

# First Quantum Minerals Reports Fourth Quarter and Full Year 2019 Results

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TORONTO, Feb. 13, 2020 - [First Quantum Minerals Ltd.](#) ("First Quantum" or the "Company") (TSX:FM) today reported for the three months ended December 31, 2019 (Q4) comparative earnings<sup>1</sup> of \$35 million (\$0.05 per share<sup>1</sup>), net loss attributable to shareholders of the Company<sup>1</sup> of \$115 million (\$0.17 loss per share<sup>1</sup>) and cash flows from operating activities of \$400 million (\$0.58 per share<sup>1</sup>).

For the full year 2019, the Company reports comparative earnings<sup>1</sup> of \$249 million (\$0.36 per share<sup>1</sup>), net loss attributable to shareholders of the Company<sup>1</sup> of \$57 million (\$0.08 loss per share<sup>1</sup>) and cash flows from operating activities of \$889 million (\$1.29 per share<sup>1</sup>).

## CEO'S COMMENTS

2019 saw the Company achieve record production in Q4 and for the year overall. We are now well on our way to our goal of producing more than 800,000 tonnes of copper a year, expanding our geographies, making us one of the largest global copper producers with a highly competitive cost base, said Philip Pascall, Chairman and CEO. This outcome was only possible due to the highly successful commissioning of Cobre Panama, an enormous project by any standard, which was completed in the year.

All our mines are operating well and in 2020 I look forward to the continued ramp up of Cobre Panama as well as bringing Ravensthorpe back into production. With the milestones of 2019 successfully behind us our focus for the year ahead will be on reducing debt to enable us to plan for our future development, he concluded.

## FOURTH QUARTER AND FULL YEAR 2019 SUMMARY:

- Operational Highlights:
  - Commercial production was achieved at Cobre Panama on September 1, less than seven months from first ore being introduced to the milling circuit.
    - Total production at Cobre Panama for the year was 147,480 tonnes of copper of which 79,776 tonnes were commercial.
  - Record total copper production in Q4 of 204,270 tonnes produced and the full year 2019 record total copper production of 702,148 tonnes<sup>2</sup>, an increase of 16% from 2018.
  - Q4 cost of copper production<sup>3</sup>: All-in sustaining cost (AISC) of \$1.73 per lb, cash cost (C1) of \$1.24 per lb and total cost (C3) of \$2.07 per lb.
    - C1 copper costs at Cobre Panama for Q4 improved to \$1.28 per lb; AISC of \$1.85 per lb and C3 costs of \$2.12 per lb in the first full quarter of commercial production.
  - 2019 full year cost of copper production<sup>3</sup>: AISC of \$1.78 per lb, C1 of \$1.31 per lb and C3 of \$2.16 per lb.
  - Gold production of 77,789 ounces in Q4 and 256,913 ounces for the full year including 60,074 ounces produced at Cobre Panama. 2019 total gold production increased 39% from 2018.

	Three months ended December 31		Full year ended December 31	
(U.S. dollars where applicable)	2019	2018	2019	2018

### COPPER

- Production <sup>2</sup> (tonnes)	204,270	158,304	702,148	605,853
- Sales <sup>4</sup> (tonnes)	205,964	156,212	689,386	596,513

- Cost of production<sup>3</sup>:

● AISC (per lb)	\$ 1.73	\$ 1.68	\$ 1.78	\$ 1.74
● o C1 (per lb)	\$ 1.24	\$ 1.23	\$ 1.31	\$ 1.28
● o C3 (per lb)	\$ 2.07	\$ 2.04	\$ 2.16	\$ 2.11
- Realized price (per lb)	\$ 2.62	\$ 2.83	\$ 2.70	\$ 2.84

## GOLD

- Production (ounces)	77,789	48,039	256,913	185,414
- Sales (ounces)	79,409	53,221	254,785	193,072

## ● Financial Highlights

- \$4,067 million of sales revenues for the full year, with sales revenues for Q4 of \$1,284 million.
- \$400 million of cash flows from operating activities (\$0.58 per share<sup>3</sup>) generated during the quarter, an increase of over 160% from Q3 2019.
- \$889 million of cash flows from operating activities (\$1.29 per share<sup>1</sup>) generated for the full year.
- Gross profit of \$259 million for Q4 and \$790 million for the full year.
- Comparative EBITDA<sup>1</sup> for Q4 of \$511 million and \$1,609 million for the full year.
- Ended the quarter and year with \$523 million in net unrestricted cash and cash equivalents, \$250 million of committed undrawn facilities and in full compliance with all financial covenants.
- Final dividend of CDN \$0.005 per share on December 31, 2019; total dividends for the year were CDN \$0.01.

	Three months ended		Full year ended	
	December 31	December 31	December 31	December 31
<i>(U.S. dollars millions, except where noted otherwise)</i>	2019	2018	2019	2018
Sales revenues	1,284	1,054	4,067	3,966
Gross profit	259	280	790	978
Net earnings (loss) attributable to shareholders of the Company	(115)	198	(57)	441
Basic and diluted earnings (loss) per share	(\$0.17)	\$0.29	(\$0.08)	\$0.64
Comparative EBITDA <sup>1</sup>	511	481	1,609	1,737
Comparative earnings (loss) <sup>1</sup>	35	182	249	487
Comparative earnings (loss) per share <sup>1</sup>	\$0.05	\$0.26	\$0.36	\$0.71
Cash flow from operating activities	400	338	889	1,980
Cash flow from operating activities per share <sup>1</sup>	\$0.58	\$0.49	\$1.29	\$2.87

<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 "Regulatory Disclosures" section in the MD&A for the year ended December 31, 2019 for further information.

<sup>2</sup> Production is presented on a copper 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 "Regulatory Disclosures" section in the MD&A for the year ended December 31, 2019 for further information. C1, C3 and AISC costs exclude third-party concentrate purchased at Kansanshi. There was no third-party purchased concentrate treated for Q4 2019.

<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 tonnes and 1,182 tonnes for the three months and year ended December 31, 2019, respectively. There were no sales of copper anode attributable to third-party concentrate purchases for Q4 2019.

- Cobre Panama Update
  - Commercial production achieved on September 1, 2019.
    - Q4 was the first full quarter of commercial production with ramp-up still ongoing.
  - Project construction and commissioning was essentially complete during Q4.
  - The final mill (the eighth mill), came on-line in mid-December, completing the third train.
    - Annual milling throughput can now ramp up to 85 million tonnes per year (mtpa).
  - Mill throughput for the month of December was 6.6 million tonnes.
  - Completed flotation upgrades to support 100 mtpa operation.
  - Achieved daily peak mill throughput of 251,000 tonnes per day.
  - Tailings management facility sand embankment building is now operational.
  - Mine trolley assist line commissioned and operational.
  - Significant demobilization of the construction workforce during the quarter.
- Other

The Company continuously manages its capital structure and assesses its liquidity and financing sources. Pricing, covenant flexibility and prevailing market conditions are all among considerations that are analyzed when assessing the Company's funding sources. Consistent with these efforts, in February 2019, the Company signed a new \$2.7 billion Term Loan and senior Revolving Credit Facility, replacing the previous \$1.5 billion senior Revolving Credit Facility. The new Facility was used to repay \$821 million of the Senior Notes due February 2021 with the remainder used for general corporate purposes. More recently, in January 2020, the Company issued \$750 million in Senior Notes, using the proceeds to repay and cancel the remaining \$300 million 7.00% Senior Notes due February 2021, and to repay but not cancel \$450 million due under the senior Revolving Credit Facility. Additionally, with the forecasted reduction in capital expenditures, compared to the previous seven years, the Company expects that it will be in a position to begin executing on its stated commitment of deleveraging its balance sheet.

The Company utilizes a hedge program to manage operational and commodity price risk and ensure stability of cash flows while maintaining financial covenant compliance. The market price for copper fluctuated during the year from a low of \$2.51 per lb to a high of \$2.98 per lb on the London Metal Exchange (LME). The average LME copper price for the year was \$2.72 per lb, 8% lower than 2018.

Effective January 1, 2019, a new Zambian fiscal regime was introduced which included increased mineral royalties, removal of their associated tax deductibility and imposed export levies on precious metals. Two other elements of the 2019 National Budget, the abolition of the value-added (VAT) and implementation of a goods and services tax were not enacted during the year and later abandoned in the 2020 National Budget in favour of amending the existing VAT regime.

An amicable settlement agreement was reached with the Zambian Revenue Authority in July 2019, with respect to the assessment claim on Kalumbila duties, in line with the Company's expectations.

In the first quarter of 2020, the Company's Ravensthorpe nickel mine is planned to restart operations. Production of between 15,000 to 20,000 tonnes of nickel is expected for the full year 2020 increasing to between 25,000 to 28,000 for the following two years.

## 2020 & 2022 GUIDANCE

Guidance is based on a number of assumptions and estimates as of December 31, 2019, including among other things, assumptions about metal prices and anticipated costs and expenditures. 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 release dated January 9, 2020 and the December 31, 2019 Management Discussion and Analysis for additional detail.)*

### Production Guidance

2020	2021	2022
Copper (tonnes) 830 - 880	800 - 850	800 - 850
Gold (ounces) 280 - 300	280 - 300	280 - 300

Nickel (tonnes) 15 - 20 25 - 28 25 - 28

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

Copper (\$/ lb)	2020	2021	2022
C1	1.20 - 1.40	1.20 - 1.40	1.20 - 1.40
AISC	1.70 - 1.85	1.70 - 1.85	1.70 - 1.85

Nickel production at Ravensthorpe is expected to ramp-up through 2020. In the first two full years of production, 2021 and 2022, C1 and all-in sustaining costs for nickel are expected to be between \$4.60 - \$4.80/lb and \$5.10 - \$5.40/lb respectively.

#### Capital Expenditure

\$ million	2020	2021	2022
Capitalized stripping	250	250	250
Sustaining capital and other projects	600	600	600
Total capital expenditure	850	850	850

Guidance for the Company's sustaining capital and other projects includes expenditure relating to Cobre Panama for the completion of construction and commissioning of the molybdenum plant, continuation of construction work for the tailings management facility and ongoing development work associated with the expansion to 100 mtpa capacity. Other projects in 2020 include: the fourth crusher at Sentinel and construction work on Shoemaker Levy at Ravensthorpe. Underlying sustaining capital expenditure is expected to average approximately \$250 million per year.

#### CONFERENCE CALL & WEBCAST

Conference call and webcast details are as follows:

Date: February 14, 2020  
Time: 9:00 am (EST); 2:00 pm (GMT); 6:00 am (PST)  
Webcast: [www.first-quantum.com](http://www.first-quantum.com)  
Dial in: North America: (toll free) (877) 291-4570  
North America and international: 1 (647) 788-4919  
United Kingdom: (toll free) 0-800-051-7107  
Replay: Available from noon (EST) on February 14, 2020 until 11:59 pm (EST) on March 7, 2020.  
North America: (toll free) (800) 585-8367  
North America and international: 1 (416) 621-4642  
Passcode: 7749416

**COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS**  
The complete Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2019 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 of construction activity at Cobre Panama and are subject to the impact of ore grades on future production, the potential of production disruptions (including at Cobre Las Cruces as a result of the land slippage in January 2019), 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 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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