

FIRST QUANTUM MINERALS

Second Quarter 2019



FIRST QUANTUM
MINERALS LTD.

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 (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 – THE TRANSFORMATIONAL YEAR CONTINUES

Q2 Summary*

Comparative Earnings
\$87 million

Comparative Earnings Per Share
\$0.13

Copper Production
168,399 tonnes
including 30,896 tonnes of pre-commercial production

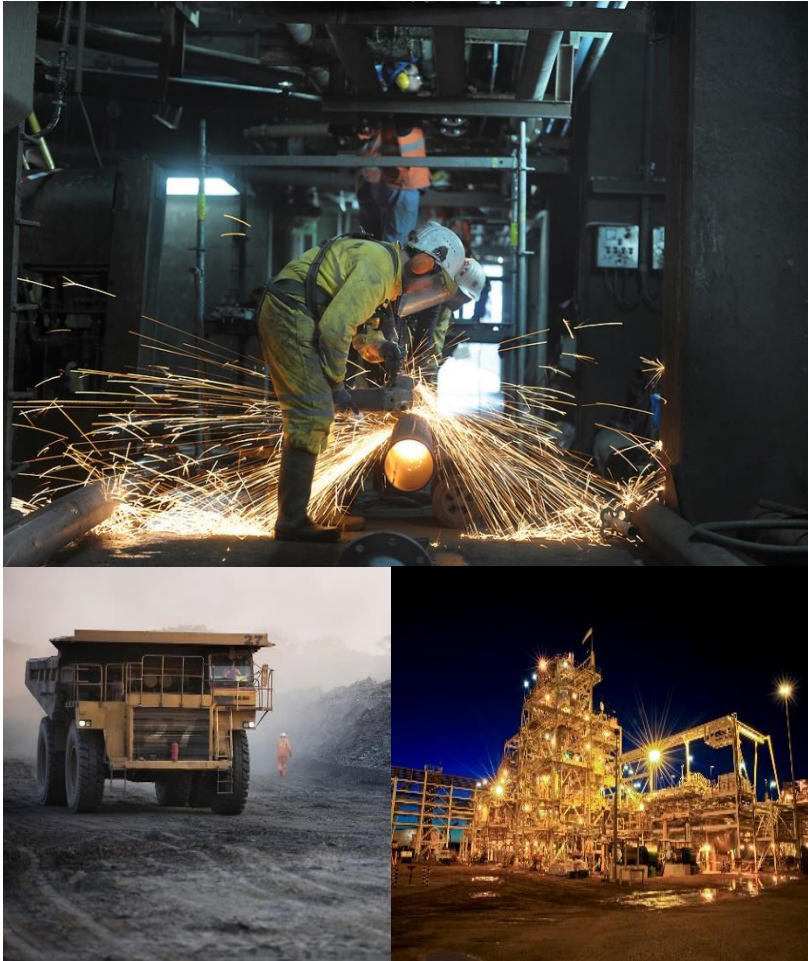
Copper Sales
149,333 tonnes
including 6,542 tonnes of pre-commercial sales

All-in Sustaining Costs
\$1.77 per pound



*Comparative earnings, comparative earnings per share and AISC (which excludes 3rd party concentrate production) are not measures recognized under IFRS. Refer to the "Regulatory Disclosures" section in the MD&A for the quarter ended June 30, 2019 for further information. Production is presented on a copper contained basis, and is presented prior to processing through the Kansanshi smelter.

OTHER DEVELOPMENTS



Las Cruces

- July 11 - mining activities resumed after regulatory approvals received. Phase 6 mining expected to commence in August.

Zambia

- On July 24, Kalumbila Minerals Ltd reached a settlement with the Zambia Revenue Authority with respect to the assessment claim on duties.
- Sales tax further delayed until September 1

COBRE PANAMA PRODUCTION ON TRACK

Cobre Panama statistics	Q1 2019	Q2 2019	YTD 2019
<i>Mining</i>			
Waste mined (000's tonnes)	18,815	18,590	37,405
Ore mined (000's tonnes)	8,841	11,580	20,421
<i>Processing</i>			
Copper ore processed (000's tonnes)	1,055	8,223	9,278
Copper ore grade processed (%)		0.43	0.43
Recovery (%)		82	82
Concentrate grade (%)		21.5	21.5
Copper in concentrate produced (tonnes)	25	30,896	30,921
Gold produced (ounces)		10,550	10,550
Copper sold (tonnes)		6,542	6,542
Gold sold (ounces)		2,627	2,627





Cobre Panama – Concentrate shipping commenced in the quarter



Cobre Panama - Concentrate Loading

Cobre Panama - Secondary Crusher





**Cobre Panama –
Plant conveyors are
all operational**



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



FINANCIAL REVIEW



FIRST QUANTUM
MINERALS LTD.



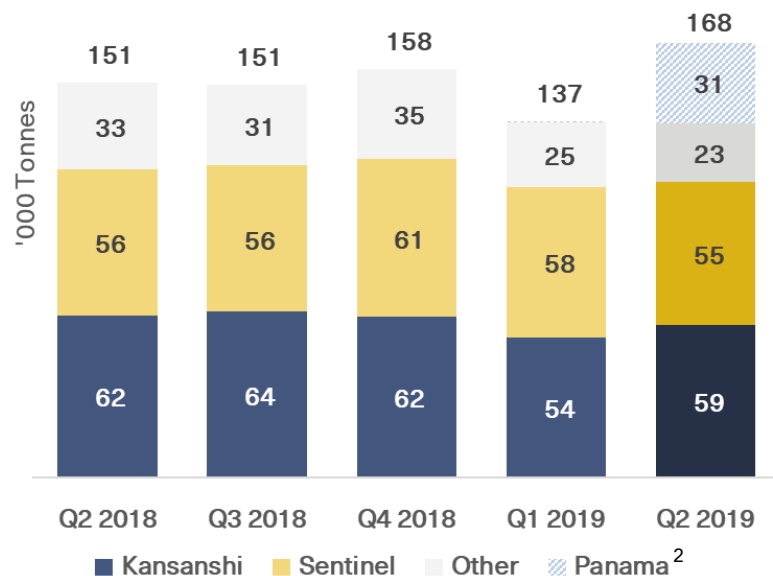
**Hannes
Meyer**

**Chief
Financial
Officer**

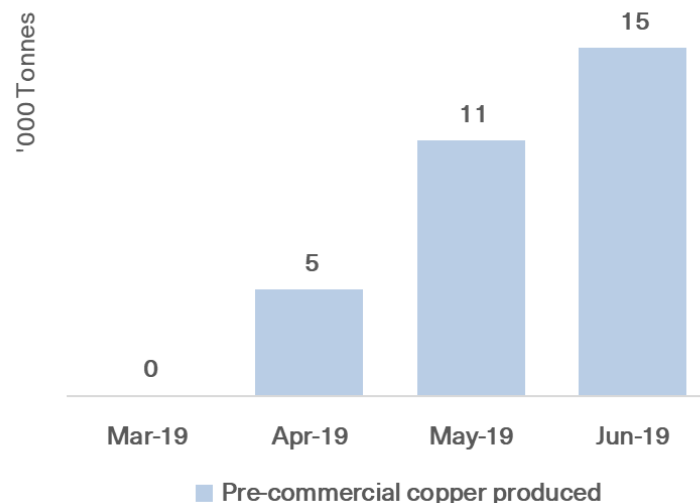


QUARTERLY PRODUCTION¹

Record copper production up 12% on Q2 2018



Panama ramp-up is progressing well



- Record quarterly copper production of 168kt, 12% higher than Q2 2018, including 31kt of pre-commercial copper produced at Cobre Panama.
- Cobre Panama achieved its first full quarter of pre-commercial production and dispatched the first copper concentrate shipment in June. At the end of July, a total of 42,283 contained tonnes of copper has been shipped from Cobre Panama
- Excluding the impact of pre-commercial production at Cobre Panama, copper production was 9% lower than Q2 2018 due principally to lower production at Las Cruces as a result of the interruption to mining following the land slippage in January and lower production at Kansanshi.



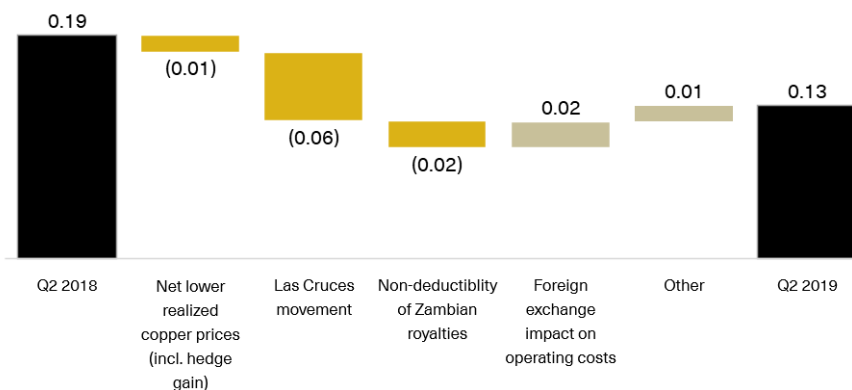
¹ Production is presented on a copper contained basis.

² Pre-commercial production sales revenues attributable to Cobre Panama are capitalized and are excluded from revenue and earnings.

FINANCIAL OVERVIEW

Solid results excluding Las Cruces impact and lower metal prices

Comparative EPS Analysis



\$ million (except per share numbers)	Q2 2018	Q1 2019	Q2 2019
Revenue ¹	1,049	857	939
Gross Profit	271	185	196
Comparative EBITDA ²	466	368	376
Comparative Earnings ²	128	95	87
Comparative Earnings per share \$	0.19	0.14	0.13
Net Debt	(5,865)	(7,007)	(7,304)

- Comparative EBITDA of \$376 million was 19% lower compared to Q2 2018, due to 6% lower net realized copper prices and the impact from the mining interruption at Las Cruces. Realized copper prices benefited from a \$19m hedge gain in the quarter on the corporate copper sales hedge program.
- Comparative EPS of \$0.13 is \$0.06 lower than the comparable quarter of 2018, with lower gross profit and a higher effective tax rate for the quarter of 45%. The higher effective tax rate is a result of the non-deductibility of mineral royalties in Zambia, effective January 1, 2019. Excluding the Zambian tax changes, the effective tax rate is in line with 2018.
- Increase in net debt from Q1 2019 reflects the Panama capital expenditure program.

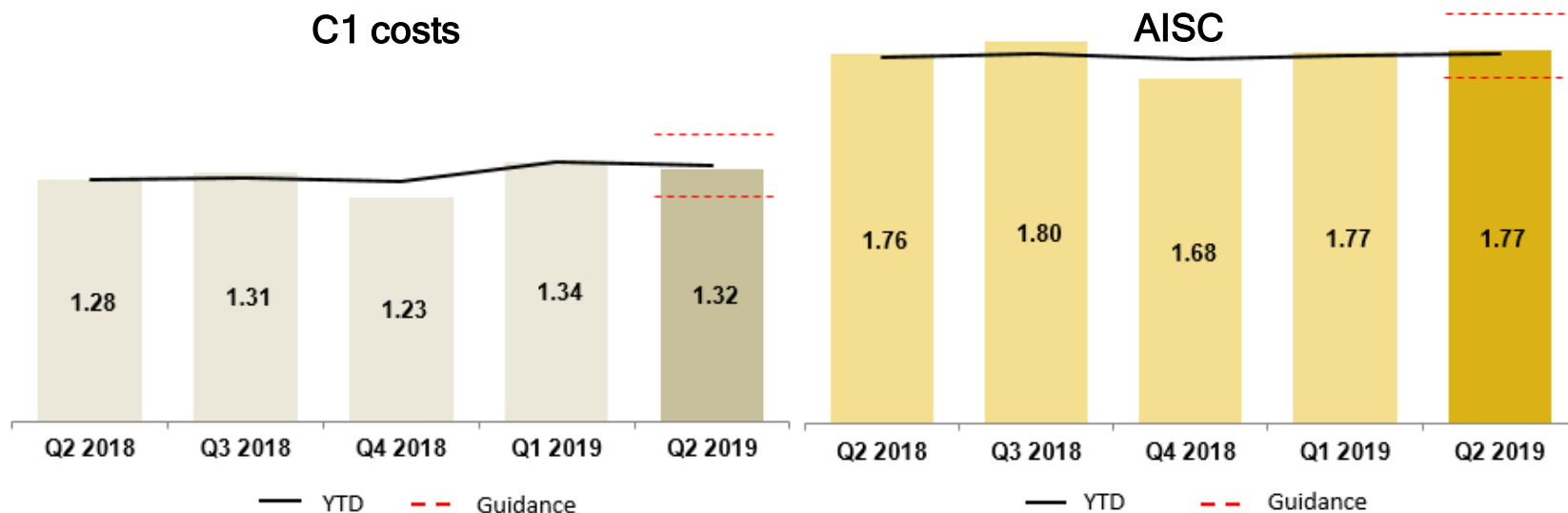
¹ Pre-commercial production sales revenues attributable to Cobre Panama are capitalized and are excluded from revenue and earnings.

² 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 Q2 2019, Q1 2019 and Q2 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, gains and losses on debt instruments, 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 Q2 2019 MD&A.



QUARTERLY UNIT CASH COSTS

Q2 2019 C1 cost¹ and AISC¹ within full year guidance



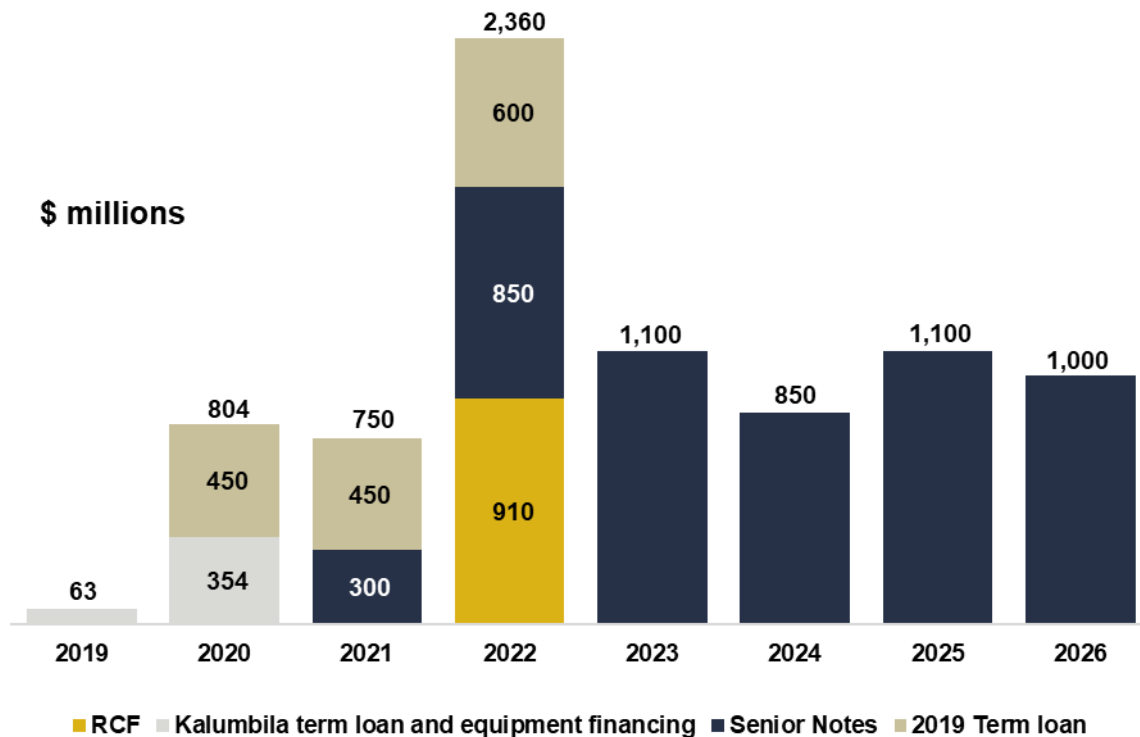
- Q2 2019 C1 cost is \$0.04/lb higher than Q2 2018 and \$0.02/lb lower than Q1 2019.
- The increase from Q2 2018 is driven by lower production at Las Cruces following the interruption to mining from January 2019, which increased Group C1 by \$0.08/lb, and the impact of lower production at Kansanshi \$0.04/lb. However Sentinel C1 was lower than Q2 2018 driven by lower maintenance, fuel and contractor costs, Group impact of \$0.08/lb.

- AISC in Q2 2019 is broadly in line with both Q2 2018 and Q1 2019.
- Despite the impact of lower production at Las Cruces that resulted in higher C1, AISC has benefited from lower deferred stripping costs at Guelb Moghrein and Kansanshi and lower sustaining capital expenditure at Sentinel.

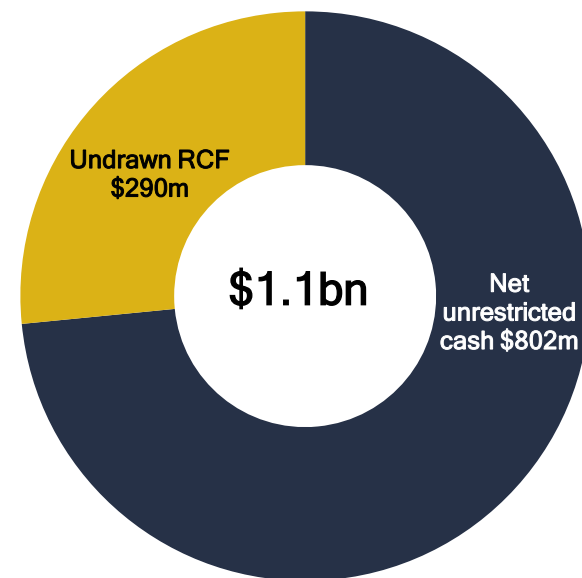


¹Excluding purchase of copper concentrate from third parties treated through the Kansanshi smelter.

DEBT AND LIQUIDITY PROFILE AT JUNE 30, 2019



Liquidity at June 30, 2019

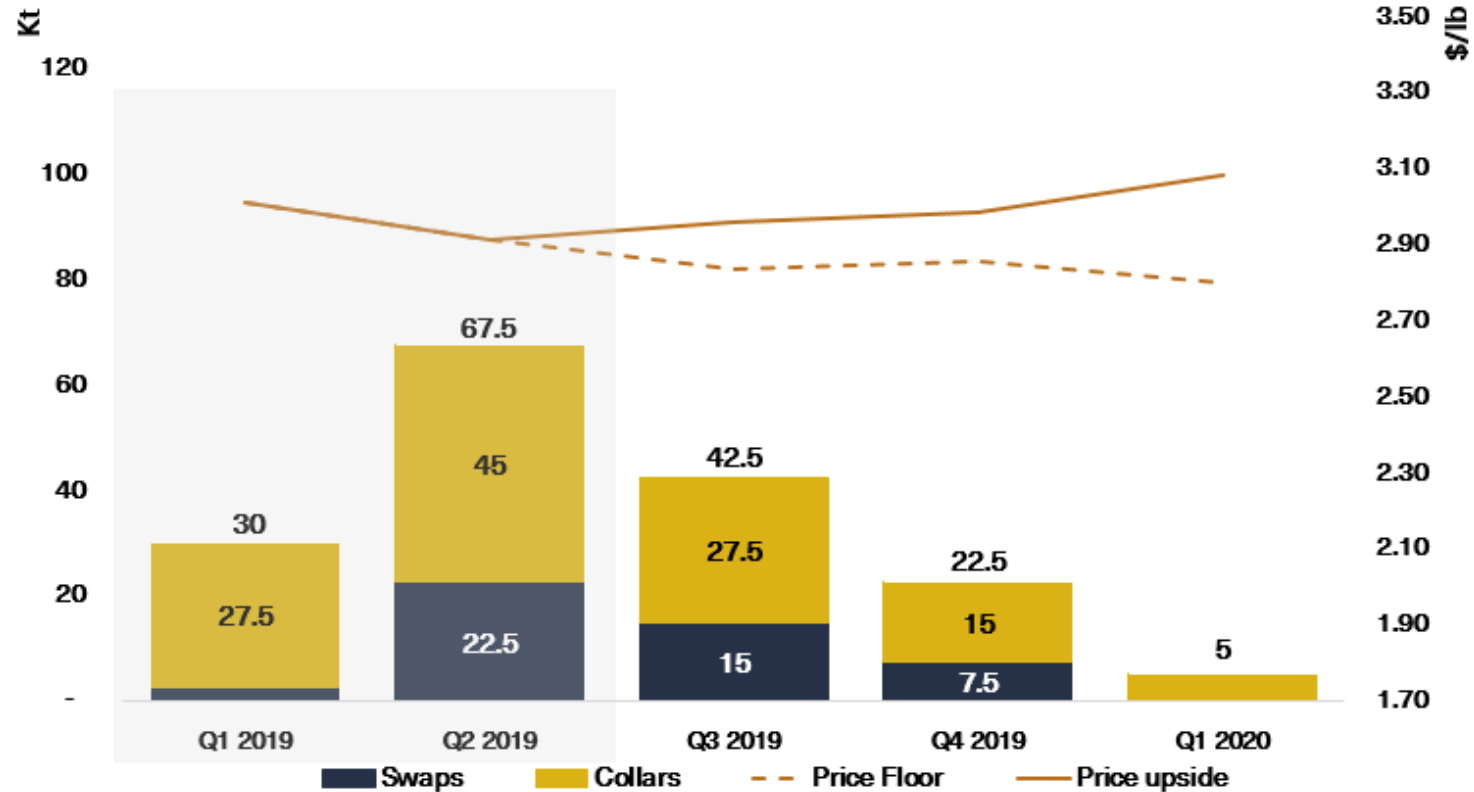


Covenant Ratio

Net debt/EBITDA covenant ratio at June 30, 2019 of 4.42x, well below covenant requirement of 5.75x.

COPPER HEDGING PROGRAM OUTLOOK¹

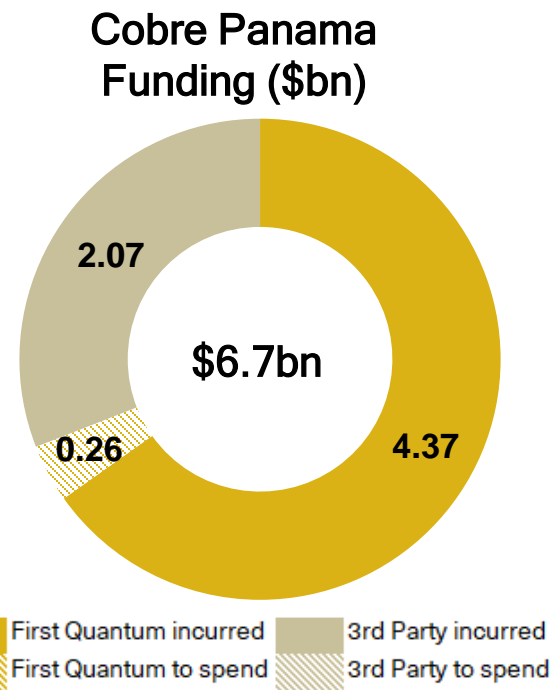
Average copper hedge floor of \$2.84/lb for remainder of 2019



The Company also has unmargined nickel forward sales contracts for 7,008 tonnes at an average price of \$6.53 per lb outstanding with maturities to February 2021.

CAPITAL EXPENDITURE

\$ million	Capital Expenditure	2019 YTD	2019	2020	2021
		Actual	Guidance	Guidance	Guidance
	<i>Cobre Panama Project</i>	371	630	-	-
	First Quantum share of Cobre Panama Project	336	595	-	-
	Capitalized stripping costs	94	200	250	250
	Sustaining capital and other projects	349	650	600	600
	Total First Quantum net capital spend¹	779	1,445	850	850



\$ 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 June 2019	0.37	0.34	0.03
<i>Spend remaining</i>	0.26	0.26	-
Total Cobre Panama	6.70	4.63	2.07

¹Net capital spend presented excludes capitalization of net pre-commercial production costs, revenue and interest.

APPENDIX

2019 GUIDANCE

Unchanged Production Guidance¹

2019

Total copper production (tonnes) including Cobre Panama ²	700 - 735
Copper (tonnes) - Cobre Panama ²	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 by the end of the third quarter of the year.
- Prior to declaration of commercial production, costs of production are capitalized and disclosed as pre-commercial production capex. Sales revenue in Q2 2019 of \$59m from pre-commercial production was netted off against capitalized costs. Net pre-commercial production costs capitalized in Q2 2019 were \$12m and YTD 2019 were \$46m.
- Following declaration of commercial production, sales revenue and associated costs then flow through the income statement. As noted on the following page, interest will cease to be capitalized and will flow through the income statement. This will have a notable impact on reported earnings and EPS.



¹ Production is presented on a copper contained basis.

² Inclusive of pre-commercial production tonnes from Cobre Panama.

2019 GUIDANCE

Unchanged Costs (\$/lb) Guidance

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 September 1, 2019 on full year C1 and AISC	~ 0.07
Depreciation - excluding Cobre Panama (\$m)	800 - 825

Depreciation

Full year guidance of \$800m - \$825m excludes Cobre Panama. Depreciation for the six months to June 30, 2019 was \$392m. Cobre Panama depreciation will commence once commercial production is declared. This is initially estimated to be \$110m to \$140m for the fourth quarter.

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. Capitalized interest for Q2 2019 was \$205m, YTD 2019 was \$403m. Once interest ceases to be capitalized and is instead expensed in the income statement, this will have a notable impact on reported earnings and EPS. The interest charge is non-deductible for taxation calculations.

Tax

Excluding the impact of the changes to the Zambian mining tax regime, the effective tax rate for 2019, excluding the sales hedge program, loss on partial redemption of senior notes and the impact of interest expense no longer capitalized following declaration of commercial production at Cobre Panama, is expected to be in line with 2018, at approximately 31%. It was 32% in Q2 2019. Including the impact of the changes to the Zambian mining tax regime, which increased mineral royalties by 1.5% and made them non-deductible for tax purposes, the impact of interest being expensed once Cobre Panama declares commercial production, the expected effective rate for the year excluding the sales hedge program and loss on partial redemption of senior notes, is approximately 45%, and was 48% in Q2 2019. However given that interest charge is non-deductible for tax, the exact timing of commercial production and the amount of interest expensed will impact the exact effective tax rate.



2019 GUIDANCE

Capital expenditure guidance increased on Cobre Panama project	2019
Total Cobre Panama project	630
Third party contribution	(35)
First Quantum's share of Cobre Panama project	595
Capitalized stripping	200
Sustaining capital and other projects	650
Total net capital expenditure	1,445

Guidance on total **Cobre Panama project** capital expenditure is \$6.7 billion, with 2019 guidance increased from \$230 million to \$630 million. The increased capital expenditure is principally required for the following areas:

- Higher labour rates and cost associated with the process plant, principally due to significant round-the-clock work in a number of areas during the second quarter to assist with accelerating completion works to the fullest possible extent, along with equipment and process improvements undertaken during commissioning;
- Higher construction costs for the tailings management facility due to additional scope and impacts attributable to poor weather conditions;
- Additional commissioning specialists to achieve an accelerated commissioning period in 2019 through to ramp-up, plus various commissioning modifications and enhancements including equipment and associated air freight costs;
- Additional labour costs associated with port ramp-up;
- Strategic additions to the mining fleet.



FRANCO-NEVADA OVERVIEW

	TRANCHE 1 (80%)		TRANCHE 2 (20%)	
	Gold	Silver	Gold	Silver
Deposit received	\$1bn		\$356m	
Deferred revenue at 30 June 2019	\$1,135m		\$384m	
Fixed payment stream received from FN ^{2 3}	\$418.27/oz ¹	\$6.27/oz ¹	20% of spot	20% of spot
Amortization of deferred revenue	Amortized by units of Au and Ag delivered respectively over the implied total units of Au and Ag expected to be delivered per each tranche.			

Income statement impact

During the quarter ended June 30, 2019, following the first sale of copper concentrate produced by Cobre Panama, the Company recognized the completion of the first delivery to Franco-Nevada under the terms of the precious metal stream arrangement. Revenues recognized under the precious metal stream arrangement have been capitalized.

The revenues recognized comprises:

- Amortization of deferred revenue deposits received;
- Amortization of the finance cost accreted; and
- Cash consideration accrued from Franco-Nevada.

The cash consideration is calculated based on the pricing terms mentioned above.

Cash flow impact

The fixed payment stream cash consideration from Franco-Nevada received upon delivery of gold and silver owed to Franco-Nevada.

¹ Subject to 1.5% inflation.

² T1 payment fixed stream is subject to the first 1,341,000 ounces of gold and 21,510,000 ounces of silver. Thereafter the greater of starting prices of \$418.27/oz gold and \$6.27/oz subjected to annual inflation or 50% of the prevailing market rate.

³ T2 payment fixed stream is subject to the first 604,000 ounces of gold and 9,618,000 ounces of silver. Thereafter 50% of the prevailing market price.



QUARTERLY NET DEBT MOVEMENT

Opening Net Debt at March 31, 2019 (\$ million)	(7,007)
Comparative EBITDA	376
Working capital	(109)
Capital expenditure (including capitalized losses)	(413)
Interest paid and capitalized to property, plant and equipment	(71)
Taxes paid	(84)
Other	4
Closing Net Debt at June 30, 2019 (\$ million)	(7,304)

Net Debt comprised of:	
Net cash & cash equivalents ¹	1,331
Total debt	(8,635)

Available committed undrawn debt facilities at June 30, 2019	290
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¹ Excludes \$76m restricted cash

NON-GAAP MEASURES RECONCILIATION - COMPARATIVE EBITDA AND COMPARATIVE EARNINGS

Comparative EBITDA \$m	Q2 2019	YTD 2019
Operating profit	144	297
Depreciation	198	392
Write off of assets and other costs associated with land slippage	-	13
Foreign exchange loss	33	37
Loss on disposal of assets	1	3
Revisions in estimates of restoration provisions at closed sites	-	2
	376	744

Comparative earnings \$m	Q2 2019	YTD 2019
Net earnings attributable to shareholders of the Company	78	131
Gains/ (losses) on debt instruments	(3)	22
Total adjustments to comparative EBITDA excluding depreciation	34	55
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(22)	(26)
	87	182

NON-GAAP MEASURES RECONCILIATION - C1 AND AISC

\$m	Q2 2019 ¹	YTD 2019 ¹
Cost of sales	(743)	(1,415)
Depreciation	198	392
By-product credits	103	190
Royalties	56	110
Treatment and refining charges	(33)	(63)
Freight costs	(12)	(20)
Finished goods	37	6
Other ¹	8	21
C1 Cost	(386)	(779)
General and administrative expenses	(18)	(36)
Sustaining capital expenditure and deferred stripping	(61)	(110)
Royalties	(56)	(110)
Lease payments	(3)	(5)
AISC	(524)	(1,040)
C1 \$/lb¹	1.32	1.33
AISC \$/lb¹	1.77	1.77

¹ C1 cash cost and AISC exclude third-party concentrate purchased at Kansanshi.

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TSX:FM



info@fqml.com

416-361-6400

1-888-688-6577



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