

# FIRST QUANTUM MINERALS

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First Quarter 2019



FIRST QUANTUM  
MINERALS LTD.

# CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

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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 (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, 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, 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, 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.





# Clive Newall

President  
and Director



# 2019 – A TRANSFORMATIONAL YEAR

## Q1 Summary\*

**Comparative Earnings**  
**\$95 million**

**Comparative Earnings Per Share**  
**\$0.14**

**Copper Production**  
**136,969 tonnes**

**Copper Sales**  
**130,262**

**All-in Sustaining Costs**  
**\$1.77 per pound**




\*Comparative earnings, comparative earnings per share and AISC (which excludes 3<sup>rd</sup> party concentrate production) are not measures recognized under IFRS. Refer to the "Regulatory Disclosures" section in the MD&A for the quarter ended March 31, 2019 for further information. Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter. Copper sales exclude the sale of copper anode produced from 3<sup>rd</sup> party concentrate purchased at Kansanshi.





**Cobre Panama  
produces first  
copper concentrate  
in Q1**





**Cobre Panama –  
Significant milestones  
achieved in Q1**

A high-angle photograph of a large industrial facility, likely a copper processing plant. The scene is dominated by a massive, grey, rectangular Siemens motor in the foreground, with the brand name 'SIEMENS' visible on its side. To the left, a bright yellow conveyor belt runs parallel to the motor. The background shows a complex network of pipes, walkways, and structural steel beams, all housed within a large, open-sided building with a high ceiling. The lighting is bright, suggesting a well-lit interior or a sunny day. The overall impression is one of a large-scale, modern industrial operation.

**Cobre Panama -  
Ore commissioning  
of Train 1 complete**



# Cobre Panama - Power station sets 100% complete



**Cobre Panama –  
Over 80% of 2019  
production expected  
in H2 2019**



**Cobre Panama –  
140,000 – 175,000  
tonnes of  
production expected  
in 2019**



# FINANCIAL REVIEW



FIRST QUANTUM  
MINERALS LTD.



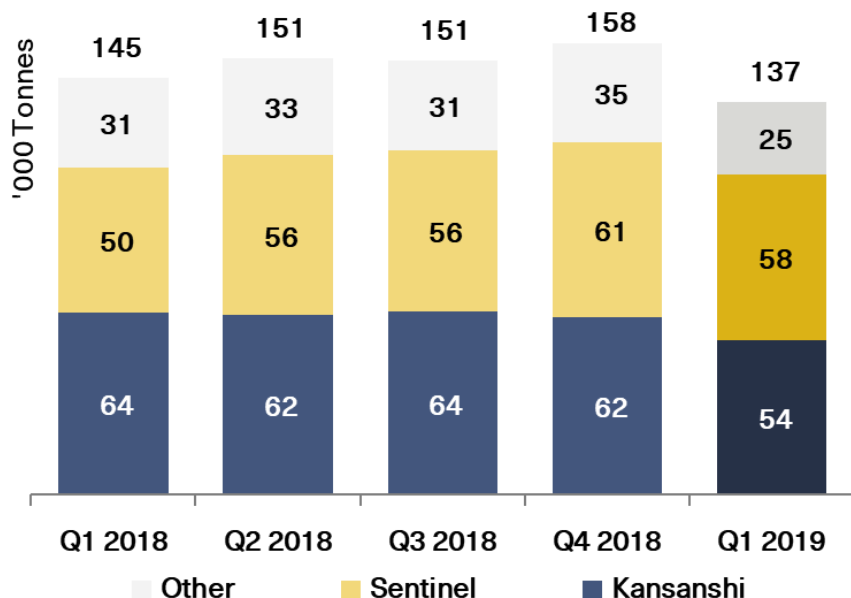
**Hannes  
Meyer**

**Chief  
Financial  
Officer**

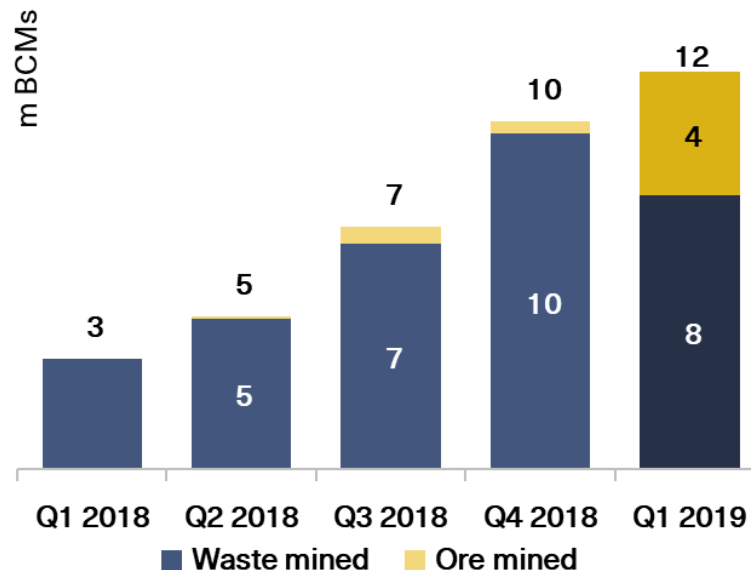


# QUARTERLY PRODUCTION<sup>1</sup>

## Record first quarter production at Sentinel



## Panama BCMs mined up 14% on Q4 2018

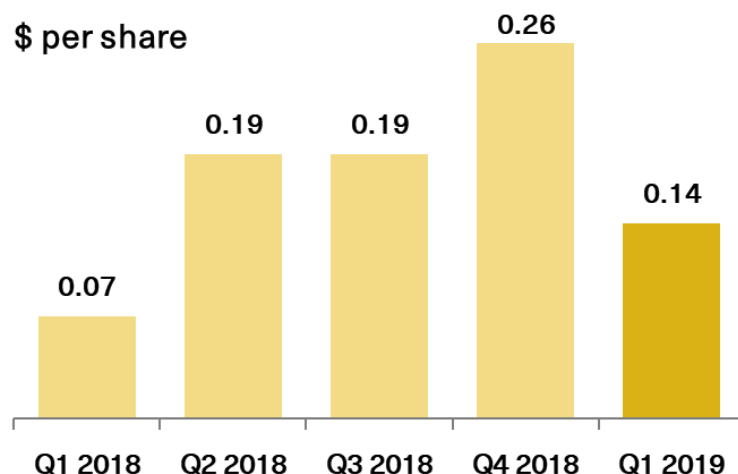


- Record first quarter production at Sentinel, a 15% increase over the same period in 2018.
- 137 kt of copper production in the quarter, 6% lower than the 2018 comparative quarter, reflecting lower production at Las Cruces following the land slippage in January 2019, and planned lower production at Kansanshi.
- Panama achieved first copper production at the end of the quarter, 25 tonnes, with mined volumes continuing to increase.



# FINANCIAL OVERVIEW

## Comparative earnings per share up 100% on Q1 2018



\$ million (except per share numbers)	Q1 2018	Q1 2019
Revenue	885	857
Gross Profit	181	185
Comparative EBITDA <sup>1</sup>	363	368
Comparative Earnings <sup>1</sup>	49	95
Comparative Earnings per share \$	0.07	0.14
Net Debt	(5,575)	(7,007)

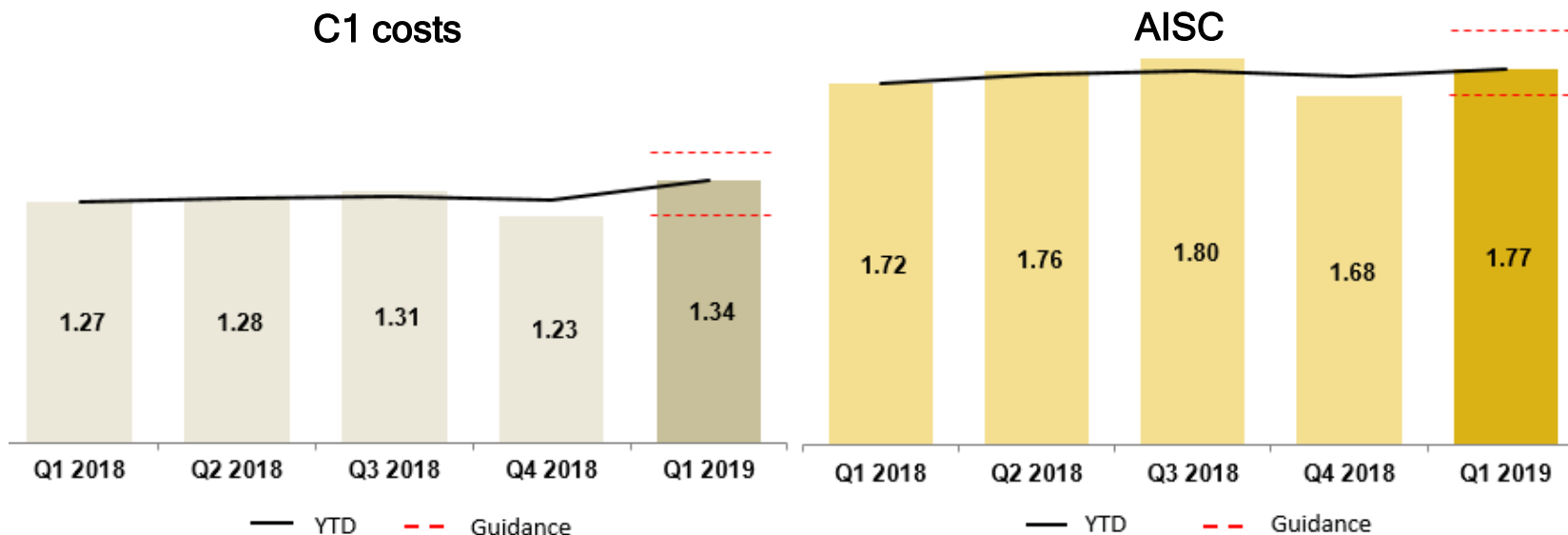
- Comparative earnings were \$0.14 per share for Q1 2019, a 100% increase from Q1 2018.
- Comparative EBITDA was \$5m higher than Q1 2018, despite the impact of Las Cruces land slippage.
- Gross profit was 2% higher than Q1 2018, but excluding the impact of the Las Cruces land slippage, gross profit was 37% higher with increased net realized metal prices, lower costs and the positive impact of foreign exchange.
- Increase in net debt from December 2018 reflects the planned Panama capital expenditure program.

<sup>1</sup>Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. Items excluded from comparative measures in Q1 2019 and Q1 2018 include foreign exchange gains and losses, gains and losses on disposal of assets and liabilities, revisions in estimates of restoration provisions at closed sites, loss on partial redemption of senior notes, write off of assets and costs associated with the Las Cruces land slippage, tax and minority interest relating to comparative adjustments. A reconciliation of comparative EBITDA and comparative earnings is provided in the Q1 2019 MD&A.



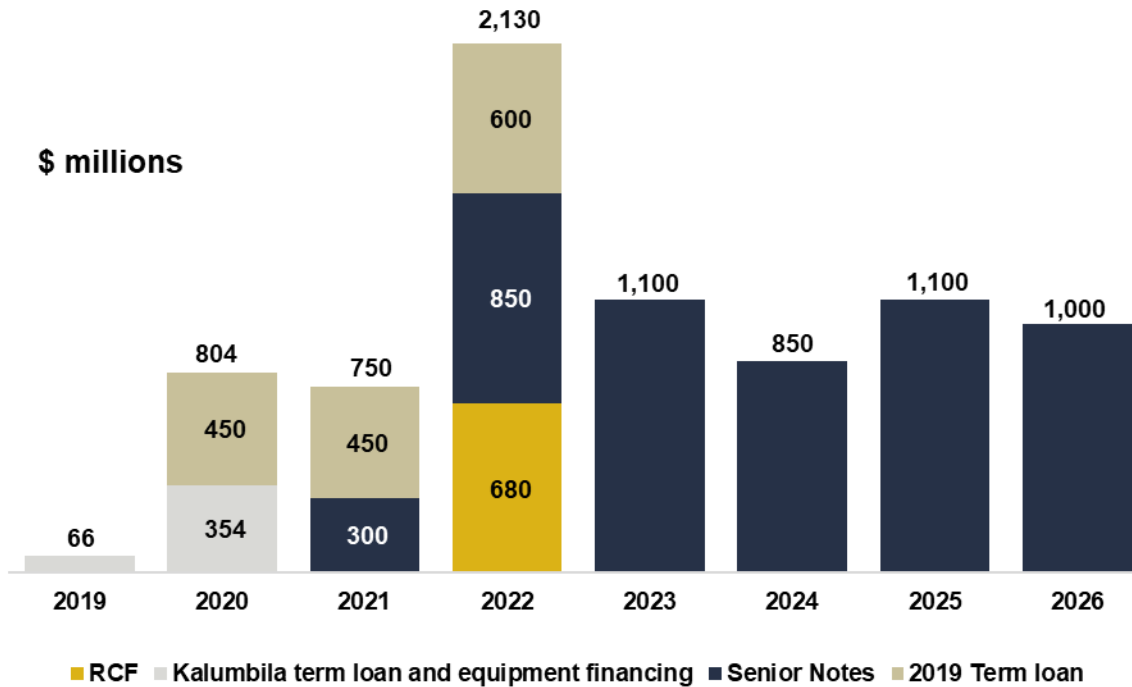
# QUARTERLY UNIT CASH COSTS

## Q1 2019 C1 cost<sup>1</sup> and AISC<sup>1</sup> within full year guidance

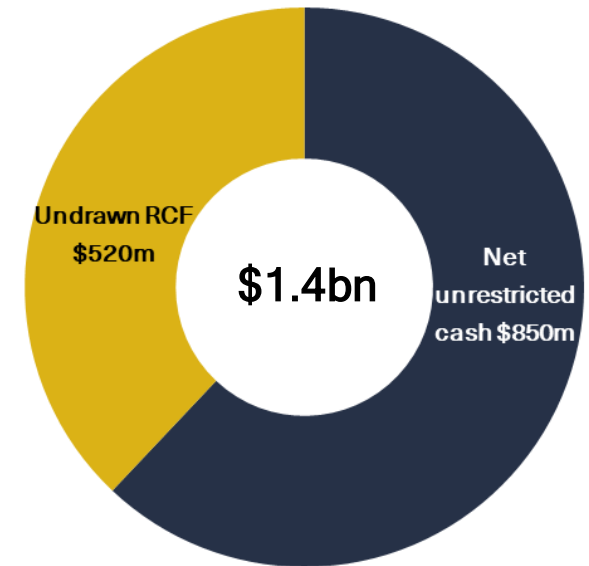


- Q1 2019 C1 cost is \$0.07/lb higher than Q1 2018.
- The higher C1 cost in the quarter compared to the prior year is impacted by the January land slippage at Las Cruces, which increased C1 by \$0.06/lb.
- AISC in Q1 2019 is \$0.05/lb higher than Q1 2018.
- The higher AISC compared to the prior year reflects the higher C1, partially offset by lower deferred stripping costs.

# DEBT AND LIQUIDITY PROFILE AT MARCH 31, 2019



## Liquidity at March 31, 2019

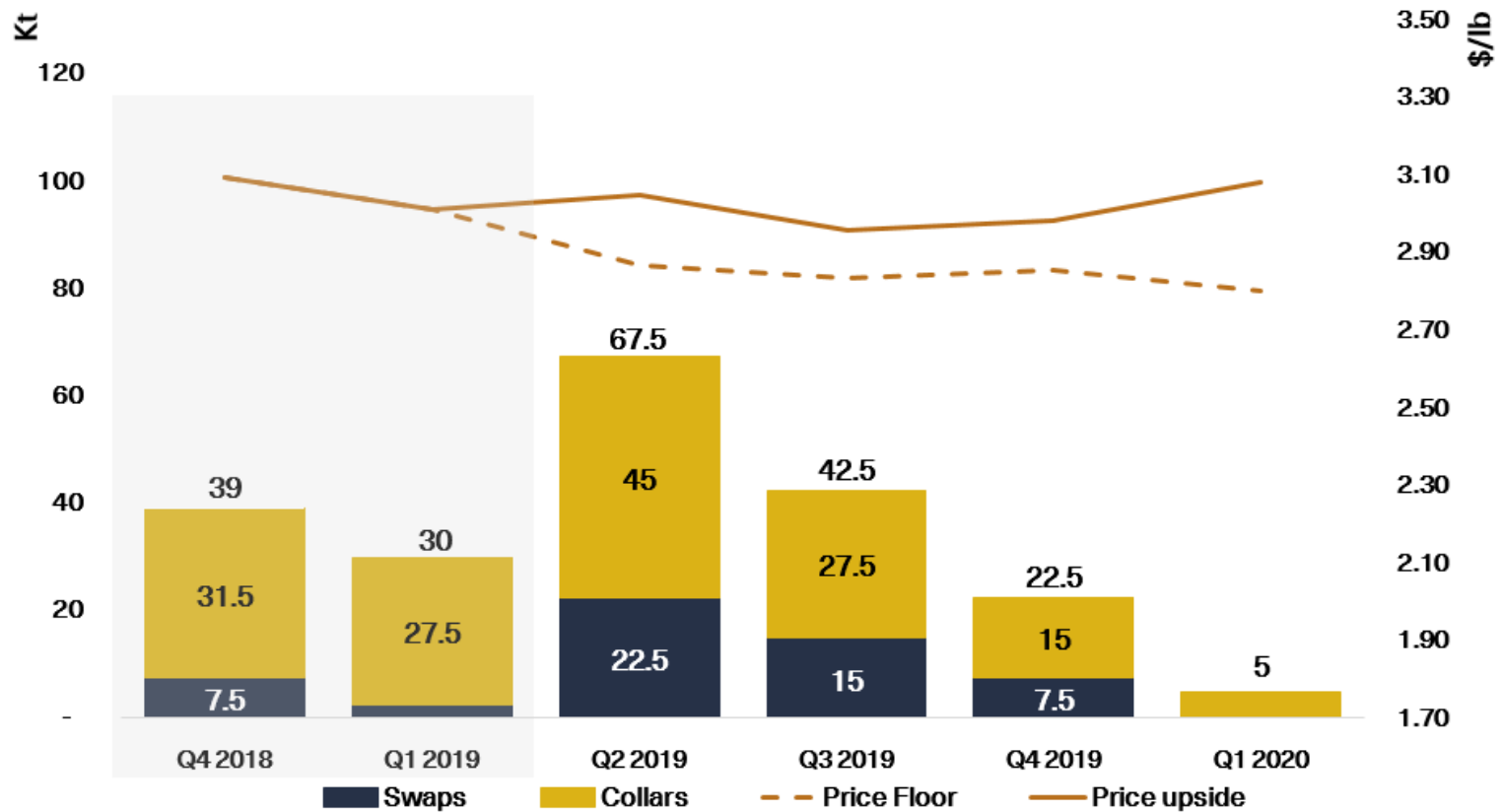


## Covenant Ratio

Net debt/EBITDA covenant ratio at March 31, 2019 of 3.98x which is well below covenant requirement of 5.75x.

# HEDGING PROGRAM OUTLOOK<sup>1</sup>

Average hedge floor of \$2.86/lb for remainder of 2019

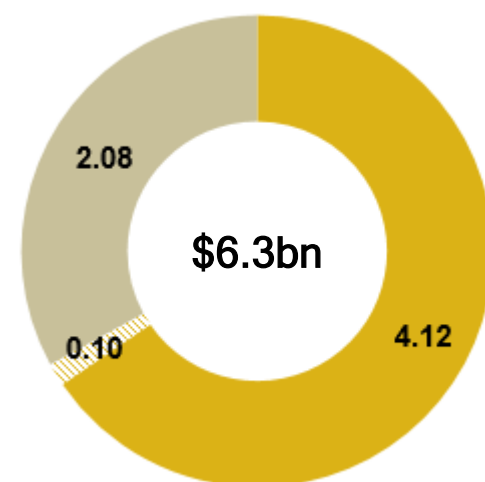


<sup>1</sup> Hedging outlook as at April 30, 2019.

# CAPITAL EXPENDITURE

\$ million	Capital Expenditure	2019 YTD	2019	2020	2021
		Actual	Guidance	Guidance	Guidance
	<i>Cobre Panama Project</i>	133	230	-	-
	First Quantum share of Cobre Panama Project	98	195	-	-
	Capitalized stripping costs	54	200	250	250
	Sustaining capital and other projects	226	650	600	600
	<b>Total First Quantum net capital spend<sup>1</sup></b>	<b>378</b>	<b>1,045</b>	<b>850</b>	<b>850</b>

**Cobre Panama Funding (\$bn)**



\$ billion Cobre Panama Project	Total	Funded by	
		First Quantum	3rd Party
Capital spend to December 2018	6.07	4.03	2.04
Capital spend to March 2019	0.13	0.09	0.04
<i>Spend remaining</i>	<i>0.10</i>	<i>0.10</i>	<i>-</i>
<b>Total Cobre Panama</b>	<b>6.30</b>	<b>4.22</b>	<b>2.08</b>

First Quantum incurred
  3rd Party incurred  
 First Quantum to spend
  3rd Party to spend

<sup>1</sup>Net capital spend presented excludes capitalization of net pre-commercial production costs, revenue and interest of \$34m.

# APPENDIX

# QUARTERLY NET DEBT MOVEMENT

<b>Opening Net Debt at December 31, 2018 (\$ million)</b>	<b>(6,497)</b>
Comparative EBITDA	368
Working capital	(156)
Capital expenditure (including capitalized losses)	(447)
Interest paid and capitalized to property, plant and equipment	(216)
Net receipts from JV (KPMC)	35
Taxes paid	(57)
Early redemption costs on bond issue	(14)
Foreign exchange on cash	(7)
Other	(16)
<b>Closing Net Debt at March 31, 2019 (\$ million)</b>	<b>(7,007)</b>
Net Debt comprised of:	
Net cash & cash equivalents <sup>1</sup>	1,345
Total debt	(8,352)
Available committed undrawn debt facilities at March 31, 2019	520

<sup>1</sup> Excludes \$80m restricted cash

# NON-GAAP MEASURES RECONCILIATION – COMPARATIVE EBITDA AND COMPARATIVE EARNINGS

Comparative EBITDA \$m	Q1 2019
Operating profit from continuing operations	153
Depreciation	194
Write-off of assets and other costs associated with land slippage	13
Foreign exchange loss	4
Loss on disposal of assets	2
Revisions to estimates of restoration provisions at closed sites	2
	<b>368</b>

Comparative earnings \$m	Q1 2019
Net earnings attributable to shareholders of the Company	53
Loss on partial redemption of senior notes	25
Total adjustments to comparative EBITDA excluding depreciation	21
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(4)
	<b>95</b>

# NON-GAAP MEASURES RECONCILIATION – C1 AND AISC

\$m	Q1 2019 <sup>1</sup>
Cost of sales	(672)
Depreciation	194
By-product credits	87
Royalties	54
Treatment and refining charges	(30)
Freight costs	(8)
Finished goods	(31)
Other <sup>1</sup>	13
<b>C1 Cost</b>	<b>(393)</b>
General and administrative expenses	(18)
Sustaining capital expenditure and deferred stripping	(49)
Royalties	(54)
Lease payments	(2)
<b>AISC</b>	<b>(516)</b>
C1 \$/lb <sup>1</sup>	1.34
AISC \$/lb <sup>1</sup>	1.77

<sup>1</sup> C1 cash cost and AISC exclude third-party concentrate purchased at Kansanshi.

# ZAMBIAN SALES TAX UPDATE

Draft Sales Tax Bill announced April 2, 2019

ZRA planned  
effective  
date:  
1 July 2019

Imported  
goods and  
services  
16%

Local  
goods and  
services  
9%

Non-  
refundable

VAT abolished with  
outstanding balance to  
be refunded

Exemptions  
(still to be  
announced)

Estimated C1 impact (\$/lb):  
2019: approx. 0.10  
2020-2021: approx. 0.15 - 0.18

Estimated AISC impact (\$/lb):  
2019: approx. 0.10  
2020-2021: approx. 0.15 - 0.18



# 2019 GUIDANCE

Production <sup>1</sup>	2019
Total copper production (tonnes) including Cobre Panama <sup>2</sup>	700 - 735
Copper (tonnes) - Cobre Panama <sup>2</sup>	140 - 175
Copper (tonnes) excluding Cobre Panama	560
Gold (ounces) - excluding Cobre Panama	185
Zinc (tonnes)	12

## Commercial production at Cobre Panama

- Will be declared in arrears at a date yet to be determined and according to a number of factors, including performance of key assets, achievement of steady state production at a material proportion of nameplate plant capacity, and factors which indicate the mine is operating as intended by management. At this stage, while difficult to predict exactly, it is assumed that commercial production will be declared in the final quarter of the year.
- Prior to declaration of commercial production, costs of production are capitalized and disclosed as pre-commercial production capex. Pre-commercial production costs capitalized in Q1 2019 were \$34m. Sales revenue from pre-commercial production will be netted off against capitalized costs.
- Following declaration of commercial production, sales revenue and associated costs then flow through the income statement.

# 2019 GUIDANCE

Costs (\$/lb)	2019
C1 - excluding Cobre Panama and Zambian sales tax	1.20 - 1.40
AISC - excluding Cobre Panama and Zambian sales tax	1.70 - 1.85
Impact of Zambian sales tax from 1 July on full year C1 and AISC	~ 0.10
Depreciation - excluding Cobre Panama (\$m)	800 - 825

## Depreciation

Full year guidance of \$800m - \$825m excludes Cobre Panama. Cobre Panama depreciation will commence once commercial production is declared.

## Interest

Interest is expected to cease to be capitalized following declaration of commercial production at Cobre Panama. From commercial production date, in the absence of any major capital expenditure, interest will be expensed in the income statement. Q1 2019 capitalized interest was \$198m.

## Tax

Excluding the impact of the changes to the Zambian mining tax regime, the sales hedge program and loss on partial redemption of senior notes, the effective tax rate on this basis is expected to be approximately 31% for 2019 and in Q1 2019 was 30%. Including the impact of the changes to the Zambian mining tax regime, the expected effective rate is expected to be approximately 45% in 2019 and in Q1 2019 was 43%.



# FIRST QUANTUM MINERALS

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