, 2018, $316 million of interest (six months ended June 30, 2017: $228 million) was capitalized relating to the development of qualifying assets. The amount capitalized to June 30, 2018 was determined by applying the weighted average cost of borrowings of 7.2% (six months ended June 30, 2017: 7.6%) to the accumulated qualifying expenditures.

Included within capital work-in-progress and mineral properties – operating mines at June 30, 2018, is an amount of $630 million related to capitalized deferred stripping costs (December 31, 2017: $638 million).

6 Ravensthorpe

In September 2017 the Company announced its intention to suspend operations at its Ravensthorpe nickel operation and place it on care and maintenance due to the prevailing market conditions. The Company considered this decision to be an indicator of impairment and an impairment test was performed at September 30, 2017. The recoverable value of the operation was measured based on fair value less costs to sell. Economically recoverable reserves and resources, operating costs and future capital expenditure were used to determine the fair value and represents management's assessment at the time of completing the impairment testing. A long-term nickel price of $7.00 per pound and a nominal post tax rate of 10.5% (real post-tax rate of 8%) were used by management. Nickel prices used in the cash flow projections were within the range of current market consensus observed at June 30, 2018. Based on the results of discounted cash flow analysis, no impairment was recognized.

(expressed in millions of U.S. dollars)

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

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

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

7 Other assets

	June 30, 2018	December 31, 2017
Prepaid expenses	190	218
Investments	22	68
Deferred income tax assets	54	54
Derivative instruments (note 17)	71	13
Total other assets	337	353
Less: current portion of other assets	(226)	(159)
	111	194

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

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

(expressed in millions of U.S. dollars)

8 Debt

		June 30, 2018	December 31, 2017
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.00% due February 2021		1,100	1,095
First Quantum Minerals Ltd. 7.25% due May 2022		844	843
First Quantum Minerals Ltd. 7.25% due April 2023		1,089	1,088
First Quantum Minerals Ltd. 6.50% due 2024	(a)	841	-
First Quantum Minerals Ltd. 7.50% due April 2025		1,088	1,087
First Quantum Minerals Ltd. 6.875% due 2026	(b)	989	-
Kansanshi senior term loan	(c)	-	174
First Quantum Minerals Ltd. senior debt facility	(d)	-	1,767
Trading facilities	(e)	165	180
Equipment financing	(f)	33	43
Kalumbila term loan	(g)	398	-
Total debt		6,547	6,277
Less: current maturities and short term debt		(181)	(316)
		6,366	5,961
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(d)	1,500	390
Trading facilities	(e)	170	140

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

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

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

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

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

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

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

The Company may redeem some or all of the notes at any time on or after March 1, 2021, at redemption prices ranging from 105.156% in the first year to 100% from 2024, plus accrued interest. In addition, until March 1, 2021, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.875% plus accrued interest.

c) Kansanshi senior term loan

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

d) First Quantum Minerals Ltd. senior debt facility

In October 2017, the Company signed a Term Loan and Revolving Credit Facility (“RCF”) replacing the previous $1.875 billion Term Loan and RCF with its core relationship banks. The Facility of $2.2 billion comprised of a $0.7 billion Term Loan Facility, and a $1.5 billion RCF, maturing in December 2020 with repayment beginning in December 2019. Final maturity can be extended to December 2022 when certain criteria have been satisfied and at the option of the Company. Interest is charged at LIBOR plus a margin. This margin can change relative to certain financial ratios of the Company.

(expressed in millions of U.S. dollars)

On February 27, 2018, the Company repaid and extinguished the $0.7 billion Term loan and repaid the outstanding balance on the RCF. The RCF remains fully available for the Company to draw.

e) Trading facilities

The Company's metal marketing division has four uncommitted borrowing facilities totaling $335 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus a margin. The loans are collateralized by physical inventories.

f) Equipment financing

In April 2014, Sentinel entered into an agreement with Caterpillar Financial Services Corporation ("Caterpillar") to finance equipment purchases up to $102 million. The agreement is secured by equipment that was purchased from Caterpillar, incurs interest at LIBOR plus a margin and amounts are repayable over a period to 2020. Of the amount outstanding at June 30, 2018, $16 million (December 31, 2017: $20 million) is due within twelve months of the balance sheet date.

g) Kalumbila term loan

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

9 Provisions and other liabilities

	June 30, 2018	December 31, 2017
Restoration provisions	601	618
Amount owed to joint venture	763	925
Derivative instruments (note 17)	14	288
Non-current consideration for acquisition of joint venture[1]	254	244
Other	243	142
Total other liabilities	1,875	2,217
Less: current portion	(88)	(306)
	1,787	1,911

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

Amount owed to joint venture

In September 2013, the Company and KPMC entered into a shareholder loan agreement with Minera Panama S.A ("MPSA") for development of the Cobre Panama project, in which KPMC is a 20% shareholder. Interest is calculated semi-annually at an annual rate of 9%. In November 2017, the Company acquired a 50% interest in KPMC from LS-Nikko Copper Inc. inclusive of the above shareholder loans.

	June 30, 2018	December 31, 2017
Balance at the beginning of the period	925	596
Repayment of shareholder loans	(356)	-
Cash calls paid to MPSA for the development of Cobre Panama	159	264
Interest accrued	35	65
Balance at end of period due to KPMC	763	925

Following completion of the additional precious metal streaming agreement with Franco Nevada, the receipt of $356 million proceeds by MPSA was used entirely to repay shareholder loans by MPSA to KPMC. Of this $356 million shareholder loan repayment, $178 million was received by the Company. At June 30, 2018: $35 million is due from the Company to KPMC and is included within non-current provisions and other liabilities (December 31, 2017: $45 million non-current receivable).

(expressed in millions of U.S. dollars)

The cash received by the Company from KPMC in the period is presented net of cash calls of $80 million paid by the Company to KPMC in the six months ending June 30, 2018.

As at June 30, 2018, the accrual for interest payable is $186 million (December 31, 2017: $151 million) and is included in the carrying value of the amount owed to joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

10 Deferred revenue

	June 30, 2018	December 31, 2017
Balance at the beginning of the period	726	462
Change in accounting policy - IFRS 15 (note 2)	74	-
Balance at the beginning of the period, as adjusted	800	462
Cash deposits received from Franco Nevada – Tranche 1	159	264
Cash deposits received from Franco Nevada – Tranche 2	356	-
Accretion of finance costs	27	-
Balance at the end of the period	1,342	726

On March 16, 2018 the Company completed an additional precious metal streaming agreement with a subsidiary of Franco Nevada Corporation. $356 million was received on completion.

11 Share capital

a) Common shares

Authorized

Unlimited common shares without par value

Issued

	Number of shares (000's)
Balance as at December 31, 2017	689,384
Shares issued through Dividend Reinvestment Plan	2
Balance as at June 30, 2018	689,386

b) Earnings (loss) per share

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Basic and diluted (loss) earnings attributable to shareholders	135	(35)	182	(149)
Basic weighted average number of shares outstanding (000's of shares)	686,423	685,845	686,413	685,844
Effect of potential dilutive securities:				
Treasury shares	2,962	3,532	2,972	3,540
Diluted weighted average number of shares outstanding	689,385	685,845	689,385	685,844
Earnings (loss) per share – basic (expressed in $ per share)	0.20	(0.05)	0.27	(0.22)
Earnings (loss) per share – diluted (expressed in $ per share)	0.20	(0.05)	0.26	(0.22)

(expressed in millions of U.S. dollars)

c) Dividends

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

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

12 Sales revenues by nature

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Copper	951	655	1,749	1,298
Gold	59	66	120	120
Zinc	16	11	28	26
Other[1]	23	11	37	22
Nickel	-	39	-	82
	1,049	782	1,934	1,548

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

13 Cost of sales

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Costs of production	(535)	(504)	(1,051)	(991)
Depreciation	(206)	(223)	(431)	(422)
Movement in inventory	(19)	7	(2)	10
Movement in depreciation in inventory	(18)	4	2	(10)
	(778)	(716)	(1,482)	(1,413)

14 Finance costs

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Interest expense on financial liabilities measured at amortized cost	(163)	(118)	(325)	(234)
Accretion on restoration provision	(3)	(3)	(7)	(6)
Total finance costs	(166)	(121)	(332)	(240)
Less: interest capitalized (note 5)	160	115	316	228
	(6)	(6)	(16)	(12)

15 Income tax expense

A tax expense of $176 million was recorded for the six months ended June 30, 2018, (six months ended June 30, 2017: $112 million tax expense) reflecting applicable statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 35%. No tax credits have been recognized with respect to losses realized under the Company's sales hedge program and costs incurred for the early repayment of borrowings.

(expressed in millions of U.S. dollars)

16 Segmented information

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

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

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

Earnings by segment

For the three-month period ended June 30, 2018, segmented information for the interim statement of earnings / (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	428	(186)	(61)	(17)	164	(59)
Sentinel	392	(250)	(74)	(7)	61	(13)
Las Cruces	133	(38)	(51)	5	49	(12)
Guelb Moghrein	64	(40)	(11)	(2)	11	(3)
Çayeli	36	(16)	(10)	2	12	(7)
Pyhäsalmi	38	(13)	(15)	10	20	(1)
Ravensthorpe	-	(2)	(2)	-	(4)	2
Corporate & other[3]	(42)	(9)	-	(17)	(68)	3
Total	1,049	(554)	(224)	(26)	245	(90)

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

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

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

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

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	350	(152)	(57)	7	148	(54)
Sentinel	256	(182)	(62)	(3)	9	-
Las Cruces	111	(36)	(53)	(4)	18	1
Guelb Moghrein	67	(41)	(15)	(1)	10	2
Çayeli	16	(9)	(8)	-	(1)	-
Pyhäsalmi	35	(13)	(17)	(3)	2	-
Ravensthorpe	44	(58)	(7)	-	(21)	6
Corporate & other[3]	(97)	(6)	-	(16)	(119)	(11)
Total	782	(497)	(219)	(20)	46	(56)

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

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

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

(expressed in millions of U.S. dollars)

For the six-month period ended June 30, 2018, segmented information for the interim statement of earnings / (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	821	(363)	(121)	(13)	324	(98)
Sentinel	777	(474)	(142)	(8)	153	(36)
Las Cruces	264	(76)	(102)	3	89	(23)
Guelb Moghrein	124	(75)	(21)	(4)	24	(6)
Çayeli	35	(18)	(13)	2	6	(5)
Pyhäsalmi	76	(27)	(27)	5	27	(3)
Ravensthorpe	-	(4)	(3)	-	(7)	3
Corporate & other[3]	(163)	(16)	-	(29)	(208)	(8)
Total	1,934	(1,053)	(429)	(44)	408	(176)

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

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

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

For the six-month period ended June 30, 2017, segmented information for the statement of earnings is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss)[1]	Income tax (expense) credit
Kansanshi[2]	790	(395)	(143)	7	259	(91)
Sentinel	445	(280)	(101)	(4)	60	(10)
Las Cruces	230	(74)	(100)	(4)	52	(7)
Guelb Moghrein	108	(66)	(24)	(1)	17	(4)
Çayeli	36	(21)	(14)	-	1	(1)
Pyhäsalmi	71	(24)	(33)	(4)	10	(3)
Ravensthorpe	89	(112)	(16)	-	(39)	12
Corporate & other[3]	(221)	(9)	(1)	(32)	(263)	(8)
Total	1,548	(981)	(432)	(38)	97	(112)

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

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

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

(expressed in millions of U.S. dollars)

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2018			December 31, 2017		
	Non-current assets[1]	Total assets	Total liabilities	Non-current assets[1]	Total assets	Total liabilities
Kansanshi[2]	2,874	4,383	940	2,789	4,326	1,075
Sentinel	3,145	3,597	660	3,162	3,627	226
Las Cruces	575	1,166	359	668	1,186	369
Guelb Moghrein	152	286	71	160	297	75
Çayeli	118	361	40	129	386	68
Pyhäsalmi	61	220	72	90	208	70
Ravensthorpe	708	790	160	718	798	168
Cobre Panama[3]	9,453	9,758	2,374	8,322	8,619	1,881
Corporate & other[4]	1,167	2,100	7,533	1,193	2,176	7,563
Total	18,253	22,661	12,209	17,231	21,623	11,495

[1] Non-current assets include $18,080 million of property plant and equipment (December 31, 2017: $17,209 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

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

[4] Included within the corporate segment are assets relating to the Haquira project, $681 million (December 31, 2017: $678 million), and to the Taca Taca project, $431 million (December 31, 2017: $430 million).

Capital expenditure by segment

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

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Kansanshi	54	43	82	69
Sentinel	59	32	114	56
Las Cruces	10	6	15	9
Guelb Moghrein	3	2	11	8
Çayeli	2	1	4	2
Pyhäsalmi	-	-	-	-
Cobre Panama	443	272	781	515
Ravensthorpe	-	7	-	12
Corporate & other	4	-	7	3
Total	575	363	1,014	674

(expressed in millions of U.S. dollars)

17 Financial instruments

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

	Amortized cost	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables[1]	309	-	-	309
Derivative instruments in designated hedge relationships	-	34	-	34
Other derivative instruments[2]	-	37	-	37
Investments[3]	-	-	22	22
Financial liabilities				
Trade and other payables	675	-	-	675
Other derivative instruments[2]	-	14	-	14
Finance leases	19	-	-	19
Liability to joint venture	763	-	-	763
Debt	6,547	-	-	6,547

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

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

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

The following provides a comparison of carrying and fair values of each classification of financial instruments at December 31, 2017 on the same classification basis as above (original measurement categories under IAS 39 are presented in note 2):

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

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

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

[3] The Company holds investments in privately held entities which were measured at cost.

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

(expressed in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts[1]	25	-	-	25
Derivative instruments – OTC contracts[2]	-	46	-	46
Investments[3]	9	-	13	22
Financial liabilities				
Derivative instruments – LME contracts[1]	14	-	-	14
Derivative instruments – OTC contracts[2]	-	-	-	-

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

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

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

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2017, in the fair value hierarchy:

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

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

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

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

Derivatives designated as hedged instruments

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

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper forward	25,000	$3.15/lb	$3.01/lb	December 2018
Copper zero cost collar	98,000	$3.04 - 3.45/lb	$3.01/lb	June 2019

(expressed in millions of U.S. dollars)

Other derivatives

As at June 30, 2018, the Company had entered into the following derivative contracts for copper, gold and zinc in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site and the date agreed for pricing the final settlement.

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

	Open Positions (tonnes/ounces)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	50,402	$3.21/lb	$3.01/lb	October 2018
Gold	16,382	$1,259/oz	$1,250/oz	August 2018
Zinc	3,550	$1.39/lb	$1.34/lb	September 2018
Commodity contracts:				
Copper	51,375	$3.21/lb	$3.01/lb	October 2018
Gold	16,382	$1,259/oz	$1,250/oz	August 2018
Zinc	3,550	$1.39/lb	$1.34/lb	September 2018

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

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

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

	June 30, 2018	December 31, 2017
Commodity contracts:		
Asset position	71	13
Liability position	(14)	(288)

18 Commitments & contingencies

Capital commitments

In conjunction with the development of Cobre Panama, the Company has committed to $624 million (December 31, 2017: $628 million) in capital expenditures.

Other commitments & contingencies

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

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

Settlement discussions took place in May 2017 in Lusaka with the Government of the Republic of Zambia ("GRZ") and ZCCM. A comprehensive package of information was furnished by the Company to GRZ and ZCCM with a suggestion that settlement talks resume in due course once the information has been analyzed and responded to.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company's treasury entity FQM Finance between 2007 and 2015. The funds on deposit were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations.

The entirety of the deposit sums has been paid down from FQM Finance to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient.

Several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court has since granted leave to appeal against this judgment and the litigants have agreed to a stay pending the appeal. The Court of Appeal proceedings have been scheduled for August 24, 2018.

A panel of arbitrators was appointed in the Arbitration. The Arbitration required ZCCM to petition the Arbitral Tribunal for permission to maintain the derivative action. A hearing in the Arbitration on whether permission is granted or denied took place in January 2018. The Arbitral Tribunal heard arguments from both sides for three days. On February 22, 2018, the Arbitral Tribunal issued a ruling denying ZCCM permission to continue the proceedings. On March 21, 2018 ZCCM served an application seeking to challenge the Arbitral Tribunal's ruling through the English court. On June 1, 2018, despite being severely out of time, ZCCM sought to amend its application for additional grounds on which to challenge the Arbitral Tribunal's ruling, to which KMP objected. A hearing on ZCCM's application is expected to take place in the first quarter of 2019.