

# First Quantum Minerals Reports Second Quarter 2020 Results

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TORONTO, July 28, 2020 - [First Quantum Minerals Ltd.](#) ("First Quantum" or the "Company") (TSX:FM) today reported results for the three and six months ended June 30, 2020. The Company reported, for the three months ended June 30, 2020 (&#8220;Q2&#8221;), a comparative *loss*<sup>1</sup> of \$84 million (\$0.12 *loss* per share<sup>1</sup>), net *loss* attributable to shareholders of the Company<sup>1</sup> of \$156 million (\$0.23 *loss* per share<sup>1</sup>) and cash flows from operating activities of \$155 million (\$0.23 per share<sup>1</sup>).

&#8220;Although the second quarter of 2020 has brought unprecedented challenges around the globe, the Company has shown resilience and performed very well financially and operationally. Copper production from our Zambian operations, in particular, was strong and Sentinel achieved record low unit costs for the quarter. Our organization has had to change and adapt in order to protect the health and welfare of our workforce and communities, while ensuring the continuation of the business in these uncertain times. With this in mind, we&#8217;ve been proactive in taking steps to provide stability to future cashflows with the expansion of our sales hedge program in July, as copper prices continue to rise significantly from low prices experienced for much of the quarter,&#8221; *commented Philip Pascall, Chairman and CEO.* &#8220;We are indebted to our workforce at the front line in our mines, many of whom have been unable to return to their family and homes for long periods as a result of quarantine requirements, rotation timings and travel restrictions. I would like to thank all of our people who have made these personal sacrifices and recognize the significant contribution they continue to make to the success of the business. I would also like to express our sincere condolences to those who have been ill and especially to the families and colleagues of the five employees and contractors who very sadly died in Panama.&#8221;

SECOND QUARTER SUMMARY:

- Operational Highlights:
  - 169,059 tonnes of total copper production<sup>2</sup> in Q2, comparable to the same period of 2019, including 21,733 tonnes of copper production from Cobre Panama while on preservation and safe maintenance.
  - Q2 cost of copper production<sup>3</sup>: all-in sustaining cost (&#8220;AISC&#8221;) of \$1.62 per lb and cash cost (&#8220;C1&#8221;) of \$1.20 per lb, 8% and 9% lower, respectively, than the comparable period in 2019; total unit costs, C1 and AISC are at the lowest level achieved in three years.
  - 54,651 ounces of total gold production in Q2, an 8% decrease from the comparable period of 2019.
  - 1,979 tonnes of total nickel production<sup>2</sup> in Q2 as Ravensthorpe continued to ramp up production. The first shipment of nickel occurred in May with a successive shipment in June and monthly shipments are expected for the remainder of the year. Ravensthorpe is expected to continue ramping up through the third quarter.
  - Sentinel performed exceptionally in the quarter, with its highest production since 2018 of 60,761 tonnes, and record low costs for the operation, C1 costs for the quarter of \$1.36 per lb. Throughput increased significantly resulting in an 11% increase in copper production, while lower fuel prices and currency depreciation, coupled with increased production, improved costs.
  - Kansanshi delivered another robust performance with higher throughput and recoveries on the sulphide and mixed ore circuits ensuring overall production was in line with the same quarter in 2019.
  - Guelb Moghrein delivered production consistent with same period in 2019 with significantly lower costs. C1 costs of \$0.48 per lb were 47% lower than the same period in 2019 driven by lower mining and fuel costs and the lowest in a decade. AISC of \$0.87 per lb was 27% lower than the same period in 2019 and the lowest ever reported.
  - Las Cruces production was higher than the same period in 2019 as a result of operating at normal throughput levels compared to the second quarter of 2019, which was impacted by a land slippage.
  - Cobre Panama's production was significantly impacted in the quarter as a result of being placed on preservation and safe maintenance on April 7, 2020 following suspension of labour activities due to COVID-19. During this suspension, the port and power plant continued operations in order to supply essential electrical power into the Panama national grid, and to sustain the preservation and safe maintenance activities. On July 3, 2020 the temporary suspension orders at Cobre Panama were lifted and on July 7, 2020, the Company announced the resumption of normal operations and the commencement of the reopening plan for the ramp up of operations, full production levels are expected to be reached by mid-August.
  - Kansanshi smelter processed 273,673 dry metric tonnes of copper concentrate, produced 66,905 tonnes of copper anode and 264,000 tonnes of sulphuric acid, lower than the comparable period in 2019 as a result of lower throughput due to a planned maintenance shutdown in the quarter.

	Three months ended		Six months ended	
	June 30		June 30	
(U.S. dollars where applicable)	2020	2019	2020	2019
<b>COPPER</b>				
- Production <sup>2</sup> (tonnes)	169,059	168,399	364,344	305,368
- Sales <sup>4</sup> (tonnes)	159,944	149,333	349,897	279,595
- Cost of production <sup>3</sup> :				
o AISC (per lb)	\$1.62	\$1.77	\$1.63	\$1.77
o C1 (per lb)	\$1.20	\$1.32	\$1.25	\$1.33
o C3 (per lb)	\$2.08	\$2.17	\$2.14	\$2.19
- Realized price (per lb)	\$2.60	\$2.80	\$2.58	\$2.80
<b>GOLD</b>				
- Production (ounces)	54,651	59,647	123,439	109,004
- Sales (ounces) <sup>5</sup>	54,591	56,922	128,373	103,712

## ● Financial Highlights

- Sales revenues for the quarter of \$1,014 million, an increase of 8% from the comparable period of 2019 primarily driven by copper and gold sales from Cobre Panama and higher sales from Las Cruces offset by lower realized copper prices and the timing of sales at Sentinel delayed by an outage at a third party smelter.
- \$155 million of cash flows from operating activities (\$0.23 per share<sup>1</sup>) generated during the quarter was slightly lower than the same period in 2019 as a result of a \$26 million increase in taxes paid.
- Gross profit of \$141 million for the quarter compared to \$196 million for the same period in 2019.
- Comparative EBITDA<sup>1</sup> of \$352 million for the quarter compared to \$376 million for the same period in 2019.
- Realized price for copper of \$2.60 per lb for the quarter was 7% lower than the same period in 2019. This compares to a decrease of 12% in the London Metal Exchange (&#8220;LME&#8221;) average copper price, to \$2.43 per lb, for the same period.
- The Company&#8217;s copper sales hedge program contributed \$77 million (\$0.22 per lb) to sales revenues in the quarter, compared to a \$19 million sales hedge gain (\$0.06 per lb) in the same quarter of 2019. The Company&#8217;s nickel sales hedge program contributed \$9 million to sales revenues in the quarter.
- Subsequent to the end of the quarter, as a result of increased copper prices and given uncertainty around the impact of COVID-19, the Company has taken the opportunity to extend its copper sales hedge program to mitigate any future price risk. At July 28, 2020, the Company had hedge positions for 416,200 tonnes of copper using unmarginated copper forward and zero cost collar sales contract with an average floor price of \$2.70 per lb. This represents approximately half of the Company&#8217;s expected sales for the next 12 months.
- Ended the quarter with \$882 million in net unrestricted cash and cash equivalents, current working capital of \$1,078 million and is in full compliance with all financial covenants.

	Three months ended June 30		Six months ended June 30	
<i>(U.S. dollars millions, except where noted otherwise)</i>	2020	2019	2020	2019
Sales revenues	1,014	939	2,196	1,796
Gross profit	141	196	288	381
Net earnings (loss) attributable to shareholders of the Company				
Company	(156)	78	(218)	131
Basic and diluted earnings (loss) per share	(\$0.23)	\$0.11	(\$0.32)	\$0.19
Comparative EBITDA <sup>1,6</sup>	352	376	786	744
Comparative earnings (loss) <sup>1</sup>	(84)	87	(163)	182
Comparative earnings (loss) per share <sup>1</sup>	(\$0.12)	\$0.13	(\$0.24)	\$0.26
Cash flow from operating activities	155	179	628	338
Cash flow from operating activities per share <sup>1</sup>	\$0.23	\$0.26	\$0.91	\$0.49

<sup>1</sup> Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss). Comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. Refer to the &#8220;Regulatory Disclosures&#8221; section in the MD&A for the period ended June 30, 2020 for further information.

<sup>2</sup> Production is presented on a contained basis and is presented prior to processing through the Kansanshi smelter.

<sup>3</sup> AISC, C1 and C3 costs per pound are not recognized under IFRS. Refer to the &#8220;Regulatory Disclosures&#8221; section in the MD&A for the period ended June 30, 2020 for further information. C1, C3 and AISC costs exclude third-party concentrate purchased at Kansanshi.

<sup>4</sup> Copper sales exclude the sale of copper anode produced from third-party concentrate purchased at Kansanshi. Sales of copper anode attributable to third-party concentrate purchases were nil for the three and six months ended June 30, 2020 (nil and 1,182 tonnes for the three and six months ended June 30, 2020, respectively).

<sup>5</sup> Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement.

<sup>6</sup> Adjustments to comparative EBITDA in the second quarter of 2020 relate principally to foreign exchange (foreign exchange and write-off of assets and costs associated with the land slippage at Las Cruces in the second quarter of 2019).

- COVID-19 impacts

The Company continues to focus on measures to prevent and manage the transmission of COVID-19 amongst the workforce and the wider community. When COVID-19 was declared an international public health emergency by the World Health Organization in late January, the Company moved quickly to introduce health and sanitation protocols across all of its sites in compliance with both local and international guidelines. These health protocols continue to be reviewed and adjusted as needed. In Panama, the Company is supporting the wider community with donations of medical equipment and supplies, as well as responding to the Panamanian Government's request to support families in need with food and supplies. In Zambia, the Company has pledged financial support for the provision of medical logistics support in the Solwezi and Kalumbila districts of North-Western Zambia. In addition to increased medical facility resilience initiatives at the mine clinics in Mauritania, Zambia and Panama, COVID-19 protective measures to minimize person-to-person transmission in the work place and protect business continuity have been implemented across all operations.

Tragically, five employees/contractors from Cobre Panama succumbed to symptoms associated with COVID-19 in April and May. The Company extends its deepest sympathies to their families and colleagues and is grateful to the dedicated health professionals in Panama who treated them in hospital and those who have been working to resolve the wider pandemic in the country. Cobre Panama has undertaken a deep disinfection program and has developed heightened health protocols at the highest international standards and which are regularly inspected by the Ministry of Health of the Republic of Panama (MINSA). These strict protocols and sanitary vigilance remain in place as a new normal way of working. During preservation and safe maintenance there were approximately 800 personnel onsite, which will be gradually increased in compliance with Cobre Panama's reopening plan and in line with MINSA guidelines as the operation ramps up to full production, expected by mid-August. There are approximately 1,450 personnel currently onsite.

The Company's other operations have not been significantly impacted by restrictions arising from COVID-19, with the exception of Las Cruces, which recommenced mining activities on April 13, 2020, after a two-week suspension to mining activities, during which the operation continued to process stockpiles.

Production guidance for Cobre Panama for 2020 has been revised to 180,000 to 200,000 tonnes of copper and 70,000 to 80,000 ounces of gold. Guidance for production at all other copper operations remains unchanged from previously disclosed.

## 2020 GUIDANCE REVISIONS

Production guidance has been reduced for copper by 30,000 tonnes at the bottom end of the range previously given and 35,000 tonnes at the top end to 725,000 to 770,000 tonnes and gold by 20,000 ounces to 230,000 to 250,000 ounces to reflect current assumptions at Cobre Panama following the lifting of temporary suspension orders on July 3, 2020. Guidance on Ravensthorpe production has been narrowed to 15,000 to 17,000 tonnes of nickel.

C1 and AISC cost guidance remains unchanged.

Guidance for total capital expenditure is unchanged at \$675 million but with a change in mix between capitalized stripping and other capital expenditure. The reduction in capitalized stripping to \$175 million, reflects latest mine plans and reduced activity at Cobre Panama during the second quarter. The increase in sustaining capital and other projects to \$500 million, reflects essential expenditure on mining fleet and equipment as well as latest phasing of capital expenditure.

Guidance for the Company's sustaining capital and other projects includes expenditure relating to Cobre Panama for construction work for the tailings management facility and development work associated with the expansion to 100 mtpa capacity. Other projects in 2020 include the Shoemaker Levy deposit at Ravensthorpe, and some spend on the fourth crusher at Sentinel. Underlying sustaining capital expenditure is expected to be approximately \$220 million in 2020.

Guidance on 2020 interest expense of between \$770 and \$810 million, and effective tax rate of 30%, remain

unchanged from previously disclosed. Depreciation for the full year 2020 is now expected to be approximately \$1,250 million, a reduction of \$50 million to reflect lower production at Cobre Panama.

#### Production Guidance

2020  
 Copper (tonnes) 725 - 770  
 Gold (ounces) 230 - 250  
 Nickel (tonnes) 15 - 17

#### Cash Cost and All-In Sustaining Cost

Copper (\$/ lb) 2020	
C1	1.20 - 1.35
AISC	1.65 - 1.80

#### Capital Expenditure

\$ million	2020
Capitalized stripping	175
Sustaining capital and other projects	500
Total capital expenditure	675

Guidance provided is based on a number of assumptions and estimates as of June 30, 2020, including among other things, assumptions about metal prices and anticipated costs and expenditures. The unprecedented challenges presented by COVID-19 pose some additional risk to the accuracy of forward looking information. Production guidance and cost guidance includes current assumptions on the impact of COVID-19 on operations. Guidance involves estimates of known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different. *(Please see the Company's Management Discussion and Analysis for the period ending June 30, 2020 for additional detail.)*

#### CONFERENCE CALL & WEBCAST

Conference call and webcast details are as follows:

Date: July 29, 2020  
 Time: 9:00 am (EDT); 2:00 pm (BST); 6:00 am (PDT)  
 Webcast: [www.first-quantum.com](http://www.first-quantum.com)  
 Dial in: North America (toll free): (877) 291-4570  
 North America and international: (647) 788-4919  
 Replay: Available from noon (EDT) on July 29, 2020 until 11:59 pm (EDT) on August 12, 2020  
 North America (toll free): (800) 585-8367  
 North America and international: (416) 621-4642  
 Passcode: 1388802

**COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 The complete Consolidated Financial Statements and Management's Discussion and Analysis for the period ended June 30, 2020 are available at [www.first-quantum.com](http://www.first-quantum.com) and should be read in conjunction with this news release.

For further information visit our website at [www.first-quantum.com](http://www.first-quantum.com)

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#### CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at Enterprise and post-completion construction activity at Cobre Panama and are subject to the impact of ore grades on future production, the potential of production disruptions, potential production, operational, labour or marketing disruptions as a result of the COVID-19 global pandemic (including but not limited to the temporary suspension of labour activities at Cobre Panama implemented in April 2020), capital expenditure and mine production costs, the outcome of mine permitting, other required permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, silver, nickel, zinc, pyrite, cobalt, iron and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

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

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

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