

# First Quantum Minerals Reports Third Quarter 2017 Results

26.10.2017 | [CNW](#)

(In United States dollars, except where noted otherwise)

TORONTO, Oct. 26, 2017 /CNW/ - [First Quantum Minerals Ltd.](#) ("First Quantum" or the "Company", TSX Symbol "FM") announced a comparative loss<sup>1</sup> of \$28 million (\$0.04 per share<sup>1</sup>), net loss from continuing operations attributable to shareholders of the Company<sup>1</sup> of \$52 million (\$0.08 per share) and cash flows from continuing operating activities of \$267 million (\$0.42 per share<sup>1</sup>) for the three months ended September 30, 2017. The results include a \$157 million loss realized under the copper hedge program for which no tax credit is available.

## THIRD QUARTER 2017 SUMMARY<sup>2</sup>

- Good Overall Operational Performance:
  - Continued strong copper production<sup>3</sup> with 145,376 tonnes:
    - The Sentinel mine turned in its strongest performance to date despite reduced power supply for about two weeks.
    - Its throughput increased to 11.4 million tonnes of ore, average recovery improved to 89%, producing 145,376 tonnes of concentrate and unit cost lowered to \$2.05 and \$1.62 per pound for all-in sustaining cost and cash cost respectively.
  - Maintained low unit copper production cost<sup>4</sup>: All-in sustaining ("AISC") = \$1.75 per pound; Cash cost ("C1") = \$1.62 per pound; Total cost ("C3") = \$2.03 per pound.
  - Set a new quarterly copper sales record of 148,894 tonnes: Reduced copper anode inventory to approximately 56,000 tonnes from about 56,000 tonnes at the end of the second quarter.
- A Robust Project Development Program:
  - Cobre Panama development capital estimate revised; project advanced to 63% completion:
    - Our estimate now stands at \$5.71 billion. This includes the cost of rectification of certain components at the power station, additional spare equipment purchases and several improvements derived from our experience at the Kansanshi smelter, which are expected to benefit start-up, operations and future sustaining cost reductions. We continue to evaluate other enhancements including the installation of an eighth mill and a new water treatment plant, which would add to the current estimate.
    - Capital estimate for 2017 is now \$1,250 million with our share being \$750 million assuming the current ownership.
    - Commissioning activities for the first generating set of the power station and shared facilities are progressing.
    - The entire project remains scheduled for phased commissioning during 2018, with continued ramp-up.
  - We are continuing environmental impact assessment studies at our advanced-stage exploration projects, Hycroft and Hycroft-Taca, with the aim of having the necessary information available to support go-forward decisions in 2019.
- Continuing To Further Strengthen The Balance Sheet And Manage Operational And Price Risk:
  - On October 19, 2017, we signed an agreement to refinance our corporate facilities with a new \$2.2 billion F-143 agreement, which includes improvements to the interest rate, financial covenants and amortization schedule.
  - We continue to advance the process to put in place project financing for the Cobre Panama project towards completion, with drawdown expected in the first quarter of 2018.
  - At October 26, 2017, our copper sales hedge program consisted of unsettled and unmarginated sales hedges for 120,500 tonnes with maturities to September 2018 at an average price of \$2.51 per pound and zero cost collar unmarginated contracts for 120,500 tonnes at a spread of \$2.56 - \$3.37 per pound with maturities to December 2018.
  - We remain in full compliance with all financial covenants and ended the quarter with \$508 million of committed facilities and \$476 million in net unrestricted cash and net cash equivalents.
- Corporate And Other Developments:

- ● Kansanshi and Sentinel are being provided unrestricted power for the first time since July 2015:
  - ● This follows an agreement on a tariff increase, to approximately \$0.09 per kilowatt hour, provided we meet a portion of our total power requirements from alternative suppliers.
- Increasing our ownership in Minera Panama, which holds the concession to Cobre Panama, to 90%:
  - ● We expect to close this agreement and the associated additional precious metals stream agreement in the next quarter.
- Ravensthorpe Placed On Care And Maintenance Effective October 2017:
  - ● No impairment of the operation has been recognized based on the higher longer term consensus nickel price.
  - ● We are reviewing market conditions regularly for the potential restart of operations while continuing with the process for the Shoemaker Levy deposit.

<sup>1</sup> Net earnings (loss) attributable to shareholders of the Company and Earnings before interest, tax, depreciation, amortization and impairment ("EBITDA") have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss) and comparative EBITDA. EBITDA, 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 standard 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 "Regulatory Disclosures" section in the Management Discussion and Analysis for the quarter ended September 30, 2017 for further information.

<sup>2</sup> On June 1, 2016 the sale of the Kevitsa mine was completed. In accordance with the requirements of IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, the financial and operating information presented for 2016 exclude the Kevitsa mine.

<sup>3</sup> Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

<sup>4</sup> AISC, C1 and C3 cost per pound are not recognized under IFRS. Refer to the "Regulatory Disclosures" section in the Management Discussion and Analysis for the quarter ended September 30, 2017 for further information.

## CEO's COMMENTS

"This was a very constructive quarter for First Quantum as we made significant progress towards several of our key objectives. I am pleased to have been named Chairman and CEO of the Company. I was joined by our newly appointed Philip Pascall, Chairman and CEO.

"On our copper growth objective, it is pleasing to see Sentinel's performance as the steps taken earlier this year gain traction. The Kevitsa mine has already made a meaningful impact on our production and sales volumes, and we have set yet another quarterly production benchmark. With unrestricted power now being provided to both our operations in Zambia, Sentinel is well positioned to continue to be one of the pillars in the Company's production.

"Like many in our industry, strengthening the financial position has been a key objective. Our recent refinancing, together with other initiatives successfully executed over the past two years, has accomplished a lot in that regard. Our copper sales hedge program was important to protect financial covenants in the turbulent price environment of the past few years. However, with our improved financial position and the more positive sentiment for base metals, it is now appropriate to employ other financial instruments to protect against the downside risk while enabling our shareholders to benefit more from the better market environment.

"First Quantum's growth in copper is set to continue in the near-term with the construction of our tier-one Cobre Panama project which is expected to start phased commissioning within 12 months. Our imminent acquisition of an additional 10% interest in the project reinforces our confidence not only in this project, but also in the strong fundamentals for copper. We are very pleased that this opportunity became available when it did and that we have been able to reach agreement with LS-Nikko Copper to match the timetable for the development and commissioning of Cobre Panama," Mr. Pascall concluded.

## OPERATING HIGHLIGHTS<sup>4</sup>

	Three months ended September 30		Nine months ended September 30	
(U.S. dollars where applicable)	2017	2016	2017	2016

#### COPPER

- Production (tonnes)	145,376	142,721	419,644	393,357
- Sales (tonnes)	148,894	136,051	428,225	399,348
- Cost of production:				
o AISC (per lb)	\$1.75	\$1.36	\$1.62	\$1.35
o C1 (per lb)	\$1.21	\$0.97	\$1.20	\$0.99
o C3 (per lb)	\$2.03	\$1.74	\$2.01	\$1.80
- Realized price (per lb)	\$2.37	\$2.23	\$2.28	\$2.27

#### NICKEL

- Production (contained tonnes)	6,325	5,330	17,837	17,418
- Sales (contained tonnes)	7,099	5,454	17,818	19,809
- Cost of production:				
o AISC (per lb)	\$4.67	\$5.90	\$5.32	\$5.39
o C1 (per lb)	\$4.16	\$5.01	\$4.46	\$4.72
o C3 (per lb)	\$5.77	\$6.71	\$6.12	\$6.40
- Realized price (per payable lb)	\$4.77	\$4.68	\$4.63	\$4.17

#### GOLD

- Production (ounces)	47,213	52,957	147,832	159,778
- Sales (ounces)	51,729	54,124	150,653	187,163

#### FINANCIAL HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
(U.S. dollars millions, except where noted otherwise)	2017	2016	2017	2016
Sales revenues	877	605	2,425	1,984
Gross profit	83	80	218	287
Net earnings (loss) from continuing operations attributable to shareholders of the Company	(52)	36	(201)	210
Net loss from discontinued operations	-	-	-	(267)
Net earnings (loss) per share from continuing operations attributable to shareholders of the Company	(\$0.08)	\$0.05	(\$0.29)	\$0.31
Net earnings (loss) per share <sup>5</sup>	(\$0.08)	\$0.05	(\$0.29)	(\$0.08)
Basic and diluted earnings (loss) per share <sup>5</sup>	(\$0.08)	\$0.05	(\$0.29)	(\$0.08)
Comparative EBITDA	304	220	836	746
Comparative earnings (loss)	(28)	37	(75)	138
Comparative earnings (loss) per share	(\$0.04)	\$0.05	(\$0.11)	\$0.20
Cash flows from continuing operating activities	267	263	711	821

<sup>5</sup> 2016 figures include discontinued operations.

#### CONFERENCE CALL & WEBCAST

Conference call and webcast details are as follows:

Date: October 27, 2017

Time: 9:00 am (Eastern); 2:00 pm (British); 6:00 am (Pacific)

Webcast: [www.first-quantum.com](http://www.first-quantum.com)

Dial in: North America: (toll free) 1 877 291 4570

North America and international: 1 647 788 4919

United Kingdom: (toll free) 0 800 051 7107

Replay: Available from noon (Eastern) on October 27 until 11:59 pm (Eastern) on November 10, 2017

North America: (toll free) 1 800 585 8367

North America and international: 1 416 621 4642

Passcode: 1057757

## COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The complete unaudited consolidated financial statements and Management's Discussion and Analysis for the quarter ended September 30, 2017 are available at [www.first-quantum.com](http://www.first-quantum.com) and should be read in conjunction with this news release.

On Behalf of the Board of Directors of [First Quantum Minerals Ltd.](#)  
G. Clive Newall  
President

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

## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about continuing production at all operating facilities, the price of copper, gold, nickel, zinc, pyrite, cobalt and sulphuric acid, anticipated costs

and expenditures and the ability to achieve the Company's goals. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, the temporary or permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Mauritania and Panama, labour disruptions, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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

~~Source~~ [First Quantum Minerals Ltd.](#)

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