



# FIRST QUANTUM

MINERALS LTD.

## Management's Discussion and Analysis Second quarter ended June 30, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited consolidated financial statements of First Quantum Minerals Ltd. ("First Quantum" or "the Company") for the three and six months ended June 30, 2020. The Company's results have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in United States dollars, tabular amounts in millions, except where noted.

For further information on First Quantum, reference should be made to its public filings (including its most recently filed Annual Information Form) which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Information is also available on the Company's website at [www.first-quantum.com](http://www.first-quantum.com). This MD&A contains forward-looking information that is subject to risk factors, see "*Cautionary statement on forward-looking information*" for further discussion. Information on risks associated with investing in the Company's securities and technical and scientific information under National Instrument 43-101 concerning the Company's material properties, including information about mineral resources and reserves, are contained in its most recently filed Annual Information Form. This MD&A has been prepared as of July 28, 2020.

## SECOND QUARTER HIGHLIGHTS

### Operational and Financial

- Total copper production for the quarter was 169,059 tonnes, comparable with the same period in 2019.
- Sentinel performed exceptionally in the quarter, with its highest production since 2018 and record low unit costs for the operation. Throughput increased significantly compared to the same period in 2019, resulting in an 11% increase in copper production, while lower fuel prices, currency depreciation coupled with increased production improved costs.
- Robust performance at both Kansanshi and Guelb Moghrein kept production at similar levels to the same period in 2019. Production also benefited from Las Cruces operating at normal throughput levels compared to the second quarter of 2019, which was impacted by a land slippage. Lower production was experienced at Cobre Panama as the operation was placed on preservation and safe maintenance for most of the quarter.
- On July 7, 2020, the Company announced that Cobre Panama could resume normal operations after being placed on preservation and safe maintenance beginning April 7, 2020 after the temporary suspension of labour activities imposed by the Ministry of Health of the Republic of Panama ("MINSA") in response to the COVID-19 pandemic. The temporary suspension orders at the operation were lifted on July 3, 2020. The reopening plan is now underway and the operation is expected to ramp up to full production by mid-August. Copper production at Cobre Panama was 21,733 tonnes for the quarter, compared to 30,896 tonnes of pre-commercial copper production in the comparable period in 2019.
- At Ravensthorpe, the two high pressure acid leach ("HPAL") circuits were commissioned in April and May, respectively. First shipment of nickel was in May, with a successive shipment in June. Nickel production for the second quarter was 1,979 contained tonnes of nickel as operations continued to ramp up during the quarter. Production is expected to ramp up throughout the third quarter.
- The Kansanshi smelter processed 273,673 dry metric tonnes ("DMT") of copper concentrate, produced 66,905 tonnes of copper anode and 264,000 tonnes of sulphuric acid and maintained recoveries of 97% for the quarter.
- Total gold production for the quarter was 54,651 ounces, 8% less than the same period in 2019. This reflected reduced production at Cobre Panama as the operation was placed on preservation and safe maintenance for much of the quarter.
- Total unit costs were at their lowest level in three years. Copper all-in sustaining cost ("AISC") was \$1.62 per lb and cash cost of copper production ("C1") was \$1.20 per lb for the second quarter of 2020, a \$0.15 per lb and \$0.12 per lb decrease, respectively, compared to the same period in 2019. Sentinel achieved a record low AISC of \$1.86 per lb and C1 cash cost of \$1.36 per lb, respectively, and there was a notable reduction in C1 at Guelb Moghrein, to \$0.48 per lb, the lowest C1 cash cost for over a decade, and the lowest reported AISC.
- Gross profit of \$141 million and comparative EBITDA of \$352 million for the second quarter of 2020 included the gross loss of \$37 million from Cobre Panama and, despite being placed on preservation and safe maintenance, comparative EBITDA of \$12 million. Results were impacted by a 7% decrease in the realized copper price compared to the second quarter of 2019, but benefitted from a \$77 million gain realized by the corporate copper sales hedge program, compared to a \$19 million gain in the second quarter of 2019.
- Financial results include comparative loss of \$84 million (\$0.12 loss per share), net loss attributable to shareholders of the Company of \$156 million (\$0.23 loss per share), and cash flows from operating activities of \$155 million (\$0.23 per share). Net loss attributable to shareholders of the Company included net finance expense of \$186 million, compared to the same period of 2019 in which \$205 million of finance costs were capitalized to Cobre Panama. Following declaration of commercial production at Cobre Panama effective September 1, 2019, finance costs are now expensed. For a reconciliation of comparative earnings (loss), see page 52.

- 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 contracts with an average floor price of \$2.70 per lb and maturities to December 2021. This represents approximately half of the Company's expected sales for the next 12 months.
- On July 28, 2020, the Company declared an interim dividend of CDN\$0.005 per share, in respect of the financial year ended December 31, 2020 (July 29, 2019: CDN\$0.005 per share or \$2 million) to be paid on September 21, 2020 to shareholders of record on August 28, 2020.

Consolidated Information	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Copper production (tonnes) <sup>1,2</sup>	169,059	168,399	364,344	305,368
Copper sales (tonnes) <sup>3</sup>	159,944	149,333	349,897	279,595
Cash cost of copper production (C1)(per lb) <sup>4,5</sup>	\$1.20	\$1.32	\$1.25	\$1.33
Total cost of copper production (C3)(per lb) <sup>4,5</sup>	\$2.08	\$2.17	\$2.14	\$2.19
All-in sustaining cost (AISC)(per lb) <sup>4,5</sup>	\$1.62	\$1.77	\$1.63	\$1.77
Realized copper price (per lb)	\$2.60	\$2.80	\$2.58	\$2.80
Gold production (ounces) <sup>1</sup>	54,651	59,647	123,439	109,004
Gold sales (ounces) <sup>5</sup>	54,591	56,922	128,373	103,712
Nickel production (contained tonnes)	1,979	-	1,979	-
Nickel sales (contained tonnes)	1,791	-	1,791	-

Consolidated Financial Information <sup>1</sup>	Three months ended June 30		Six months ended June 30	
	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	(156)	78	(218)	131
Basic and diluted earnings (loss) per share	(\$0.23)	\$0.11	(\$0.32)	\$0.19
Comparative EBITDA <sup>7,8</sup>	352	376	786	744
Comparative earnings (loss) <sup>7</sup>	(84)	87	(163)	182
Comparative earnings (loss) per share <sup>7</sup>	(\$0.12)	\$0.13	(\$0.24)	\$0.26

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net earnings (loss) attributable to shareholders of the Company	(156)	78	(218)	131
Adjustments attributable to shareholders of the Company:				
Movement in Zambian value-added tax ("VAT") discount	(22)	-	(59)	-
(Gain) loss on debt instruments	-	(3)	2	22
Total adjustments to comparative EBITDA excluding depreciation <sup>8</sup>	18	34	137	55
Reversal of tax effect of unrealised hedge position recognized in other comprehensive income	67	-	-	-
Tax and minority interest relating to comparative adjustments	9	(22)	(25)	(26)
Comparative earnings (loss) <sup>7</sup>	(84)	87	(163)	182

<sup>1</sup> Cobre Panama declared commercial production effective September 1, 2019. Copper production volumes includes pre-commercial production from Cobre Panama of 30,896 tonnes and 30,921 tonnes for the three and six months ended June 30, 2019, respectively. Copper sales volumes include sales from Cobre Panama of 6,542 tonnes for the three and six months ended June 30, 2019, respectively. Gold production volumes includes production from Cobre Panama of 10,550 ounces for the three and six months ended June 30, 2019. Gold sales volumes include sales from Cobre Panama of 2,627 ounces for the three and six months ended June 30, 2019. Pre-commercial production and sales volumes at Cobre Panama are not included in earnings, C1, C3 and AISC calculations.

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

<sup>3</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, 2019, respectively).

<sup>4</sup> C1 cash cost, C3 total cost, AISC exclude third-party concentrate purchased at Kansanshi.

<sup>5</sup> C1 cash cost, C3 total cost, AISC are not recognized under IFRS. These measures are disclosed as they reflect those used by the Company's management in reviewing operational performance. A reconciliation of these measures to the costs disclosed in the Company's Consolidated Statement of Earnings (Loss) is included within the "Regulatory Disclosures" section from page 45.

<sup>6</sup> Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (see page 36).

<sup>7</sup> Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not considered by management to be 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. See "Regulatory Disclosures" from page 45 for a reconciliation of comparative EBITDA and comparative earnings (loss) to the IFRS measures. The use of comparative earnings (loss) and comparative EBITDA represents the Company's adjusted earnings (loss) metrics.

<sup>8</sup> Adjustments to comparative EBITDA in the second quarter of 2020 relate principally to foreign exchange revaluations (foreign exchange revaluations and write-off of assets and costs associated with the land slippage at Las Cruces in the second quarter of 2019).

## FINANCIAL SUMMARY

### Sales revenues boosted by Cobre Panama and hedge program

- Sales revenues of \$1,014 million for the quarter were 8% higher than the comparable period in 2019. Copper and gold sales from Cobre Panama and higher contribution from Las Cruces drove the increase, but this was reduced by a lower realized copper price compared to the same quarter in 2019. Furthermore, some Sentinel sales were delayed beyond the end of the quarter because of an outage at a third party smelter.
- Realized price for copper of \$2.60 per lb for the second quarter of 2020 was 7% lower than the same period in 2019. This compares to a decrease of 12% in the average London Metal Exchange ("LME") price of copper for the same period to \$2.43 per lb. The Company's copper sales hedge program contributed \$77 million, \$0.22 per lb, to sales revenues in the quarter, compared to \$19 million, \$0.06 per lb, for the same quarter in 2019. The Company's nickel sales hedge program contributed \$9 million to sales revenues in the quarter.

### Comparative EBITDA of \$352 million

- Comparative EBITDA for the quarter was \$352 million, compared to \$376 million for the same period in 2019. The most significant adjusting item was a foreign exchange loss of \$10 million, principally attributable to Zambian Kwacha (“ZMW”) denominated VAT receivable balances. A reconciliation of comparative EBITDA is included on page 51.

### Gross profit – Lower based on higher depreciation, ramp-up costs at Ravensthorpe and lower realized metal prices

Gross profit in Q2 2019	196
Lower realized metal prices	(73)
Movement in hedge program	67
Higher sales volumes	6
Higher by-product contribution	1
Lower cash costs	13
Increase in depreciation	(59)
Ravensthorpe ramp-up	(41)
Positive impact of foreign exchange on operating costs	31
<b>Gross profit in Q2 2020<sup>1</sup></b>	<b>141</b>

<sup>1</sup> Gross profit is reconciled to comparative EBITDA by including exploration costs of \$3 million, general and administrative costs of \$24 million, other expense of \$37 million, adding back depreciation of \$257 million, foreign exchange loss of \$10 million, other expense of \$4 million, and revisions in estimates of restoration provision at closed sites of \$4 million (a reconciliation of comparative EBITDA is included on page 51).

### Comparative loss of \$84 million

- Comparative loss for the quarter ended June 30, 2020 of \$84 million is a decrease from comparative earnings of \$87 million in the same period of 2019. A net finance expense of \$186 million has been recognized, of which a significant proportion would previously have been eligible for capitalization in the same period of 2019 but is now expensed following declaration of commercial production at Cobre Panama effective September 1, 2019. A reconciliation of comparative metrics is included from page 51.
- Net loss attributable to shareholders of \$156 million for the second quarter of 2020 compared to a net earnings attributable to shareholders of \$78 million in the same period in 2019. The 2020 result included a foreign exchange loss of \$10 million primarily due to the depreciation of the ZMW against the US dollar (“USD”) and the impact on the VAT balances due to Kansanshi and Sentinel. A \$22 million credit on the Zambian VAT discount was recognized in the quarter. This represents an adjustment to the discounting over the expected timeframe to repayment and the impact of movements in the ZMW to USD foreign exchange rate.

### COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The virus has brought unprecedented challenges to communities, industries and the global economy. First Quantum’s priority is the health and safety of its employees and communities. The Company is managing the necessary country-by-country restrictions in order to assist in the protection of those most vulnerable. At its mine sites, health protocols are in place for control, isolation and quarantine as necessary and these continue to be reviewed and adjusted as necessary with circumstances at each location. The Company’s focus will continue to be on maintaining steady production whilst ensuring the health and safety of the workforce and continuing measures to prevent and manage transmission of COVID-19 amongst the workforce and community.

On July 3, 2020, the temporary suspension orders at Cobre Panama were lifted by MINSAs, and on July 7, 2020, the Company announced the resumption of normal operations and the commencement of the reopening plan for ramp up of operations. Cobre Panama was placed on preservation and safe maintenance beginning April 7, 2020 following the MINSAs order to temporarily

suspend labour activities as a sanitary control measure due to COVID-19. The port and power plant have continued operations in order to supply essential electrical power into the Panama national grid, and to sustain the preservation and safe maintenance activities. The priority for Cobre Panama continues to be the health and safety of the workforce and surrounding communities, and strict protocols and sanitary vigilance remain in place. There are currently approximately 1,450 personnel onsite, which will be gradually increased in compliance with Cobre Panama's reopening plan and in line with MINSA guidelines. The operation is expected to ramp up to full production by mid-August.

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, but, in the meantime, continued to process stockpiles during the suspension of mining.

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 oz of gold. Market guidance for production at all other copper operations remains unchanged from previously disclosed.

## **HEALTH & SAFETY**

The health and safety of all of the Company's employees and contractors is our top priority and the Company is focused on the continual strengthening and improvement of the safety culture at all of our operations. The Lost Time Injury Frequency Rates ("LTIFR") is an area of continued focus and a key performance metric for the Company, our rolling 12-month LTIFR is 0.06 per 200,000 hours worked on average over the 12-month period to June 30, 2020 (2019: 0.05).

The Company continues to focus on measures to prevent and manage the transmission of COVID-19 amongst the workforce and 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 its sites in compliance with both local and international guidelines. These health protocols measures continue to be reviewed and adjusted as needed. Furthermore, 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 we are grateful to the dedicated health professionals in Panama who treated them in hospital and who have been working to resolve the wider pandemic in the country. The Company remains focused on ensuring the health and safety of the workforce and continuing measures to prevent and manage transmission of COVID-19 amongst the workforce and the wider community. Cobre Panama has undertaken a deep disinfection program and has developed heightened health protocols which are regularly inspected by 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, which is expected by mid-August. Currently there are approximately 1,450 personnel onsite.

## **FINANCIAL POSITION AND OPERATING CASH FLOW**

- As at June 30, 2020, the Company had unmarginated copper forward sales contracts for 135,825 tonnes at an average price of \$2.62 per lb outstanding, with periods of maturity to June 2021. In addition, the Company had zero cost collar unmarginated sales contracts for 82,500 tonnes at weighted average prices of \$2.67 per lb to \$2.94 per lb outstanding, with maturities to January 2021. The Company also had unmarginated nickel forward sales contracts for 7,862 tonnes at an average price of \$6.76 per lb outstanding, with maturities to February 2021.

- The Company's main overall priority is the active management of all capital spending and operating costs while maintaining a high level of safety and productivity. Operating costs at all sites have been and are continuously being reviewed to identify opportunities to further reduce costs. As at June 30, 2020, the Company has hedged 151 million litres of Ultra Low Sulphur Diesel ("ULSD") at an average price of \$0.33 per litre with maturities to April 2021, as part of the companywide cost management strategy.
- Taking into account forecast operating cash inflows, capital expenditure outflows and available funds, the Company expects to have sufficient liquidity through the next 12 months to carry out its operating and capital expenditure plans and remain in full compliance with financial covenants. The Company continues to take action to manage operational and price risk and further strengthen the balance sheet, including through strategic initiatives and use of the copper sales hedge program.

## **OTHER DEVELOPMENTS**

### **Changes to the Zambian tax regime**

On March 27, 2020, changes to the Zambian tax regime were announced by the Minister of Finance, as part of the tax relief provisions in the statement on the impact of COVID-19 on the Zambian economy. These proposed changes include partial removal of the provisions introduced in January 2020 that deny claims of VAT on office costs, lubricants and spare parts and the suspension of export duties, currently at a rate of 15%, on precious metals such as gold. These changes were enacted into law on April 27, 2020. The impact of the 2020 Budget changes on Group C1 and AISC was previously estimated at approximately \$0.04 per lb. With the recent COVID-19 changes the revised estimated impact of the 2020 changes on Group C1 and AISC is approximately \$0.03 per lb.

During the six-months ended June 30, 2020, the Company received offsets of \$50 million and cash receipts of \$1 million with respect to VAT receivable balances. For a detailed summary of the VAT receivable balance due to the Company's Zambian operations please see page 34.

### **Zambian power supply**

Construction on the Kafue Gorge Lower Power Station has resumed and the first of five hydro-generation units is expected to be commissioned in October. Kariba Dam water levels have recovered to 2014-2015 seasonal levels, but remain below multi-year expectations. No power restrictions are currently in place for the Company's mining operations.

## **MATERIAL LEGAL PROCEEDINGS**

### **Panama constitutional proceedings**

In February 1996, the Republic of Panama and Minera Panama SA ("MPSA"), now a Panamanian subsidiary of the Company, entered into a mining concession contract in respect of the Cobre Panama project.

On February 26, 1997, Contract-Law No. 9 ("Law 9") was passed by the Panamanian National Assembly. Law 9 granted the status of national law to the mining concession contract, establishing a statutory legal and fiscal regime for the development of the Cobre Panama project. On December 30, 2016, the Government of Panama signed and issued Resolution No. 128 by which it extended the mining concession contract held by MPSA for a second 20-year term commencing March 1, 2017 up to February 28, 2037. The Company remains eligible for consideration of a third 20-year term of the MPSA mining concession contract commencing March 1, 2037.

In September 2018, the Company became aware of a ruling of the Supreme Court of Panama ("Supreme Court") in relation to the constitutionality of Law 9. The Company understands that the ruling of the Supreme Court with respect to the constitutionality of Law 9 relates to the enactment of Law 9 and does not affect the legality of the MPSA mining concession contract itself, which remains in effect, and allows continuation of the development and operation of the Cobre Panama project by MPSA.

In respect of the Supreme Court ruling on Law 9, which remains subject to various procedural processes, the Company notes the following:

- The ruling is not yet in effect.
- The Supreme Court decision was in respect of ongoing legal filings made since 2009 with regard to specific environmental petitions.
- In reviewing the process of approval of Law 9 of 1997, the Supreme Court found that the National Assembly had failed to consider whether Law 9 complied with applicable legislation at the time, namely Cabinet Decree 267 of 1969.
- The applicable Cabinet Decree of 1969, which was repealed in 1997 by Law 9, required the Ministry of Commerce and Industry ("MICI") to issue a request for proposals before awarding the Law 9 mining concession.
- The Attorney General of Panama has provided two formal opinions favourable to the constitutionality of Law 9 as required in this type of proceedings by Panamanian law.
- The Supreme Court ruling did not make a declaration as to the annulment of the MPSA mining concession contract.

Subsequently, MPSA has submitted filings to the Supreme Court for ruling, which it has accepted, prior to the ruling in relation to the constitutionality of Law 9 taking effect. On September 26, 2018, the Government of Panama issued a news release affirming support for Cobre Panama. The release confirmed that MICI considers that the MPSA mining concession contract, and its extension, remains in effect in all its parts while the Company seeks to clarify the legal position. (The MICI release is available at [www.twitter.com/MICIPMA/status/1044915730209222657](https://www.twitter.com/MICIPMA/status/1044915730209222657)).

The current Government of Panama, inaugurated on July 1, 2019, has established a multidisciplinary high-level commission including the Minister of Commerce and Industries (mining regulator), Minister of Environment, and Minister of Employment to discuss the Law 9 matter and seek resolution. Based on support from the Government of Panama, the Chamber of Commerce and Industries of Panama, the Panamanian Mining Chamber, other Panamanian business and industry chambers and its legal advice, the Company is confident of resolving the Law 9 matter in the near-medium term.

### **Zambian power**

In June 2018, without any warning, ZESCO reduced power supply to the Kansanshi operation. The reduction was due to Kansanshi and Sentinel's rejection of ZESCO's demand for payment of higher tariffs, contrary to the existing contractual agreements between the parties.

On June 26, 2018, Kansanshi sought an injunction against ZESCO before the English courts, as the contracts on tariff are governed by English law. On June 28, 2018, ZESCO resisted the application and requested an extension to respond. On July 6, 2018, the Court awarded Kansanshi's request by way of a sanctioned consent order ("Order") which requires ZESCO to restore the full capacity as demanded by Kansanshi. In turn, Kansanshi is required to deposit the difference between the contractual tariff and the disputed higher tariff into a segregated account until an arbitration between Kansanshi and ZESCO on these facts are concluded. The Order continues to apply as ZESCO is restrained from making any reductions without incurring further sanction from the Court.

On August 22, 2018, Kansanshi served on ZESCO a Notice of Arbitration in respect of these facts. A procedural timetable of the arbitration has been agreed, with the merits hearing set for June 2020. Pursuant to the Procedural Order, Kansanshi has submitted its Statement of Claim and ZESCO has submitted its response and the parties have exchanged evidence. Following exchange of documents, witness statements were submitted on January 31, 2020. Due to the COVID-19 global pandemic the hearing, originally scheduled for the week of June 15, 2020, has now been rescheduled for the week of February 15, 2021. Kansanshi continues to be supported by the English Court Order against reductions in power supply until the arbitration dispute is resolved.

Despite this dispute, the Company's operations generally maintain a constructive relationship with ZESCO, particularly with regards to the management of technical and supply issues. Operational and technical dialogue between the parties is expected to continue in the normal course.

### **Kansanshi minority partner**

In October 2016, the Company, through its subsidiary Kansanshi Holdings Limited, received a Notice of Arbitration from ZCCM International Holdings PLC ("ZCCM") under the Kansanshi Mining PLC ("KMP") Shareholders Agreement. ZCCM is a 20% shareholder in KMP and filed the Notice of Arbitration against Kansanshi Holdings Limited ("KHL"), the 80% shareholder, and against KMP. The Company also received a Statement of Claim filed in the Lusaka High Court naming additional defendants, including the Company, and certain directors and an executive of the named corporate defendants. Aside from the parties, the allegations made in the Notice of Arbitration and the High Court for Zambia were the same. The Company is firmly of the view that the allegations are in their nature inflammatory, vexatious and untrue.

The dispute was stated as a request for a derivative action, requiring ZCCM to obtain permission to proceed in each forum of the Arbitration and the Lusaka High Court. The dispute arose from facts originating in 2007, and concerned the rate of interest paid on select deposits by KMP with the Company. The deposits were primarily retained for planned investment by KMP in Zambia. In particular, KMP deposits were used to fund a major investment program at Kansanshi, including the successful construction and commissioning of the Kansanshi smelter and expansion of the processing plant and mining operations. The entirety of the deposit sums has been paid down from the Company to KMP, with interest. The interest was based on an assessment of an arm's length fair market rate, which is supported by independent third-party analysis. ZCCM disputed that interest rate paid to KMP on the deposits was sufficient.

In July 2019, the Arbitral Tribunal issued a final award in favour of KMP. The parties have reached an agreement on costs, in total exceeding US\$1 million payable by ZCCM, bringing this particular matter to an end.

In parallel, several preliminary procedural applications to dismiss the High Court Action were lodged on behalf of the Company, and other defendants, in the Lusaka High Court. By a decision dated January 25, 2018, the Lusaka High Court used its discretion to rectify ZCCM's procedural errors. The Court granted leave to the Company, FQM Finance, a wholly-owned subsidiary of the Company, and the individual defendants to appeal against this decision and the litigants have agreed to a stay pending the appeal. The appeal hearing took place on November 21, 2018, with submissions made by all parties. The Court of Appeal delivered judgment on January 11, 2019, dismissing the appeal. An appeal to the Supreme Court of Zambia was heard on April 24, 2019, and has been dismissed. The High Court was scheduled to resume hearing two further procedural applications, including whether ZCCM is allowed to maintain the derivative action. However, before these hearings could take place the defendants brought an application requesting dismissal of the case on grounds of abuse of process/ *res judicata*, on the basis that the action cannot be allowed to continue for risk of producing conflicting judgment from the London arbitration, which has already adjudicated the facts of this particular complaint. ZCCM objected to the defendants' application. ZCCM also tried to bring an application to set aside the registration of the Arbitral award in Zambia. The defendants' resisted this application. Both applications had an oral hearing in October 2019.

However, after the October 2019 hearing, ZCCM pursued a challenge to the registration of the Arbitral Award on grounds that it was not enforceable because it had complied with the costs payment order of the Arbitral Award. KMP opposed ZCCM's challenge and made submissions to the Registrar that an Arbitration Award is eligible for registration despite compliance with costs orders. On February 13, 2020, the Registrar accepted KMP's position and dismissed ZCCM's challenge to the registration of the Arbitration Award. Accordingly, the Lusaka High Court proceeded to rule on the abuse of process application. By way of a ruling dated March 23, 2020, the Lusaka High Court agreed with KMP's application that the process, if it were to be allowed to continue before it, would risk conflicting judgements and would be *res judicata*. Accordingly, ZCCM's derivative action case was dismissed, with costs awarded to KMP against ZCCM. On April 6, 2020, ZCCM sought permission to appeal to the Court of Appeal on grounds that the High Court judge erred in fact and in law. KMP objects to the appeal, and the matter remains pending.

### **Kansanshi Development Agreement**

On May 19, 2020, KMP filed a Request for Arbitration against the Government of the Republic of Zambia ("GRZ") with the International Centre for Settlement of International Disputes ("ICSID"). This arbitration is confidential. KMP's claims concern breaches of certain contractual provisions of a development agreement between GRZ and KMP (the "Development Agreement") and international law. The amount in dispute is to be quantified at a later stage, however it is believed to be material. No timetable for the proceeding has yet been set.

## EXPLORATION

The Company's global exploration program is focused on identifying high quality porphyry and sediment hosted copper deposits in prospective belts around the world. This program includes work at advanced stage exploration projects at Taca Taca in Argentina and Haquira in Peru.

At Taca Taca, located in the Salta province of Argentina, the Company is continuing with the project pre-development and feasibility activities. The primary Environmental and Social Impact Assessment for the project, which covers the principal proposed project sites, was submitted to the Secretariat of Mining of Salta Province in 2019. At the Haquira project, located in the Apurímac region of Peru, the focus remains on community and environmental aspects.

The Company is engaged in the assessment and early stage exploration of a number of properties around the world, particularly focused on the Andean porphyry belt of Argentina, Chile, Peru, Ecuador and Colombia, as well as specific targets in other jurisdictions, including Australia and Papua New Guinea. Near-mine exploration programs are restricted to Las Cruces, in Spain, as well as on satellite targets around Kansanshi, in Zambia.

During the second quarter of 2020, travel restrictions and lockdowns associated with COVID-19 caused suspensions or delays to exploration and pre-development activities in most jurisdictions. In Zambia, activities have continued, and in Australia, Peru and Argentina, exploration programs have recommenced with appropriate sanitary and testing protocols in place. It is anticipated that drilling and other field activities will resume on the priority projects in Argentina, Papua New Guinea, and Turkey in the second half of 2020.

## GUIDANCE

Guidance provided below 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.

Market guidance has been revised for copper production to 725,000 to 770,000 tonnes, a reduction of 30,000 to 35,000 tonnes and gold production to 230,000 to 250,000 ounces, a reduction of 20,000 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.

Market guidance for production at all other operations remains unchanged from expectations previously disclosed.

Cash costs market guidance, including Cobre Panama, 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.

Depreciation guidance has been reduced to approximately \$1,250 million to reflect lower production guidance at Cobre Panama.

### Production guidance

000's	2020
Copper (tonnes)	725 – 770
Gold (ounces)	230 – 250
Nickel (tonnes)	15 – 17

### Production guidance by operation

Updated copper and gold guidance range for Cobre Panama is dependent on implementing the reopening plan which provides for the phased increase of onsite personnel while production is ramped up. Normal production levels would then be expected to return in mid-August 2020. A delay to this timeline would have an impact on the guidance range.

<b>Copper</b>	
000's tonnes	2020
Cobre Panama	180 – 200
Kansanshi	220 – 235
Sentinel	230 – 240
Las Cruces	52
Other sites	43

<b>Gold</b>	
000's ounces	2020
Cobre Panama	70 – 80
Kansanshi	120 – 130
Other sites	40

<b>Nickel</b>	
000's tonnes	2020
Ravensthorpe	15 – 17

### Cash cost and all-in sustaining cost – including Cobre Panama

<b>Copper</b>	
	2020
C1 (per lb)	\$1.20 – \$1.35
AISC (per lb)	\$1.65 – \$1.80

### Capital expenditure

	2020
Capitalized stripping	175
Sustaining capital and other projects	500
<b>Total capital expenditure</b>	<b>675</b>

Guidance for total capital expenditure is unchanged at \$675 million. Reduction in capitalized stripping reflects latest mine plans and reduced activity at Cobre Panama during the second quarter. The increase in sustaining capital and other projects 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.

**Interest**

Net interest expense for the quarter ended June 30, 2020, was \$186 million. A significant proportion of the Company's interest expense is incurred in jurisdictions where no tax credit is recognized. Interest expense for the full year 2020 is expected to range between \$770 million and \$810 million, and this includes interest accrued on related party loans to Cobre Panama and a finance cost accreted on the precious metal streaming arrangement.

**Tax**

Excluding Cobre Panama and the impact of interest expense, the effective tax rate for 2020 is expected to be approximately 30%.

**Depreciation**

Depreciation expense for the quarter was \$257 million. The full year 2020 depreciation expense is revised to be approximately \$1,250 million, a reduction of \$50 million to reflect reduced production at the Cobre Panama operation.

## OPERATING REVIEW

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Copper production (tonnes)<sup>1</sup></b>				
Cobre Panama	21,733	-	77,973	-
Kansanshi	58,815	58,634	114,427	112,547
Sentinel	60,761	54,977	117,394	112,693
Las Cruces	16,566	10,366	31,859	21,000
Guelb Moghrein	7,392	7,750	14,420	15,197
Çayeli	2,611	3,872	5,601	8,763
Pyhäsalmi	1,181	1,904	2,670	4,247
<b>Total copper production (tonnes) – excluding pre-commercial production</b>	<b>169,059</b>	<b>137,503</b>	<b>364,344</b>	<b>274,447</b>
Cobre Panama - pre-commercial	-	30,896	-	30,921
<b>Total copper production (tonnes) – including pre-commercial production</b>	<b>169,059</b>	<b>168,399</b>	<b>364,344</b>	<b>305,368</b>
<b>Gold production (ounces)</b>				
Cobre Panama	7,794	-	31,026	-
Kansanshi	34,177	35,613	67,179	70,356
Guelb Moghrein	11,665	11,961	22,902	24,459
Other sites <sup>2</sup>	1,015	1,523	2,332	3,639
<b>Total gold production (ounces) – excluding pre-commercial production</b>	<b>54,651</b>	<b>49,097</b>	<b>123,439</b>	<b>98,454</b>
Cobre Panama - pre-commercial	-	10,550	-	10,550
<b>Total gold production (ounces) – including pre-commercial production</b>	<b>54,651</b>	<b>59,647</b>	<b>123,439</b>	<b>109,004</b>
<b>Nickel production (contained tonnes) – Ravensthorpe</b>	<b>1,979</b>	<b>-</b>	<b>1,979</b>	<b>-</b>

<sup>1</sup> Production is presented on a contained basis, and is presented prior to processing through the Kansanshi smelter.

<sup>2</sup> Other sites include Çayeli and Pyhäsalmi.

### Second quarter

Excluding the impact of pre-commercial production at Cobre Panama in the second quarter of 2019, copper production in the current quarter was 23% higher than the comparable period of 2019 due to the contribution of Cobre Panama and higher production at Sentinel and Las Cruces.

Including the impact of pre-commercial production at Cobre Panama, copper production in the second quarter of 2020 was comparable to the same period in 2019. Higher production at Sentinel and Las Cruces was offset by the decrease in production at Cobre Panama due to the temporary suspension of labour activities as of April 7, 2020, due to COVID-19.

Sentinel achieved its highest quarterly copper production since 2018 of 60,761 tonnes, which was 11% higher than the comparable period in 2019, attributable to higher throughput. Kansanshi delivered another robust performance with higher throughput and recoveries ensuring its overall production was in line with the same quarter in 2019. Guelb Moghrein also kept production at similar levels. Copper production at Las Cruces was higher than the comparable period of 2019 which was impacted by the effects of a

land slippage earlier in the year. Production at Çayeli was impacted by a 26 day operational shutdown as the result of a strike which was resolved June 6, 2020.

Total gold production, including the impact of pre-commercial production at Cobre Panama, was 8% lower than the comparable period in 2019. Cobre Panama produced 7,794 ounces of gold in the second quarter of 2020, compared to pre-commercial production of 10,550 ounces of gold in the same period in 2019. This reflects the decrease in production due to the temporary suspension of labour activities at the Cobre Panama operation. Gold production at Kansanshi was 4% lower due to planned maintenance, and Guelb Moghrein was 2% lower due to grades.

Nickel production for the second quarter was 1,979 contained tonnes of nickel as Ravensthorpe continues to ramp up.

#### **Six months**

Copper production in the six months ended June 30, 2020, was 33% higher than the comparable period of 2019, excluding the pre-commercial production at Cobre Panama, due to the contribution of Cobre Panama and higher production at Sentinel and Las Cruces. Copper production at Las Cruces increased by 52% as the first half of 2019 was impacted by a land slippage in January 2019, which halted mining and processing activities.

Copper production in the period increased by 19% compared to the same period in 2019, including the pre-commercial production at Cobre Panama, despite temporary suspension of labour activities at the Cobre Panama operation in the second quarter of 2020.

Total gold production, was 13% higher than the comparable period in 2019, including the impact of pre-commercial production at Cobre Panama. Cobre Panama produced 31,026 ounces of gold in the first half of 2020, compared to pre-commercial production in the first half of 2019 of 10,550 ounces of gold. Gold production at Kansanshi was 5% lower due to planned maintenance.

Ravensthorpe recommenced operations with the first nickel production in late-April. The first HPAL circuit was brought online in April, followed by the second circuit in May as the operations ramped up. Nickel production for the second quarter was 1,979 contained tonnes of nickel.

in United States dollars, tabular amounts in millions, except where noted

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Copper sales volume (tonnes)<sup>1</sup></b>				
Cobre Panama	17,832	-	81,968	-
Kansanshi <sup>1</sup>	60,262	61,224	115,592	114,257
Sentinel	52,058	55,622	97,241	106,809
Las Cruces	17,818	10,112	32,291	21,555
Guelb Moghrein	8,170	8,143	15,819	16,067
Çayeli	2,544	5,817	4,320	9,631
Pyhäsalmi	1,260	1,873	2,666	4,734
<b>Total copper sales (tonnes) – excluding pre-commercial sales</b>	<b>159,944</b>	<b>142,791</b>	<b>349,897</b>	<b>273,053</b>
Cobre Panama - pre-commercial	-	6,542	-	6,542
<b>Total copper sales (tonnes) – including pre-commercial sales</b>	<b>159,944</b>	<b>149,333</b>	<b>349,897</b>	<b>279,595</b>
<b>Gold sales volume (ounces)</b>				
Cobre Panama	6,674	-	34,011	-
Kansanshi	32,009	37,917	64,703	68,999
Guelb Moghrein	14,528	14,156	26,634	27,457
Other sites <sup>2</sup>	1,380	2,222	3,025	4,629
<b>Total gold sales (ounces) – excluding pre-commercial sales</b>	<b>54,591</b>	<b>54,295</b>	<b>128,373</b>	<b>101,085</b>
Cobre Panama - pre-commercial	-	2,627	-	2,627
<b>Total gold sales (ounces)<sup>3</sup> – including pre-commercial sales</b>	<b>54,591</b>	<b>56,922</b>	<b>128,373</b>	<b>103,712</b>
<b>Nickel sales volume (contained tonnes) – Ravensthorpe</b>	<b>1,791</b>	<b>-</b>	<b>1,791</b>	<b>-</b>

<sup>1</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 six months ended June 30, 2020 (nil and 1,182 tonnes for the three and six months ended June 30, 2019, respectively).

<sup>2</sup> Other sites include Çayeli and Pyhäsalmi.

<sup>3</sup> Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (see page 36).

## Second quarter

Total copper sales volumes, including the pre-commercial sales in the second quarter of 2019, were 7% higher than the comparable period in 2019, reflecting the contribution from Cobre Panama as well as increased production at Las Cruces. Sentinel sales volumes were lower due to the timing of sales following an outage at a third party smelter.

Gold sales volumes, including the pre-commercial sales in the second quarter of 2019, decreased by 4% due to the timing of sales and lower production at Kansanshi.

Ravensthorpe dispatched its first shipment in May, with a successive shipment in June, resulting in 1,791 contained tonnes of Nickel sold in the quarter.

## Six months

Copper sales in the period were 25% higher compared to the same period in 2019, including pre-commercial sales from Cobre Panama. This reflects the contribution from Cobre Panama as well as higher copper sales at Las Cruces.

Gold sales volumes, including the pre-commercial sales in the second quarter of 2019, increased by 24% reflecting the contribution from Cobre Panama of 34,011 ounces.

in United States dollars, tabular amounts in millions, except where noted

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
<b>Copper C1<sup>3</sup> cash cost (\$ per lb)</b>				
Cobre Panama	\$1.72	-	\$1.48	-
Kansanshi <sup>1</sup>	\$1.09	\$1.15	\$1.15	\$1.20
Sentinel	\$1.36	\$1.55	\$1.45	\$1.58
Las Cruces	\$0.84	\$1.51	\$0.86	\$1.41
Other sites <sup>2</sup>	\$0.78	\$1.04	\$0.81	\$0.93
<b>Total copper C1 cash cost (\$ per lb)<sup>1</sup></b>	<b>\$1.20</b>	<b>\$1.32</b>	<b>\$1.25</b>	<b>\$1.33</b>
<b>Copper AISC (\$ per lb)</b>				
Cobre Panama	\$2.03	-	\$1.72	-
Kansanshi	\$1.56	\$1.66	\$1.61	\$1.69
Sentinel	\$1.86	\$2.06	\$1.93	\$2.07
Las Cruces	\$0.93	\$1.65	\$0.94	\$1.55
Other sites <sup>2</sup>	\$1.10	\$1.27	\$1.14	\$1.15
<b>Total copper AISC (\$ per lb)<sup>1</sup></b>	<b>\$1.62</b>	<b>\$1.77</b>	<b>\$1.63</b>	<b>\$1.77</b>

<sup>1</sup> Copper C1 cash cost and AISC for Kansanshi and total copper exclude purchases of copper concentrate from third parties treated through the Kansanshi smelter.

<sup>2</sup> Other sites include Guelb Moghrein, Çayeli and Pyhäsalmi.

<sup>3</sup> Copper production for the three and six months ended June 30, 2019 included 30,896 tonnes and 30,921 tonnes, respectively, of pre-commercial production from Cobre Panama, which is not included in C1, C3 and AISC calculations.

## Second quarter

Total copper C1 cash cost of \$1.20 per lb for the second quarter of 2020 was \$0.12 per lb lower than the same period in 2019, reflecting in particular, decreases at Kansanshi and Sentinel due to lower fuel costs and favourable foreign exchange impact and higher production at Sentinel. Kansanshi also benefited from lower maintenance costs in the quarter. Sentinel achieved a record low C1 cash cost of \$1.36 per lb. In addition, C1 cash cost at Las Cruces was significantly lower with higher production and cost reductions. Guelb Moghrein also achieved a notable reduction to C1 with lower mining costs, fuel prices and higher realized gold price resulting in the lowest C1 cash cost for over a decade, and the lowest reported AISC.

Cobre Panama C1 cash cost of \$1.72/lb and AISC of \$2.03/lb was relatively high in the quarter because of the impact of COVID-19 restrictions on production.

Total copper AISC of \$1.62 per lb is \$0.15 per lb lower than the comparable period in 2019, reflecting the lower C1 cash costs as well as lower royalties.

## Six months

Copper C1 cash cost of \$1.25 per lb for the six months ended June 30, 2020 included contribution from Cobre Panama of \$1.48 per lb. This is \$0.08 per lb lower than the same period in 2019, reflecting decreases at Kansanshi and Sentinel due to lower fuel costs and favourable foreign exchange impact and higher production. Kansanshi also benefited from lower maintenance costs. In addition, C1 cash cost at Las Cruces was significantly lower with higher production and cost reductions.

Copper AISC was \$0.14 per lb lower than the comparable period of 2019 due to decreased C1 cash costs as well as lower sustaining capex and royalties at Kansanshi and Sentinel.

## OPERATIONS

Cobre Panama	Three months ended June 30		Six months ended June 30	
	2020	2019 <sup>4</sup>	2020	2019 <sup>4</sup>
Copper ore processed (000's tonnes) <sup>1</sup>	6,157	8,223	22,099	9,278
Copper ore grade processed (%)	0.41	0.43	0.39	0.43
Copper recovery (%)	86	82	90	82
Copper production (tonnes)	21,733	30,896	77,973	30,921
Copper sales (tonnes)	17,832	6,542	81,968	6,542
Gold production (ounces)	7,794	10,550	31,026	10,550
Gold sales (ounces) <sup>2</sup>	6,674	2,627	34,011	2,627
Silver production (ounces)	164,449	257,366	593,743	257,541
Silver sales (ounces) <sup>2</sup>	126,366	55,153	606,890	55,153
All-in sustaining cost (AISC) (per lb) <sup>3</sup>	\$2.03	-	\$1.72	-
Cash cost (C1) (per lb) <sup>3</sup>	\$1.72	-	\$1.48	-
Total cost (C3) (per lb) <sup>3</sup>	\$2.99	-	\$2.59	-
Sales revenues	107	-	505	-
Gross profit (loss)	(37)	-	(4)	-
Comparative EBITDA <sup>3</sup>	12	-	169	-

<sup>1</sup> DMT

<sup>2</sup> Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (see page 36).

<sup>3</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

<sup>4</sup> Represents pre-commercial production and sales volumes. Pre-commercial production and sales volumes at Cobre Panama are not included in earnings, C1, C3 and AISC calculations.

### Second quarter

Cobre Panama had a challenging quarter. During the first week of the second quarter, on April 6, 2020, MINSA ordered the temporary suspension of labour activities on site due to COVID-19. As a result, the Company placed Cobre Panama on preservation and safe maintenance beginning April 7, 2020, operating at much reduced levels of activity consistent with ensuring safety and the protection of the environment and the assets.

During the quarter, approximately 6.2 million tonnes of ore with an average grade of 0.41% were processed, and recoveries of 86% were achieved, which resulted in copper and gold production of 21,733 tonnes and 7,794 ounces, respectively. Recoveries in the quarter were impacted while the operation was on preservation and safe maintenance due to processing a larger proportion of stockpiled ore which contained a higher content of both acid-soluble copper and clay materials, and also by stability and management of pH in the processing circuit.

AISC and C1 cash cost of \$2.03 per lb and \$1.72 per lb, respectively, reflect the significantly reduced production levels for the three months ended June 30, 2020. Included within C1 cash costs and AISC are \$4 million in increased operating costs associated with increased health and safety protocols in response to COVID-19. \$6 million in costs associated with placing the operation on preservation and safe maintenance were incurred in April but excluded from C1 cash costs and AISC. Effective steps were taken to swiftly reduce operating costs during a lower level of production under preservation and maintenance, remaining EBITDA-positive, rather than under care and maintenance with associated costs.

Sales revenues for the three months ended June 30, 2020, were \$107 million. A total of 17,832 tonnes of contained copper were sold in the second quarter. Comparative EBITDA for the same period was \$12 million, and gross loss was \$37 million, with a depreciation charge of \$51 million.

**Six months**

Since the beginning of the year, throughput has been below expectation. Throughput was impacted by unplanned downtime of the crusher circuit in the first quarter, which was later resolved, and the temporary suspension of labour activities due to COVID-19 that significantly reduced throughput for the second quarter.

Year to date, approximately 22.1 million tonnes of ore with an average grade of 0.39% were processed, and recoveries of 90% were achieved, which resulted in copper and gold production of 77,973 tonnes and 31,026 ounces, respectively.

AISC and C1 cash cost were \$1.72 per lb and \$1.48 per lb, respectively, for the six months ended June 30, 2020.

Sales revenues for the six months ended June 30, 2020, were \$505 million and a total of 81,968 tonnes of contained copper were sold in this period. Comparative EBITDA was \$169 million and gross loss for the same period was \$4 million.

**Outlook**

On July 7, 2020, the Company announced that normal operations could resume at Cobre Panama after the temporary suspension orders were lifted. The reopening plan commenced, however, the priority for Cobre Panama remains the health and safety of the workforce and surrounding communities. Therefore, the strict protocols and sanitary vigilance that have been introduced as a result of COVID-19, will remain in place. The workforce will be gradually increased in compliance with Cobre Panama's reopening plan and in line with MINSA guidelines as production levels are ramped up. The operation is expected to ramp up to full production by mid-August.

Production at Cobre Panama is now expected to be between 180,000 and 200,000 tonnes of copper and to between 70,000 and 80,000 ounces of gold.

in United States dollars, tabular amounts in millions, except where noted

Kansanshi	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Sulphide ore milled (000's tonnes) <sup>1</sup>	3,300	3,312	6,621	6,396
Sulphide ore grade processed (%)	0.80	0.85	0.84	0.87
Sulphide copper recovery (%)	93	91	93	90
Mixed ore milled (000's tonnes) <sup>1</sup>	2,160	1,990	4,127	3,860
Mixed ore grade processed (%)	1.03	1.06	1.01	1.03
Mixed copper recovery (%)	82	74	82	75
Oxide ore milled (000's tonnes) <sup>1</sup>	2,010	1,856	3,707	3,390
Oxide ore grade processed (%)	0.96	1.24	0.96	1.19
Oxide copper recovery (%)	84	76	79	81
Copper production (tonnes) <sup>2</sup>	58,815	58,634	114,427	112,547
<b>Copper smelter</b>				
Concentrate processed <sup>1, 3</sup>	273,673	351,169	603,619	693,476
Copper anodes produced (tonnes) <sup>3</sup>	66,905	84,505	147,185	167,639
Smelter copper recovery (%)	97	97	97	97
Acid tonnes produced (000's)	264	323	579	645
Copper sales (tonnes) <sup>4, 5</sup>	60,262	61,224	115,592	114,257
Gold production (ounces)	34,177	35,613	67,179	70,356
Gold sales (ounces)	32,009	37,917	64,703	68,999
All-in sustaining cost (AISC) (per lb) <sup>6, 7</sup>	\$1.56	\$1.66	\$1.61	\$1.69
Cash costs (C1) (per lb) <sup>6, 7</sup>	\$1.09	\$1.15	\$1.15	\$1.20
Total costs (C3) (per lb) <sup>6, 7</sup>	\$1.82	\$1.87	\$1.89	\$1.92
Sales revenues	351	408	700	772
Gross profit	73	116	152	232
Comparative EBITDA <sup>6</sup>	132	178	283	347

<sup>1</sup> DMT

<sup>2</sup> Production presented on a copper concentrate basis, i.e. mine production only. Production does not include output from the smelter.

<sup>3</sup> Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel and third-party concentrate processed. Concentrate processed is measured in DMT. There was no third-party purchased copper concentrate treated for the six months ended June 30, 2020 (1,881 DMT for the six months ended June 30, 2019).

<sup>4</sup> Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded. Sales of copper anode produced from purchased concentrate were nil for the six months ended June 30, 2020 (nil and 1,182 tonnes for the three and six months ended June 30, 2019, respectively).

<sup>5</sup> Sales include third-party sales of concentrate, cathode and anode attributable to Kansanshi (excluding copper anode sales attributable to Sentinel).

<sup>6</sup> AISC, C1 cash cost, and C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

<sup>7</sup> Excluding purchases of copper concentrate from third parties treated through the Kansanshi smelter.

## Kansanshi Mining Operations

### Second quarter

Copper production was in line with the comparable period in 2019. Higher throughput and recoveries mitigated lower grades, mainly the oxide circuit. Improved recoveries were a result of continued work, including optimization of reagent usage and sulphide debottlenecking projects.

The decline in the oxide ore grade was expected due to the depletion of higher-grade areas as the mine ages.

The high-pressure leach unit was in partial use during the quarter with one autoclave in operation.

Gold production decreased by 4% compared to the same period in 2019, due to planned maintenance.

AISC was \$0.10 per lb lower than the comparable period reflecting lower C1 cash cost, reduced stripping and royalties. C1 cash cost was \$0.06 per lb lower compared to the same period in 2019, due to the weaker ZMW and lower maintenance costs and fuel prices.

Sales revenues of \$351 million were 14% less than the same period in 2019, reflecting lower realized copper prices, excluding the impact of the corporate sales hedge program, and reduced acid sales. These were partially offset by the higher realized gold price.

Gross profit of \$73 million was 37% lower than the comparable period in 2019, reflecting lower sales revenues mitigated by lower operating expenditures.

#### **Six months**

Copper production during the first half of the year was 2% higher than the comparable period in 2019 as a result of higher throughput and recoveries more than offsetting the lower grades, mainly the oxide circuit.

AISC was \$0.08 per lb lower than the comparable period reflecting lower C1 cash cost, reduced sustaining capital expenditure and royalties. C1 cash cost was \$0.05 per lb lower compared to the same period in 2019, due to the weaker ZMW and lower maintenance costs and fuel prices.

Sales revenues of \$700 million were 9% lower compared to the same period in 2019 reflecting lower realized copper prices, excluding the impact of the corporate sales hedge program, and reduced acid sales. These were partially offset by the higher copper sales volumes and realized gold prices.

Gross profit of \$152 million was 34% lower than the same period in 2019, reflecting lower sales revenues mitigated by lower operating expenditures.

#### **Kansanshi Copper Smelter**

##### **Second quarter**

The smelter treated 273,673 DMT of concentrate, 22% lower than the same period of 2019, and produced 66,905 tonnes of copper anode and 264,000 tonnes of sulphuric acid. The concentrate grade treated in the quarter was 24.1%.

The lower concentrate throughput is a result of the smelter shutdown during the second quarter for essential maintenance.

##### **Six months**

In the first six months of 2020, the smelter treated 603,619 DMT of concentrate, representing a 13% decrease from the first half of 2019, and produced 147,185 tonnes of copper in anode and 579,000 tonnes of sulphuric acid.

##### **Outlook**

Production in 2020 is expected to be between 220,000 and 235,000 tonnes of copper, and between 120,000 and 130,000 ounces of gold.

in United States dollars, tabular amounts in millions, except where noted

Sentinel	Three months ended		Six months ended	
	June 30		June 30	
	2020	2019	2020	2019
Copper ore processed (000's tonnes) <sup>1</sup>	13,997	11,887	28,104	23,468
Copper ore grade processed (%)	0.49	0.50	0.47	0.52
Copper recovery (%)	89	92	89	92
Copper production (tonnes)	60,761	54,977	117,394	112,693
Copper sales (tonnes)	52,058	55,622	97,241	106,809
All-in sustaining cost (AISC) (per lb) <sup>2</sup>	\$1.86	\$2.06	\$1.93	\$2.07
Cash cost (C1) (per lb) <sup>2</sup>	\$1.36	\$1.55	\$1.45	\$1.58
Total cost (C3) (per lb) <sup>2</sup>	\$2.02	\$2.29	\$2.14	\$2.31
Sales revenues	252	319	487	615
Gross profit	38	56	59	111
Comparative EBITDA <sup>2</sup>	93	115	170	227

<sup>1</sup> DMT

<sup>2</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

### Second quarter

Sentinel achieved its highest quarterly copper production since 2018 of 60,761, an increase of 11% compared to the same period in 2019, reflecting higher throughput. A higher proportion of soft material from the surface of the Eastern cutback contributed to the enhanced throughput rates. Recoveries continue to be impacted by the treatment of transitional ore from the Eastern cutback though improvements are expected as the blend and reagent usage are optimized.

Both AISC and C1 were at a record low for a quarter. AISC of \$1.86 per lb was \$0.20 per lb lower than the same period of 2019, reflecting lower C1 cash cost and royalties, offset by increased stripping. C1 cash cost was \$0.19 per lb lower than the comparable period of 2019, mainly due to lower fuel prices and the depreciation of the ZMW against the USD, as well as increased production levels.

Sales revenues of \$252 million were 21% lower than the same period in 2019 due to lower sales volumes and realized copper price, excluding the impact of the corporate sales hedge program. Sales volumes were lower due to the timing of sales following an outage at a third party smelter. Sales revenues comprised sales of both concentrate and anode with a higher proportion of revenue realized from copper anode.

Gross profit of \$38 million was 32% lower than the comparable period in 2019, reflecting lower sales revenues.

### Six months

Copper production for the six months ended June 30, 2020, increased by 4% compared to the same period in 2019, reflecting higher throughput, partially offset by lower copper grades and recoveries.

AISC of \$1.93 per lb was \$0.14 per lb lower than the same period of 2019, reflecting lower C1 cash cost and sustaining capital expenditure. C1 cash cost was \$0.13 per lb lower than the comparable period of 2019.

Sales revenues of \$487 million were 21% lower than the same period in 2019 due to both lower sales volumes and realized copper prices, excluding the impact of the corporate sales hedge program. Sales revenues comprised sales of both concentrate and anode, with a higher proportion of revenue realized from copper anode.

Gross profit of \$59 million was 47% lower than the comparable period in 2019, reflecting lower sales revenues.

## Outlook

Production in 2020 is expected to be between 230,000 and 240,000 tonnes of copper.

Throughput rates are expected to be maintained with secondary crushing and consistent ore supply. Feed grades are expected to improve in the second half of the year. Recoveries are expected to continue to be impacted by the treatment of transitional ore from the Eastern cutback for the remainder of the year. Mining is expected to continue to benefit from the decongestion of the main pit as the Eastern cutback continues to expand. Waste stripping in the Eastern cutback is planned to continue throughout 2020 with approximately 40% of ore expected to be sourced from the Eastern cutback in 2020.

Las Cruces	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Ore tonnes processed (000's tonnes) <sup>1</sup>	383	360	738	685
Copper ore grade processed (%)	4.99	3.35	4.99	3.54
Copper recovery (%)	87	86	87	87
Copper cathode production (tonnes)	16,566	10,366	31,859	21,000
Copper cathode sales (tonnes)	17,818	10,112	32,291	21,555
All-in sustaining cost (AISC) (per lb) <sup>2</sup>	\$0.93	\$1.65	\$0.94	\$1.55
Cash cost (C1) (per lb) <sup>2</sup>	\$0.84	\$1.51	\$0.86	\$1.41
Total cost (C3) (per lb) <sup>2</sup>	\$2.50	\$3.59	\$2.46	\$3.39
Sales revenues	97	62	180	133
Gross profit (loss)	(1)	(19)	4	(25)
Comparative EBITDA <sup>2</sup>	63	28	117	67

<sup>1</sup> DMT

<sup>2</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

## Second quarter

Mining operations at Las Cruces were shut down on March 30, 2020 due to COVID-19, following an order by the Spanish government which designated mining as a non-essential operation. The plant continued to process the ore stockpiles. Las Cruces resumed operations on April 13, 2020, following the end of the government imposed shutdown on non-essential services on April 9, 2020.

Copper production increased by 60% compared to the same quarter in 2019, primarily due to the lower production in the second quarter of 2019 following the land slippage in January 2019. Plant production has returned to normal throughput levels, processing a blend of fresh ore from the mine and stockpiled ore.

AISC of \$0.93 per lb for the quarter was \$0.72 per lb lower than the same period in 2019, reflecting lower C1 cash cost as well as lower sustaining capital expenditure. C1 cash cost was \$0.67 per lb lower, driven by higher copper production and cost reductions.

Sales revenues of \$97 million were 56% higher compared to the same period in 2019, due to higher sales volumes, excluding the impact of the corporate sales hedge program. The increase in revenues and cost restraint resulted in a gross loss of \$1 million in the quarter, compared to a gross loss of \$19 million in the second quarter of 2019.

Remediation activities in the pit were finalized in May 2020.

## Six months

Copper production for the six months ended June 30, 2020, increased by 52% compared to the same period in 2019. During the first half of 2020, plant production has returned to normal throughput levels following the land slippage in January 2019.

AISC of \$0.94 per lb was \$0.61 per lb lower than the same period in 2019, reflecting lower C1 cash cost driven by higher copper production, and lower operating costs and deferred stripping.

Sales revenues of \$180 million increased by 35% compared to same period in 2019 due to higher sales volumes, excluding the impact of the corporate sales hedge program. The increase in revenues resulted in a gross profit of \$4 million in the period compared to a gross loss of \$25 million in the six months ended June 30, 2019. In the six months ended June 30, 2019, \$13 million of write-off of assets and other costs associated with the mining interruption caused by the land slippage were recognized.

### Outlook

2020 is expected to be the final full year of production for the open-pit. Copper production guidance for 2020 is 52,000 tonnes.

Cost optimization continues to be the focus in 2020.

The technical and study work on the polymetallic refinery project is expected to continue, as well as permits required to carry out the project.

Guelb Moghrein	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Sulphide ore tonnes milled (000's) <sup>1</sup>	1,015	1,018	1,913	2,012
Sulphide ore grade processed (%)	0.83	0.84	0.85	0.85
Sulphide copper recovery (%)	88	90	89	89
Copper production (tonnes)	7,392	7,750	14,420	15,197
Copper sales (tonnes)	8,170	8,143	15,819	16,067
Gold production (ounces)	11,665	11,961	22,902	24,459
Gold sales (ounces)	14,528	14,156	26,634	27,457
Magnetite concentrate production (WMT) <sup>2</sup>	160,434	163,555	290,207	282,724
Magnetite concentrate sales (WMT) <sup>2</sup>	180,107	222,762	315,115	312,393
All-in sustaining cost (AISC) (per lb) <sup>3</sup>	\$0.87	\$1.19	\$0.96	\$1.28
Cash costs (C1) (per lb) <sup>3</sup>	\$0.48	\$0.91	\$0.57	\$1.00
Total costs (C3) (per lb) <sup>3</sup>	\$1.34	\$1.65	\$1.38	\$1.93
Sales revenues	78	77	145	141
Gross profit	14	18	35	24
Comparative EBITDA <sup>3</sup>	26	29	56	52

<sup>1</sup> DMT

<sup>2</sup> Magnetite concentrate production and sales volumes are measured in wet metric tonnes ("WMT").

<sup>3</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

### Three and six months

Copper production for the quarter was 5% lower than the same period in 2019, as a result of lower grade and recoveries, caused by high arsenic content ore in the feed. Copper production for the six months ended June 30, 2020, was 5% lower than the same period in 2019, as a result of lower throughput.

Gold production for the three and six months ended June 30, 2020 were 2% and 6% lower, respectively, compared to the same periods in 2019 due to lower feed grade.

The magnetite plant produced 2% less in the three months ended June 30, 2020 and 3% more in the six months ended June 30, 2020, compared to the same periods in 2019.

AISC for the three and six months ended June 30, 2020 decreased by \$0.32 per lb compared to the same periods in 2019, mainly driven by lower C1 cash costs for the period. C1 cost for the three and six months ended June 30, 2020 was \$0.48 per lb and \$0.57 per lb, respectively, \$0.43 per lb lower than the same periods in 2019 due to lower mining costs and fuel prices, and higher realized gold prices. This represents the lowest C1 cash cost for over a decade, and the lowest reported AISC.

Sales revenues for the three months ended June 30, 2020 were comparable to the same period in 2019. Gross profit for the three months ended June 30, 2020 was \$4 million lower than the comparable period, reflecting the movement in the value of ore stockpiles processed in the quarter. Sales revenues for the six months ended June 30, 2020 were 3% higher than the same period in 2019, due to higher realized gold and magnetite prices. Gross profit for the six months ended June 30, 2020 is \$11 million higher than the comparable period in 2019, reflecting higher revenues as well as lower depreciation and fuel prices.

### Outlook

Production in 2020 is expected to be approximately 25,000 tonnes of copper, 40,000 ounces of gold, and 500,000 WMT of magnetite concentrate.

Significant cost-saving initiatives started in the first quarter have delivered significant benefits that will continue in the second half of the year. Optimization of plant equipment maintenance and recoveries will continue to be a key focus in the period, as well as continuing working capital reductions.

Çayeli	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Copper production (tonnes) <sup>1</sup>	2,611	3,872	5,601	8,763
Copper sales (tonnes)	2,544	5,817	4,320	9,631
Zinc production (tonnes)	853	1,428	1,618	2,180
Zinc sales (tonnes)	-	1,833	1,857	1,833
All-in sustaining cost (AISC) (per lb) <sup>2</sup>	\$1.61	\$1.54	\$1.78	\$1.56
Cash cost (C1) (per lb) <sup>2</sup>	\$1.39	\$1.32	\$1.51	\$1.33
Total cost (C3) (per lb) <sup>2</sup>	\$2.60	\$2.25	\$2.69	\$2.23
Sales revenues	12	32	21	50
Gross profit (loss)	(1)	9	(5)	12
Comparative EBITDA <sup>2</sup>	4	18	5	35

<sup>1</sup> DMT

<sup>2</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

### Three and six months

Copper production for the three and six months ended June 30, 2020 were 33% and 36% lower, respectively, compared to the same periods in 2019 due to lower throughput, related to 26 days of shutdown resulting from a strike in the second quarter which was resolved on June 6, 2020 and the main ramp rehabilitation during the first quarter. This was partially offset by higher copper grade in the quarter due to prioritization of mining locations.

Zinc production for the three and six months ended June 30, 2020 were 40% and 26% lower respectively, compared to the same periods in 2019 due to lower throughput and recoveries.

AISC for the three and six months ended June 30, 2020, increased by \$0.07 lb and \$0.22 per lb, respectively, compared to the same periods in 2019, mainly driven by higher C1 cash cost. The C1 cash cost for the three and six months ended June 30, 2020, increased by \$0.07 lb and \$0.18 per lb, respectively, compared to the same periods in 2019, mainly due to the impact of lower copper production.

Sales revenues for the three and six months ended June 30, 2020 were \$20 million and \$29 million lower, respectively, compared to the same periods in 2019 due to lower sales volumes as a result of lower production and lower realized copper prices. Gross loss of \$1 million and \$5 million for the three and six months ended June 30, 2019, respectively, were impacted by the decrease in revenues for the same periods.

### Outlook

Production for 2020 is expected to be slightly below guidance levels of 15,000 tonnes of copper and 6,000 tonnes of zinc, following lost production during the strike that occurred and was resolved in the quarter.

Production is expected to be challenging due to poor ground conditions in the areas planned to be mined, therefore ground stabilization will continue to be critical to achieving the expected production levels.

Pyhäsalmi	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Copper production (tonnes) <sup>1</sup>	1,181	1,904	2,670	4,247
Copper sales (tonnes)	1,260	1,873	2,666	4,734
Zinc production (tonnes)	1,084	2,695	2,156	8,261
Zinc sales (tonnes)	829	2,617	1,853	9,263
Pyrite production (tonnes)	108,329	152,522	204,832	304,997
Pyrite sales (tonnes)	117,759	97,221	241,899	221,888
All-in sustaining cost (AISC) (per lb) <sup>2</sup>	\$1.62	\$0.25	\$1.22	(\$0.11)
Cash cost (C1) (per lb) <sup>2</sup>	\$1.55	\$0.21	\$1.18	(\$0.13)
Total cost (C3) (per lb) <sup>2</sup>	\$2.30	\$1.75	\$1.63	\$1.69
Sales revenues	11	21	24	57
Gross profit	1	5	4	16
Comparative EBITDA <sup>2</sup>	2	11	6	33

<sup>1</sup> DMT

<sup>2</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

### Three and six months

Copper production was 38% and 37% lower in three and six months ended June 30, 2020, respectively, compared to the same periods in 2019 due to lower copper grade and throughput. Zinc production for the three and six months ended June 30, 2020, decreased, compared to the same periods in 2019, due to lower zinc grade and throughput.

AISC of \$1.62 per lb and \$1.22 per lb for the three and six months ended June 30, 2020, were higher than the comparable periods of 2019, due to higher C1 cash cost, which reflected lower by-product credits and the impact of lower copper production.

Sales revenues for the three and six months ended June 30, 2020, were 48% and 58% lower, respectively, than the comparable periods of 2019, reflecting lower sales volumes and lower realized metal prices, excluding the impact of the corporate sales hedge program.

### Outlook

Production in 2020 is expected to marginally exceed guidance of 3,000 tonnes of copper, 2,000 ounces of gold and 1,000 tonnes of zinc. The operation is also expected to produce 425,000 tonnes of pyrite.

Throughput is expected to be 700,000 tonnes in 2020 in line with the anticipated depletion of economic ore.

in United States dollars, tabular amounts in millions, except where noted

Ravensthorpe	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Beneficiated ore tonnes processed (000's)	457	-	457	-
Beneficiated ore grade processed (%)	0.93	-	0.93	-
Nickel recovery (%)	68	-	68	-
Nickel production (contained tonnes)	1,979	-	1,979	-
Nickel sales (contained tonnes)	1,791	-	1,791	-
Nickel production (payable tonnes)	1,579	-	1,579	-
Nickel sales (payable tonnes)	1,429	-	1,429	-
All-in sustaining cost (AISC) (per lb) <sup>1</sup>	\$7.30	-	\$7.30	-
Cash cost (C1) (per lb) <sup>1</sup>	\$6.26	-	\$6.26	-
Total cost (C3) (per lb) <sup>1</sup>	\$7.93	-	\$7.93	-
Sales revenues	19	-	19	-
Gross profit	(29)	(6)	(67)	(12)
Comparative EBITDA <sup>1</sup>	(25)	(5)	(61)	(9)

<sup>1</sup> AISC, C1 cash cost, C3 total cost and comparative EBITDA are not recognized under IFRS. See "Regulatory Disclosures" for further information.

### Three and six months

Ravensthorpe recommenced operations in the first quarter of 2020 with the first HPAL circuit brought online mid-April and first nickel production in late-April. The second HPAL circuit was brought online in May as the operations ramped up. Nickel production for the second quarter was 1,979 contained tonnes of nickel.

First shipment of nickel from Ravensthorpe was in May with a successive shipment in June. Sales revenues in the second quarter of 2020 were \$19 million. The average LME nickel price was \$5.54 per lb for the period.

C1 cash cost of \$6.26 per for the three months ended June 30, 2020 reflects the early stages of ramp-up and relatively low levels of production for the quarter. C1 cash cost excluded commissioning costs of \$18 million and \$54 million for the three and six months ended June 30, 2020, associated with restarting the operation.

### Outlook

Production in 2020 is expected to be between 15,000 and 17,000 tonnes of nickel.

Recoveries, beneficiated grade and production are expected to ramp up as the mine, beneficiation plant, atmospheric leaching and HPAL operations continue to ramp up to stable operation. Shipments are scheduled for each month in 2020.

Permits for construction of infrastructure and the mining of Shoemaker Levy ore body have been received. Work at Shoemaker Levy is expected to commence in the third quarter, and first ore to the plant is scheduled for the first half of 2021.

## SALES REVENUES

		Three months ended June 30		Six months ended June 30	
		2020	2019	2020	2019
Cobre Panama <sup>2</sup>	- copper	84	-	408	-
	- gold	19	-	83	-
	- other	4	-	14	-
Kansanshi	- copper	298	355	596	674
	- gold	53	48	103	87
	- acid	-	5	1	11
Sentinel	- copper	252	319	487	615
Las Cruces	- copper	97	62	180	133
Guelb Moghrein	- copper	39	43	76	85
	- gold	23	18	41	34
	- magnetite	16	16	28	22
Çayeli	- copper	11	28	17	46
	- zinc, gold and silver	1	4	4	4
Pyhäsalmi	- copper	6	10	12	26
	- zinc	1	7	2	19
	- pyrite, gold and silver	4	4	10	12
Ravensthorpe	-nickel	18	-	18	-
	-cobalt	1	-	1	-
Corporate <sup>1</sup>		87	20	115	28
<b>Sales revenues</b>		<b>1,014</b>	<b>939</b>	<b>2,196</b>	<b>1,796</b>
	Copper	864	836	1,879	1,606
	Gold	98	67	232	124
	Nickel	27	-	30	-
	Other	25	36	55	66
		<b>1,014</b>	<b>939</b>	<b>2,196</b>	<b>1,796</b>

<sup>1</sup> Corporate sales include sales hedges (see "Hedging programs" for further discussion).

<sup>2</sup> The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial sales revenues attributable to Cobre Panama are capitalized and are excluded from earnings.

### Second quarter review of sales revenues

Sales revenues were 8% higher than the comparable period of 2019, including a \$107 million contribution from Cobre Panama in the current quarter.

Copper sales revenues were 3%, or \$28 million, higher than the comparable period of 2019 reflecting a 12% increase in commercial sales volumes from the contribution from Cobre Panama which more than offset the 7% lower realized copper price in the quarter. Copper sales revenues include a \$77 million gain on the copper sales hedge program, compared with \$19 million in 2019.

Gold sales revenues were 46%, or \$31 million, higher than the comparable period of 2019, due to higher realized gold prices in the period compared to 2019, and the recognition of revenue from the precious metal stream following declaration of commercial production at Cobre Panama effective September 1, 2019. \$12 million of gold and silver revenues associated with the precious metal stream have been recognized in the quarter, with the \$15 million cost of purchase of refinery-backed gold and silver credits recognized within cost of sales.

Nickel sales revenues include a \$9 million gain on the nickel sales hedge program.

### Six month review of sales revenues

Sales revenues were 22% higher than the comparable period of 2019, including a \$505 million contribution from Cobre Panama.

Copper sales revenues were 17%, or \$273 million, higher than the comparable period of 2019 reflecting a 28% increase in commercial sales volumes from the contribution from Cobre Panama, which more than offset the 8% lower net realized copper price in the period. Copper sales revenues include a \$103 million gain on the copper sales hedge program, compared with \$27 million to 2019.

Gold sales revenues were 87%, or \$108 million, higher than the comparable period of 2019, reflecting a 27% increase in commercial gold sales volumes, attributable to Cobre Panama which contributed \$83 million, as well as higher realized gold prices in the period compared to 2019, and the recognition of revenue from the precious metal stream following declaration of commercial production at Cobre Panama effective September 1, 2019. \$40 million of gold and silver revenues associated with the precious metal stream have been recognized in the six month period, with the \$52 million cost of purchase of refinery-backed gold and silver credits recognized within cost of sales.

### REALIZED PRICES

Copper selling price (per lb)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Average LME cash price	\$2.43	\$2.77	\$2.49	\$2.80
Realized copper price	\$2.60	\$2.80	\$2.58	\$2.80
Treatment/refining charges ("TC/RC") and freight charges	(\$0.15)	(\$0.14)	(\$0.14)	(\$0.14)
Net realized copper price	\$2.45	\$2.66	\$2.44	\$2.66

Given the volatility in copper prices, significant variances can arise between average LME cash price and net realized prices due to the timing of sales during the period.

The copper sales hedging program added \$77 million and \$103 million to the copper revenues in the quarter and six months, respectively. The impact on net realized copper price was an increase of \$0.22 per lb and \$0.13 per lb for the quarter and the six months, respectively.

Details of the Company's hedging program and the contracts held are included on page 32.

Nickel selling price (per payable lb)	2020	2019	2020	2019
Average LME cash price	\$5.54	\$5.56	\$5.66	\$5.59
Net realized nickel price	\$8.51	-	\$9.53	-

Given the volatility in nickel prices, significant variances can arise between average LME cash price and net realized prices due to the timing of sales during the period.

The nickel sales hedging program added \$9 million and \$12 million to the nickel revenues in the quarter and six months, respectively. This included the \$7 million and \$10 million impact of ineffective hedges for the quarter and six months, respectively, as a result of the timing of the ramp up of the Ravensthorpe production. The impact of the sales hedging program on net realized nickel price was an increase of \$2.75 per lb and \$3.77 per lb for the quarter and the six months, respectively.

SUMMARY FINANCIAL RESULTS <sup>1</sup>	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Gross profit (loss)				
Cobre Panama <sup>1</sup>	(37)	-	(4)	-
Kansanshi	73	116	152	232
Sentinel	38	56	59	111
Las Cruces	(1)	(19)	4	(25)
Guelb Moghrein	14	18	35	24
Çayeli	(1)	9	(5)	12
Pyhäsalmi	1	5	4	16
Ravensthorpe	(29)	(6)	(67)	(12)
Corporate <sup>2</sup>	83	17	110	23
<b>Total gross profit</b>	<b>141</b>	<b>196</b>	<b>288</b>	<b>381</b>
Exploration	(3)	(4)	(6)	(8)
General and administrative	(24)	(18)	(46)	(36)
Share of loss in joint venture	(20)	-	(36)	-
Other expense	(17)	(30)	(119)	(40)
Net finance expense	(186)	(1)	(370)	(2)
Loss on redemption of senior notes	-	-	(2)	(25)
Movement in Zambian VAT discount	22	-	59	-
Income tax expense	(97)	(58)	(47)	(120)
<b>Net earnings (loss)</b>	<b>(184)</b>	<b>85</b>	<b>(279)</b>	<b>150</b>
Net earnings (loss) attributable to:				
Non-controlling interests	(28)	7	(61)	19
Shareholders of the Company	(156)	78	(218)	131
<b>Comparative earnings (loss)</b>	<b>(84)</b>	<b>87</b>	<b>(163)</b>	<b>182</b>
Earnings (loss) per share				
Basic	(\$0.23)	\$0.11	(\$0.32)	\$0.19
Diluted	(\$0.23)	\$0.11	(\$0.32)	\$0.19
Comparative	(\$0.12)	\$0.13	(\$0.24)	\$0.26
<b>Basic weighted average number of shares (in 000's)</b>	<b>688,123</b>	<b>687,130</b>	<b>688,108</b>	<b>687,117</b>

<sup>1</sup> The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial production operating results attributable to Cobre Panama are capitalized and are excluded from earnings.

<sup>2</sup> Corporate gross profit (loss) relates primarily to the sales hedge contracts.

### Second quarter review of financial results

Gross profit of \$141 million for the second quarter of 2020 was 28% lower than the same period of 2019 and included the gross loss of \$37 million from Cobre Panama, for which there is nil for the comparable period in 2019. Excluding Cobre Panama, gross profit was \$18 million lower than the second quarter of 2019 as results were impacted by a 7% decrease in the realized copper price and increased costs at Ravensthorpe as ramp-up of operations continued, partially offset by increased copper sales volumes. A gain of \$77 million was recognized in the quarter on the corporate copper sales hedge program compared to a \$19 million gain in the second quarter of 2019.

Net loss attributable to shareholders of the Company of \$156 million includes net finance expense of \$186 million, of which a significant proportion would previously have been eligible for capitalization but is now expensed following declaration of commercial production at Cobre Panama effective September 1, 2019. Furthermore, a \$20 million share of the loss in KPMC was recognized in the period resulting from lower site earnings, driven by decreased Cobre Panama production, and shareholder loan interest expense. This compares with nil in 2019 prior to Cobre Panama commercial production. A \$22 million credit reflecting the movement in VAT discount has been recognized.

An income tax expense of \$97 million has been recognized in the second quarter of 2020, compared with an income tax expense of \$58 million recognized in the second quarter of 2019, reflecting applicable statutory tax rates, which range from 20% to 35% for the Company's operations. The tax expense includes the reversal of the tax credit recognized in the statement of earnings in the first quarter of 2020 with regard to the fair value gain recognized on derivatives designated as hedged instruments through accumulated other comprehensive income.

#### **Six month review of financial results**

Gross profit of \$288 million for the first six months of 2020, was 24% lower than the same period of 2019, and is principally attributed to lower realized copper prices and increased costs at Ravensthorpe as ramp-up of operations continued, partially offset by an increase in sales volumes. A gain of \$103 million was recognized on the corporate copper sales hedge program compared to a \$27 million gain in the comparable period of 2019.

Net loss attributable to shareholders of the Company of \$218 million, includes net finance expense of \$370 million, of which a significant proportion would previously have been eligible for capitalization but is now expensed following declaration of commercial production at Cobre Panama effective September 1, 2019, and a foreign exchange loss of \$133 million, principally attributable to ZMW denominated VAT receivable balances. A \$59 million credit was recognized, representing an adjustment to the VAT discounting over the expected timeframe to repayment and the impact of foreign exchange, using a ZMW risk-free rate.

An income tax expense of \$47 million has been recognized compared with an income tax expense of \$120 million recognized in the comparable period of 2019, principally due to lower underlying earnings from the Company's Zambian operations, reflecting applicable statutory tax rates, which range from 20% to 35% for the Company's operations. The effective tax rate for the period, excluding the net interest expense and operating loss at Cobre Panama was 32%.

## LIQUIDITY AND CAPITAL RESOURCES

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Cash flows from operating activities	155	179	628	338
Cash flows from (used by) investing activities				
Payments and deposits for property, plant and equipment	(130)	(413)	(300)	(860)
Capitalized borrowing costs paid in cash	-	(71)	-	(287)
Other investing activities	2	7	4	12
Cash flows from (used by) financing activities				
Net movement in debt and trading facilities	(229)	247	330	802
Interest paid	(66)	(3)	(292)	(5)
Early redemption costs on senior notes	-	-	-	(14)
Other financing activities	9	(1)	(2)	28
Exchange gains (losses) on cash and cash equivalents	(4)	7	(9)	-
Net cash inflow (outflow)	(263)	(48)	359	14
Cash balance	882	802	882	802
Total assets	24,154	24,873	24,154	24,873
Total current liabilities	1,919	2,069	1,919	2,069
Total long-term liabilities	11,861	11,928	11,861	11,928
Net debt <sup>1</sup>	7,658	7,304	7,658	7,304
Cash flows from operating activities per share <sup>1</sup>	\$0.23	\$0.26	\$0.91	\$0.49

<sup>1</sup> Cash flows per share and Net debt are not recognized under IFRS. See "Regulatory Disclosures" for further information.

Cash flows from operating activities in the quarter ended June 30, 2020, were \$24 million lower than the same period of 2019, principally as a result of an increase in taxes paid of \$26 million.

Cash flows used by investing activities in the quarter included capital expenditure of \$130 million, a \$283 million reduction compared to the same period in 2019, following completion of the Cobre Panama project construction and commissioning by the end of 2019.

Following the declaration of commercial production at Cobre Panama, effective September 1, 2019, and the cessation of capitalization of interest, interest paid of \$66 million is included within cash flows from financing activities in the quarter, compared with \$71 million capitalized under investing activities in the comparative period in 2019.

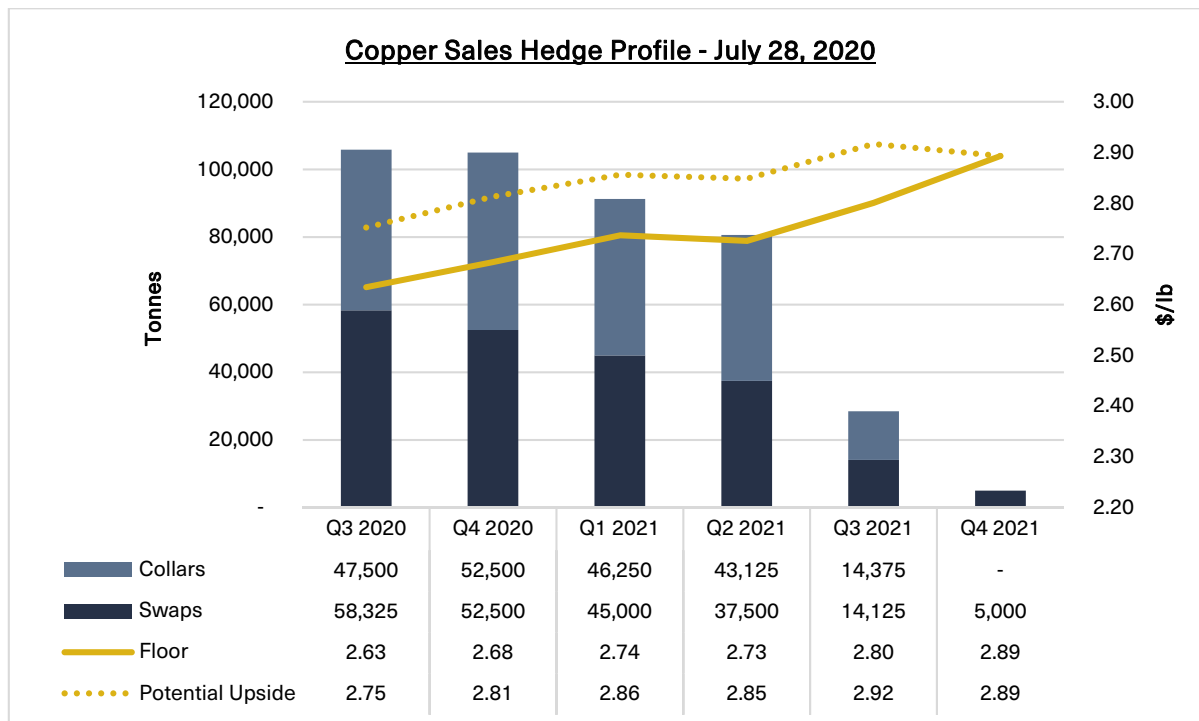
### Liquidity outlook

Following the bond issuance in January 2020, the Company completed the redemption of the remaining \$300 million of the senior notes due February 2021. At June 30, 2020, the Company had \$882 million in net unrestricted cash and cash equivalents and current working capital of \$1,078 million.

The Company continues to actively manage all site operating costs while focusing on productivity and cost efficiency. Operating costs at all sites have and are continuing to be reviewed to identify opportunities to further reduce costs and the Company has hedged 151 million litres of ULSD at an average price of \$0.33 per litre with maturities to April 2021 as part of the companywide cost management strategy. With the fuel hedges in place, a 10% movement in current fuel prices would impact the Company's cost of sales by approximately \$5 million per annum. Without these hedges, this sensitivity would increase to \$10 million. Capital spending has been reviewed companywide including deferring some capital spending originally planned for this year.

Foreign exchange risk arises from transactions denominated in currencies other than USD. The USD/ZMW exchange rate has had the greatest impact on the Company's cost of sales, as measured in USD. A 10% movement in the USD/ZMW exchange rate would impact the Company's cost of sales by approximately \$20 million per annum. Furthermore, movements in the USD/ZMW exchange rate would also result in the revaluation of balance sheet items, including the VAT receivable by the Company's Zambian operations.

The Company has entered into derivative contracts to ensure that the exposure to the price of copper on future sales is managed to ensure stability of cash flows. At July 28, 2020, the Company had unmargined copper forward sales contracts for 212,450 tonnes at an average price of \$2.71 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost collar unmargined sales contracts for 203,750 tonnes at weighted average prices of \$2.70 per lb to \$2.94 per lb outstanding with maturities to July 2021. The Company also had unmargined nickel forward sales contracts for 7,862 tonnes at an average price of \$6.76 per lb outstanding with maturities to February 2021.



Approximately half of expected copper sales for the next 12 months are hedged to unmargined forward and zero cost collar sales contracts, at an average floor price of \$2.69 per lb.

These, together with expected future cash flows, support the Company's belief in its ability to meet current obligations as they become due. The Company was in full compliance with all its financial covenants at June 30, 2020, and expects to remain in compliance throughout the next 12 months.

On April 22, 2020, the Company announced the amendment of financial covenants under the senior Term Loan and Revolving Credit Facility ("RCF") in response to uncertainty related to COVID-19. The Net Debt to EBITDA Ratio has been increased to 5.00 for the third and fourth quarters of 2020, to 4.75 for the first and second quarters of 2021 and to 4.50 for the third and fourth quarters of 2021. The Debt Service Cover Ratio has been decreased to 1.00 for the second, third and fourth quarters of 2020 and to 1.10 for all quarters of 2021. The definitions of EBITDA and Cash Available for Debt Service have been amended to exclude the EBITDA and net cash flows from Ravensthorpe up to and including the second quarter of 2020, while the Company brings this operation out of care and maintenance and into commercial levels of production. The financial covenants will revert to the original ratios from 2022.

At June 30, 2020, the Company had total commitments of \$59 million, all of which related to the 12 months following the period end.

Contractual and other obligations as at June 30, 2020, are as follows:

	Carrying value	Contractual cashflows	< 1 year	1 – 3 years	3 – 5 years	Thereafter
Debt – principal repayments	8,365	8,411	736	4,475	2,200	1,000
Debt – finance charges	-	1,891	534	893	395	69
Trading facilities	175	175	175	-	-	-
Trade and other payables	530	530	530	-	-	-
Derivative instruments	87	87	87	-	-	-
Liability to joint venture <sup>1</sup>	1,321	2,407	-	-	-	2,407
Joint venture consideration	188	200	100	100	-	-
Current taxes payable	111	111	111	-	-	-
Deferred payments	43	43	4	9	9	21
Leases	30	36	26	10	6	4
Commitments	-	59	59	-	-	-
Restoration provisions	698	1,103	9	81	51	962

<sup>1</sup> Refers to distributions to KPMC, a joint venture that holds a 20% non-controlling interest in MPSA of which the Company has joint control, and not scheduled repayments.

#### Hedging programs

The Company has hedging programs in respect of future copper and nickel sales, future fuel purchase, and provisionally priced sales contracts. Below is a summary of the fair values of unsettled derivative financial instruments for commodity contracts recorded on the consolidated balance sheet.

Commodity contracts	June 30, 2020	December 31, 2019
Asset position	24	9
Liability position	(87)	(31)

Commodity contracts:	Open Positions (tonnes/ozs/litres)	Average Contract price	Closing Market price	Maturities Through
Copper forward	135,825	\$2.62/lb	\$2.74/lb	June 2021
Copper zero cost collar	82,500	\$2.67 - \$2.94/lb	\$2.74/lb	January 2021
Nickel forward	7,862	\$6.76/lb	\$5.80/lb	February 2021
Fuel forward	151,021,500	\$0.33/lt	\$0.31/lt	April 2021

During the six months ended June 30, 2020, a gain for settled hedges of \$115 million was realized through sales revenues. Fair value losses on outstanding contracts of \$9 million have been recognized as a derivative liability at June 30, 2020.

### Provisional pricing and derivative contracts

A portion of the Company's metal sales is sold on a provisional pricing basis whereby sales are recognized at prevailing metal prices when title transfers to the customer and final pricing is not determined until a subsequent date, typically two months later. The difference between final price and provisional invoice price is recognized in net earnings. In order to mitigate the impact of these adjustments on net earnings, the Company enters into derivative contracts to directly offset the pricing exposure on the provisionally priced contracts. The provisional pricing gains or losses and offsetting derivative gains or losses are both recognized as a component of cost of sales. Derivative assets are presented in other assets and derivative liabilities are presented in other liabilities with the exception of copper and gold embedded derivatives which are included within accounts receivable.

As at June 30, 2020, the following derivative positions in provisionally priced sales and commodity contracts not designated as hedged instruments were outstanding:

	Open Positions (tonnes/ozs)	Average Contract price	Closing Market price	Maturities Through
<b>Embedded derivatives in provisionally priced sales contracts:</b>				
Copper	72,506	\$2.54/lb	\$2.74/lb	October 2020
Gold	17,528	\$1,735/oz	\$1,768/oz	August 2020
Zinc	225	\$0.91/lb	\$0.93/lb	August 2020
<b>Commodity contracts:</b>				
Copper	72,475	\$2.54/lb	\$2.74/lb	October 2020
Gold	17,532	\$1,735/oz	\$1,768/oz	August 2020
Zinc	225	\$0.91/lb	\$0.93/lb	August 2020

As at June 30, 2020, substantially all of the Company's metal sales contracts subject to pricing adjustments were hedged by offsetting derivative contracts.

### Zambian VAT

The total VAT receivable accrued by the Company's Zambian operations at June 30, 2020, was \$352 million, of which \$196 million relates to Kansanshi.

Offsets of \$50 million against other taxes due have been granted and cash recoveries of \$1 million were received during six-months ended June 30, 2020. Future recoveries of Zambian VAT receivable balances due to the Company may be received in cash, offset of other tax liabilities or similar forms.

The Company considers that the outstanding VAT claims are fully recoverable and has reclassified all VAT balances due to the Zambian operations as noncurrent. The Minister of Finance has reaffirmed that the Government of the Republic of Zambia ("GRZ") remains committed to settling outstanding VAT claims and the Company continues to engage in regular discussions with the relevant government authorities.

A \$59 million movement in the VAT discount was recognized in the six-months ended June 30, 2020, representing an adjustment to the discounting over the expected timeframe to repayment and the impact of foreign exchange, using a ZMW risk-free rate. A charge of \$182 million had previously been recognized in the twelve months ended December, 31, 2019, to reflect the impact of discounting the balance over the expected timeframe to repayment. A foreign exchange loss of \$117 million has been recognized against the receivable in the six months ended June 30, 2020.

in United States dollars, tabular amounts in millions, except where noted

	June 30, 2020	December 31, 2019
Receivable at date of claim	859	847
Impact of depreciation of ZMW against USD	(359)	(242)
	500	605
Impact of discounting non-current portion	(148)	(207)
Total VAT receivable from Zambian operations	352	398
<i>Consisting:</i>		
Current portion, included within trade and other receivables	-	2
Non-current VAT receivable	352	396

An ageing of the undiscounted VAT receivable balance to the Company's Zambian operations at June 30, 2020, is as follows:

	< 1 year	1-3 years	3-5 years	5-8 years	Total
Receivable at date of claim	195	411	28	225	859
Impact of depreciation of ZMW against USD	(41)	(162)	(15)	(141)	(359)
Non-current VAT due	154	249	13	84	500
Impact of discounting	(46)	(73)	(4)	(25)	(148)
Total VAT receivable from Zambian operations	108	176	9	59	352

#### Changes to Zambian VAT regime

On March 27, 2020, changes to the Zambian tax regime were announced by the Minister of Finance, as part of the tax relief provisions in the statement on the impact of COVID-19 on the Zambian economy. These proposed changes include partial removal of the provisions introduced in January 2020 that deny claims of VAT on office costs, lubricants and spare parts. In addition to the changes in the Zambian VAT regime, the suspension of export duties, currently at a rate of 15%, on precious metals such as gold was also announced with the changes being enacted into law on April 27, 2020. The impact of the 2020 Budget changes on Group C1 and AISC was previously estimated at approximately \$0.04 per lb. With the recent COVID-19 changes the revised estimated impact of the 2020 Budget changes on Group C1 and AISC is approximately \$0.03 per lb.

#### Pre-February 2015 VAT Receivable

In February 2015, the GRZ implemented a change in the Statutory Instrument regarding VAT on exports from Zambia. Claims totalling ZMW 1,509 million (currently equivalent to \$84 million) made by Kansanshi prior to this date remain outstanding. \$20 million of the VAT refunds for this periods remain under dispute, stemming from the application of discretionary rules established and applied by the Zambia Revenue Authority. The Company is in regular discussions with the relevant government authorities and continues to consider that the outstanding claims are fully recoverable. Cash and offsets totalling \$246 million have been received to date for claims subsequent to February 2015.

## EQUITY

At the date of this report, the Company had 689,406,784 shares outstanding.

## JOINT VENTURE

On November 8, 2017, the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Resources Corporation (“KORES”) and holds a 20% interest in Cobre Panama. The purchase consideration of \$664 million comprised the acquisition consideration of \$635 million and the reimbursement of cash advances of \$29 million with \$179 million paid on closing. In the three and six month periods ended June 30, 2020, no consideration was paid, with the consideration paid to date being \$464 million. The remaining consideration is payable in two instalments in November 2020 and November 2021. \$100 million is included within trade and other payables and \$89 million within other non-current liabilities.

A \$553 million investment in the joint venture representing the discounted consideration value and the Company’s proportionate share of the loss in KPMC to date. For the six month period ended June 30, 2020, the Company’s proportionate share of the loss in KPMC was \$36 million (June 30, 2019: nil). The earnings in KPMC relate to the 20% equity accounted share of loss reported by MPSA, a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of \$287 million, shareholder loans receivable from the Company and shareholder loans payable of \$1,321 million due to the Company and its joint venture partner KORES.

## PRECIOUS METAL STREAM ARRANGEMENT

### Arrangement overview

The Company, through its subsidiary, MPSA, has a precious metal streaming arrangement with Franco-Nevada. The arrangement comprises two tranches. Under the first phase of deliveries under the first tranche (“Tranche 1”) Cobre Panama will supply Franco-Nevada 120 ounces of gold and 1,376 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales. Under the first phase of deliveries under the second tranche (“Tranche 2”) Cobre Panama will supply Franco-Nevada a further 30 ounces of gold and 344 ounces of silver for each 1 million pounds of copper produced, deliverable within 5 days of eligible copper concentrate sales.

Tranche 1 was amended and restated on October 5, 2015 which provided for \$1 billion of funding to the Cobre Panama project. Under the terms of Tranche 1, Franco-Nevada, through a wholly owned subsidiary, agreed to provide a \$1 billion deposit to be funded on a pro-rata basis of 1:3 with the Company’s 80% share of the capital costs of Cobre Panama in excess of \$1 billion. The full Tranche 1 deposit amount has been fully funded to MPSA. Tranche 2 was finalized on March 16, 2018, and \$356 million was received on completion. Proceeds received under the terms of the precious metals streaming arrangement are accounted for as deferred revenue.

In all cases, the amount paid is not to exceed the prevailing market price per ounce of gold and silver.

The Company commenced the recognition of delivery obligations under the terms of the arrangement in June 2019 following the first sale of copper concentrate. Deferred revenue will continue to be recognized as revenue over the life of the mine, which is expected to be 35 years.

The amount of precious metals deliverable under both tranches is indexed to total copper-in-concentrate sold by Cobre Panama.

	Gold Stream	
	TRANCHE 1	TRANCHE 2
Delivered (oz)	0 to 808,000	0 to 202,000
Delivery terms	120 oz of gold per one million pounds of copper	30 oz of gold per one million pounds of copper
Threshold	First 1,341,000 oz	First 604,000 oz
Ongoing cash payment	\$430.91/oz (+1.5% inflation)	20% market price

in United States dollars, tabular amounts in millions, except where noted

Silver Stream		
	TRANCHE 1	TRANCHE 2
Delivered (oz)	0 to 9,842,000	0 to 2,460,500
Delivery terms	1,376 oz of silver per one million pounds of copper	344 oz of silver per one million pounds of copper
Threshold	First 21,510,000 oz	First 9,618,000 oz
Ongoing cash payment	\$6.46/ oz (+1.5% inflation)	20% market price

Under the first threshold of deliveries, the above Tranche 1 ongoing cash payment terms are for approximately the first 20 years of expected deliveries, thereafter the greater of \$430.91 per oz for gold and \$6.46 per oz for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Under the first threshold of deliveries, the above Tranche 2 ongoing cash payment terms are for approximately the first 25 years of production, and thereafter the ongoing cash payment per ounce rises to 50% of the spot price of gold and silver.

### Accounting

Gold and silver produced by the mine, either contained in copper concentrate or in doré form, are sold to off-takers and revenue recognized accordingly. Cobre Panama gold and silver revenues consist of revenues derived from the sale of metals produced by the mine, and also revenues recognized from the amortization of the precious metal stream arrangement.

Gold and silver revenues recognized under the terms of the precious metal streaming arrangement are indexed to copper sold from the Cobre Panama mine, and not gold or silver production. Gold and silver revenues recognized in relation to the precious metal streaming arrangement comprise two principal elements;

- the non-cash amortization of the deferred revenue balance,
- the ongoing cash payments received, as outlined in the above section.

Obligations under the precious metal streaming arrangement are satisfied with the purchase of refinery-backed gold and silver credits, the cost of which is recognized within cost of sales. Refinery-backed credits purchased and delivered are excluded from the gold and silver sales volumes disclosed and realized price calculations.

C1 and AISC include the impact of by-product credits which include both gold and silver revenues earned under the precious metal stream arrangement and revenues earned on the sales of mine production of gold and silver. Also included is the cost of refinery-backed gold and silver credits, purchased at market price, to give a net gold and silver by-product credit.

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Gold and silver revenue – cash	5	-	14	-
Gold and silver revenue – non cash amortization	7	-	26	-
<b>Total gold and silver revenues - precious metal stream</b>	<b>12</b>	<b>-</b>	<b>40</b>	<b>-</b>
<b>Cost of refinery-backed credits for precious metal stream included in cost of sales</b>	<b>(15)</b>	<b>-</b>	<b>(52)</b>	<b>-</b>

## SUMMARY OF RESULTS

The following unaudited tables set out a summary of quarterly and annual results for the Company:

Consolidated operations	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Sales revenues</i>											
Copper	\$904	\$963	<b>\$3,616</b>	\$770	\$836	\$877	\$1,120	<b>\$3,603</b>	\$1,015	\$864	<b>\$1,879</b>
Gold	47	61	<b>228</b>	57	67	86	132	<b>342</b>	134	98	<b>232</b>
Nickel	-	-	-	-	-	-	-	-	3	27	<b>30</b>
Other	27	30	<b>122</b>	30	36	24	32	<b>122</b>	30	25	<b>55</b>
Total sales revenues	978	1,054	<b>3,966</b>	857	939	987	1,284	<b>4,067</b>	1,182	1,014	<b>2,196</b>
Gross profit	246	280	<b>978</b>	185	196	150	259	<b>790</b>	147	141	<b>288</b>
Comparative EBITDA	427	481	<b>1,737</b>	368	376	354	511	<b>1,609</b>	434	352	<b>786</b>
Net earnings (loss) attributable to shareholders of the Company											
Net earnings (loss) attributable to shareholders of the Company	61	198	<b>441</b>	53	78	(73)	(115)	<b>(57)</b>	(62)	(156)	<b>(218)</b>
Comparative earnings (loss)	128	182	<b>487</b>	95	87	32	35	<b>249</b>	(79)	(84)	<b>(163)</b>
Basic earnings (loss) per share	\$0.09	\$0.29	<b>\$0.64</b>	\$0.08	\$0.11	(\$0.11)	(\$0.17)	<b>(\$0.08)</b>	(\$0.09)	(\$0.23)	<b>(\$0.32)</b>
Comparative earnings (loss) per share	\$0.19	\$0.26	<b>\$0.71</b>	\$0.14	\$0.13	\$0.05	\$0.05	<b>\$0.36</b>	(\$0.11)	(\$0.12)	<b>(\$0.24)</b>
Diluted earnings (loss) per share	\$0.09	\$0.29	<b>\$0.64</b>	\$0.08	\$0.11	(\$0.11)	(\$0.17)	<b>(\$0.08)</b>	(\$0.09)	(\$0.23)	<b>(\$0.32)</b>
Dividends declared per common share (CDN\$ per share)											
Dividends declared per common share (CDN\$ per share)	\$0.005	-	<b>\$0.010</b>	\$0.005	-	\$0.005	-	<b>\$0.010</b>	\$0.005	-	<b>\$0.005</b>
Basic weighted average shares ('000's) <sup>1</sup>	687,108	687,074	<b>686,747</b>	687,100	687,130	688,425	688,083	<b>687,596</b>	688,093	688,123	<b>688,108</b>
Cash flows per share from operating activities											
Cash flows per share from operating activities	\$0.64	\$0.49	<b>\$2.88</b>	\$0.23	\$0.26	\$0.22	\$0.58	<b>\$1.29</b>	\$0.69	\$0.23	<b>\$0.91</b>
<i>Copper statistics</i>											
Total copper production (tonnes) <sup>2</sup>	151,241	158,304	<b>605,853</b>	136,969	168,399	192,510	204,270	<b>702,148</b>	195,285	169,059	<b>364,344</b>
Total copper sales (tonnes) <sup>3</sup>	149,877	156,212	<b>596,513</b>	130,262	149,333	203,827	205,964	<b>689,386</b>	189,953	159,944	<b>349,897</b>
Realized copper price (per lb)	\$2.84	\$2.83	<b>\$2.84</b>	\$2.79	\$2.80	\$2.62	\$2.62	<b>\$2.70</b>	\$2.56	\$2.60	<b>\$2.58</b>
TC/RC (per lb)	(0.09)	(0.09)	<b>(0.08)</b>	(0.09)	(0.10)	(0.12)	(0.12)	<b>(0.11)</b>	(0.11)	(0.10)	<b>(0.10)</b>
Freight charges (per lb)	(0.04)	(0.05)	<b>(0.05)</b>	(0.04)	(0.04)	(0.04)	(0.03)	<b>(0.04)</b>	(0.03)	(0.05)	<b>(0.04)</b>
Net realized copper price (per lb)	\$2.71	\$2.69	<b>\$2.71</b>	\$2.66	\$2.66	\$2.46	\$2.47	<b>\$2.55</b>	\$2.42	\$2.45	<b>\$2.44</b>
Cash cost – copper (C1) (per lb) <sup>2</sup>	\$1.31	\$1.23	<b>\$1.28</b>	\$1.34	\$1.32	\$1.36	\$1.24	<b>\$1.31</b>	\$1.30	\$1.20	<b>\$1.25</b>
All-in sustaining cost (AISC) (per lb) <sup>2</sup>	\$1.80	\$1.68	<b>\$1.74</b>	\$1.77	\$1.77	\$1.86	\$1.73	<b>\$1.78</b>	\$1.64	\$1.62	<b>\$1.63</b>
Total cost – copper (C3) (per lb) <sup>2</sup>	\$2.11	\$2.04	<b>\$2.11</b>	\$2.21	\$2.17	\$2.20	\$2.07	<b>\$2.16</b>	\$2.19	\$2.08	<b>\$2.14</b>
<i>Nickel statistics</i>											
Nickel produced (contained tonnes)	-	-	-	-	-	-	-	-	-	1,979	<b>1,979</b>
Nickel produced (payable tonnes)	-	-	-	-	-	-	-	-	-	1,579	<b>1,579</b>
Nickel sales (contained tonnes)	-	-	-	-	-	-	-	-	-	1,791	<b>1,791</b>
Nickel sales (payable tonnes)	-	-	-	-	-	-	-	-	-	1,429	<b>1,429</b>
Net realized price (per payable lb)	-	-	-	-	-	-	-	-	-	\$8.51	<b>\$9.53</b>
Cash cost – (C1) (per lb)	-	-	-	-	-	-	-	-	-	\$6.26	<b>\$6.26</b>
All-in sustaining cost (AISC) (per lb)	-	-	-	-	-	-	-	-	-	\$7.30	<b>\$7.30</b>
Total cost – nickel (C3) (per lb)	-	-	-	-	-	-	-	-	-	\$7.93	<b>\$7.93</b>
<i>Gold statistics</i>											
Total gold production (ounces)	44,979	48,039	<b>185,414</b>	49,357	59,647	70,120	77,789	<b>256,913</b>	68,788	54,651	<b>123,439</b>
Total gold sales (ounces)	42,864	53,221	<b>193,072</b>	46,790	56,922	71,664	79,409	<b>254,785</b>	73,782	54,591	<b>128,373</b>
Net realized gold price (per ounce)	\$1,086	\$1,151	<b>\$1,181</b>	\$1,226	\$1,235	\$1,388	\$1,380	<b>\$1,318</b>	\$1,488	\$1,604	<b>\$1,537</b>
<i>Zinc statistics</i>											
Zinc production (tonnes)	7,348	7,687	<b>26,807</b>	6,318	4,123	4,429	2,462	<b>17,332</b>	1,837	1,937	<b>3,774</b>
Zinc sales (tonnes)	6,178	8,268	<b>26,112</b>	6,646	4,450	2,297	2,979	<b>16,372</b>	2,881	829	<b>3,710</b>

<sup>1</sup> Fluctuations in average weighted shares between quarters reflects shares issued and changes in levels of treasury shares held for performance share units.

<sup>2</sup> The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019. Pre-commercial production and sales volumes and operating results at Cobre Panama are not included in earnings or C1, C3 and AISC calculations.

<sup>3</sup> Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded.

<sup>4</sup> Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement (page 36).

in United States dollars, tabular amounts in millions, except where noted

Cobre Panama statistics	Q1 19	Q2 19	Q3 19 <sup>1</sup>	Q3 19 <sup>1</sup>	Q4 19	2019	Q1 20	Q2 20	2020
			Pre-commercial production	Post-commercial production					
<i>Mining</i>									
Waste mined (000's tonnes)	18,815	18,590	9,579	3,636	15,950	<b>66,570</b>	12,255	1,467	<b>13,722</b>
Ore mined (000's tonnes)	8,841	11,580	7,767	5,252	18,439	<b>51,879</b>	18,933	6,426	<b>25,359</b>
<i>Processing</i>									
Copper ore processed (000's tonnes)	1,055	8,223	8,375	4,437	16,493	<b>38,583</b>	15,942	6,157	<b>22,099</b>
Copper ore grade processed (%)	-	0.43	0.51	0.49	0.41	<b>0.44</b>	0.39	0.41	<b>0.39</b>
Copper recovery (%)	-	82	86	89	89	<b>86</b>	91	86	<b>90</b>
Concentrate grade (%)	-	21.5	22.0	21.8	22.1	<b>21.9</b>	23.9	22.9	<b>23.6</b>
Copper in concentrate produced (tonnes)	25	30,896	36,783	19,438	60,338	<b>147,480</b>	56,240	21,733	<b>77,973</b>
Gold produced (ounces)	-	10,550	13,570	7,914	28,040	<b>60,074</b>	23,232	7,794	<b>31,026</b>
Silver produced (ounces)	175	257,366	269,800	152,243	452,663	<b>1,132,247</b>	429,294	164,449	<b>593,743</b>
<i>Cash Costs (per lb)</i>									
Mining	-	-	-	\$0.44	\$0.33	<b>\$0.36</b>	\$0.39	\$0.44	<b>\$0.42</b>
Processing	-	-	-	0.46	0.57	<b>0.54</b>	0.65	0.73	<b>0.67</b>
Site administration	-	-	-	0.38	0.29	<b>0.31</b>	0.29	0.46	<b>0.34</b>
TC/RC and freight charges	-	-	-	0.32	0.36	<b>0.34</b>	0.32	0.30	<b>0.31</b>
By-product credits	-	-	-	(0.26)	(0.27)	<b>(0.26)</b>	(0.27)	(0.21)	<b>(0.26)</b>
Cash cost (C1) (per lb)	-	-	-	\$1.34	\$1.28	<b>\$1.29</b>	\$1.38	\$1.72	<b>\$1.48</b>
All-in sustaining cost (AISC) (per lb)	-	-	-	\$1.56	\$1.85	<b>\$1.78</b>	\$1.61	\$2.03	<b>\$1.72</b>
Total cost (C3) (per lb)	-	-	-	\$2.28	\$2.12	<b>\$2.15</b>	\$2.44	\$2.99	<b>\$2.59</b>
<i>Revenues (\$ millions)</i>									
Copper in concentrates	-	-	-	\$178	\$253	<b>\$431</b>	\$324	\$84	<b>\$408</b>
Gold - mine production	-	-	-	18	30	<b>48</b>	40	8	<b>48</b>
Gold - precious metal stream	-	-	-	8	23	<b>31</b>	24	11	<b>35</b>
Silver - mine production	-	-	-	4	5	<b>9</b>	6	3	<b>9</b>
Silver - precious metal stream	-	-	-	2	3	<b>5</b>	4	1	<b>5</b>
Total sales revenues	-	-	-	\$210	\$314	<b>\$524</b>	\$398	\$107	<b>\$505</b>
Cost of refinery-backed credits for precious metal stream	-	-	-	(\$11)	(\$33)	<b>(\$44)</b>	(\$37)	(\$15)	<b>(\$52)</b>
Copper sales (tonnes)	-	6,542	42,425	35,056	48,841	<b>132,864</b>	64,136	17,832	<b>81,968</b>
Gold sales (ounces) <sup>2</sup>	-	2,627	16,032	13,074	23,336	<b>55,069</b>	27,337	6,674	<b>34,011</b>
Silver sales (ounces) <sup>2</sup>	-	55,153	350,982	271,774	354,689	<b>1,032,598</b>	480,524	126,366	<b>606,890</b>

<sup>1</sup> The Company determined that commercial production at Cobre Panama commenced effective September 1, 2019.

<sup>2</sup> Excludes refinery-backed gold and silver credits purchased and delivered under precious metal streaming arrangement (page 36).

in United States dollars, tabular amounts in millions, except where noted

Kansanshi statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Mining</i>											
Waste mined (000's tonnes)	13,175	9,911	<b>48,719</b>	10,249	12,210	17,232	13,077	<b>52,768</b>	12,491	16,897	<b>29,388</b>
Ore mined (000's tonnes)	9,631	8,922	<b>38,481</b>	7,363	11,252	8,995	8,715	<b>36,325</b>	7,420	10,303	<b>17,723</b>
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	3,390	3,301	<b>12,978</b>	3,084	3,312	3,301	3,211	<b>12,908</b>	3,321	3,300	<b>6,621</b>
Sulphide ore grade processed (%)	0.72	0.81	<b>0.78</b>	0.90	0.85	0.86	0.95	<b>0.89</b>	0.89	0.80	<b>0.84</b>
Sulphide ore recovery (%)	95	88	<b>91</b>	89	91	92	93	<b>91</b>	93	93	<b>93</b>
Sulphide concentrate grade (%)	23.3	22.1	<b>22.8</b>	21.5	21.7	23.3	23.3	<b>22.5</b>	23.3	22.4	<b>22.9</b>
Mixed ore processed (000's tonnes)	2,082	2,165	<b>8,186</b>	1,870	1,990	1,939	1,900	<b>7,699</b>	1,967	2,160	<b>4,127</b>
Mixed ore grade processed (%)	1.04	1.08	<b>1.06</b>	1.00	1.06	1.02	1.11	<b>1.05</b>	0.99	1.03	<b>1.01</b>
Mixed ore recovery (%)	86	76	<b>82</b>	75	74	81	79	<b>77</b>	82	82	<b>82</b>
Mixed concentrate grade (%)	31.2	29.9	<b>29.3</b>	25.7	26.5	28.8	28.0	<b>27.3</b>	26.2	28.0	<b>27.2</b>
Oxide ore processed (000's tonnes)	1,749	1,668	<b>6,916</b>	1,534	1,856	1,918	1,893	<b>7,201</b>	1,697	2,010	<b>3,707</b>
Oxide ore grade processed (%)	1.31	1.33	<b>1.44</b>	1.14	1.24	1.04	1.07	<b>1.12</b>	0.97	0.96	<b>0.96</b>
Oxide ore recovery (%)	95	92	<b>89</b>	87	76	85	79	<b>82</b>	73	84	<b>79</b>
Oxide concentrate grade (%)	27.8	28.5	<b>29.4</b>	25.0	26.3	27.7	24.5	<b>25.9</b>	22.7	19.8	<b>21.2</b>
Copper cathode produced (tonnes)	16,303	15,049	<b>72,394</b>	10,705	11,325	11,526	11,490	<b>45,046</b>	9,976	16,007	<b>25,983</b>
Copper in concentrate produced (tonnes)	47,384	46,731	<b>179,128</b>	43,208	47,309	47,362	49,318	<b>187,197</b>	45,636	42,808	<b>88,444</b>
Total copper production (tonnes)	63,687	61,780	<b>251,522</b>	53,913	58,634	58,888	60,808	<b>232,243</b>	55,612	58,815	<b>114,427</b>
Gold produced (ounces)	30,938	33,465	<b>130,019</b>	34,743	35,613	38,925	36,105	<b>145,386</b>	33,002	34,177	<b>67,179</b>
<i>Smelting<sup>1</sup></i>											
Concentrate processed (DMT) <sup>1</sup>	355,435	349,424	<b>1,381,637</b>	342,307	351,169	281,800	342,550	<b>1,317,826</b>	329,946	273,673	<b>603,619</b>
Copper anodes produced (tonnes) <sup>1</sup>	90,269	89,894	<b>347,037</b>	83,134	84,505	69,952	86,690	<b>324,281</b>	80,280	66,905	<b>147,185</b>
Smelter copper recovery (%)	97	97	<b>97</b>	97	97	97	97	<b>97</b>	97	97	<b>97</b>
Acid tonnes produced (000's)	319	320	<b>1,255</b>	322	323	264	327	<b>1,236</b>	315	264	<b>579</b>
<i>Cash Costs (per lb)</i>											
Mining	\$0.52	\$0.53	<b>\$0.55</b>	\$0.64	\$0.64	\$0.68	\$0.59	<b>\$0.64</b>	\$0.74	\$0.57	<b>\$0.64</b>
Processing	0.47	0.49	<b>0.49</b>	0.58	0.49	0.50	0.45	<b>0.51</b>	0.50	0.50	<b>0.50</b>
Site administration	0.10	0.11	<b>0.09</b>	0.11	0.10	0.10	0.14	<b>0.11</b>	0.08	0.09	<b>0.09</b>
TC/RC and freight charges	0.14	0.14	<b>0.14</b>	0.16	0.18	0.14	0.14	<b>0.15</b>	0.15	0.19	<b>0.17</b>
By-product credits	(0.27)	(0.33)	<b>(0.34)</b>	(0.38)	(0.38)	(0.46)	(0.43)	<b>(0.41)</b>	(0.41)	(0.39)	<b>(0.40)</b>
Total smelter costs	0.10	0.10	<b>0.10</b>	0.13	0.12	0.14	0.14	<b>0.13</b>	0.16	0.13	<b>0.15</b>
Cash cost (C1) (per lb)	\$1.06	\$1.04	<b>\$1.03</b>	\$1.24	\$1.15	\$1.10	\$1.03	<b>\$1.13</b>	\$1.22	\$1.09	<b>\$1.15</b>
All-in sustaining cost (AISC) (per lb)	\$1.59	\$1.61	<b>\$1.55</b>	\$1.73	\$1.66	\$1.74	\$1.48	<b>\$1.65</b>	\$1.65	\$1.56	<b>\$1.61</b>
Total cost (C3) (per lb)	\$1.73	\$1.71	<b>\$1.74</b>	\$1.98	\$1.87	\$1.84	\$1.68	<b>\$1.84</b>	\$1.97	\$1.82	<b>\$1.89</b>
<i>Revenues (\$ millions)</i>											
Copper cathodes	\$97	\$82	<b>\$452</b>	\$57	\$71	\$65	\$78	<b>\$271</b>	\$42	\$79	<b>\$121</b>
Copper anode	295	289	<b>1,029</b>	245	252	200	346	<b>1,043</b>	244	165	<b>409</b>
Copper in concentrates	-	-	<b>10</b>	17	32	-	-	<b>49</b>	12	54	<b>66</b>
Gold	36	41	<b>160</b>	39	48	45	65	<b>197</b>	50	53	<b>103</b>
Acid	6	5	<b>21</b>	6	5	4	6	<b>21</b>	1	-	<b>1</b>
Total sales revenues	\$434	\$417	<b>\$1,672</b>	\$364	\$408	\$314	\$495	<b>\$1,581</b>	\$349	\$351	<b>\$700</b>
Copper cathode sales (tonnes)	16,461	13,698	<b>70,665</b>	9,452	12,160	11,412	13,285	<b>46,309</b>	7,610	15,304	<b>22,914</b>
Copper anode sales (tonnes) <sup>2</sup>	48,357	42,632	<b>157,663</b>	40,220	42,610	35,726	60,701	<b>179,257</b>	44,807	32,785	<b>77,592</b>
Copper in concentrate sales (tonnes)	-	-	<b>1,504</b>	3,361	6,454	-	-	<b>9,815</b>	2,913	12,173	<b>15,086</b>
Total copper sales (tonnes)	64,818	56,330	<b>229,832</b>	53,033	61,224	47,138	73,986	<b>235,381</b>	55,330	60,262	<b>115,592</b>
Gold sales (ounces)	32,706	35,616	<b>134,890</b>	31,082	37,917	32,022	45,342	<b>146,363</b>	32,694	32,009	<b>64,703</b>

<sup>1</sup> Concentrate processed in smelter and copper anodes produced are disclosed on a 100% basis, inclusive of Sentinel and third-party concentrate processed.

<sup>2</sup> Sales of copper anode attributable to anode produced from third-party purchased concentrate are excluded.

in United States dollars, tabular amounts in millions, except where noted

Sentinel statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Mining</i>											
Waste mined (000's tonnes)	25,931	24,321	<b>95,607</b>	19,335	23,609	24,970	24,912	<b>92,826</b>	24,849	22,480	<b>47,329</b>
Ore mined (000's tonnes)	11,334	12,016	<b>45,518</b>	11,507	12,017	12,704	14,035	<b>50,263</b>	15,667	15,230	<b>30,897</b>
<i>Processing</i>											
Copper ore processed (000's tonnes)	12,602	12,434	<b>48,750</b>	11,581	11,887	13,005	12,385	<b>48,858</b>	14,107	13,997	<b>28,104</b>
Copper ore grade processed (%)	0.49	0.53	<b>0.50</b>	0.54	0.50	0.47	0.47	<b>0.50</b>	0.45	0.49	<b>0.47</b>
Recovery (%)	91	92	<b>91</b>	92	92	91	87	<b>91</b>	89	89	<b>89</b>
Copper concentrate produced (tonnes)	56,426	60,840	<b>223,656</b>	57,716	54,977	56,439	50,874	<b>220,006</b>	56,633	60,761	<b>117,394</b>
Concentrate grade (%)	25.3	24.5	<b>25.0</b>	26.9	26.5	26.3	26.6	<b>26.6</b>	26.2	26.5	<b>26.30</b>
<i>Cash Costs (per lb)</i>											
Mining	\$0.61	\$0.42	<b>\$0.58</b>	\$0.55	\$0.51	\$0.47	\$0.53	<b>\$0.52</b>	\$0.46	\$0.42	<b>\$0.43</b>
Processing	0.65	0.68	<b>0.67</b>	0.61	0.61	0.61	0.70	<b>0.63</b>	0.61	0.59	<b>0.60</b>
Site administration	0.10	0.10	<b>0.10</b>	0.09	0.09	0.13	0.12	<b>0.11</b>	0.17	0.01	<b>0.09</b>
TC/RC and freight charges	0.25	0.24	<b>0.23</b>	0.23	0.23	0.28	0.27	<b>0.25</b>	0.23	0.25	<b>0.24</b>
Total smelter costs	0.11	0.11	<b>0.12</b>	0.12	0.11	0.09	0.09	<b>0.10</b>	0.08	0.09	<b>0.09</b>
Cash cost (C1) (per lb)	\$1.72	\$1.55	<b>\$1.70</b>	\$1.60	\$1.55	\$1.58	\$1.71	<b>\$1.61</b>	\$1.55	\$1.36	<b>\$1.45</b>
All-in sustaining cost (AISC) (per lb)	\$2.25	\$2.02	<b>\$2.22</b>	\$2.07	\$2.06	\$2.12	\$2.22	<b>\$2.12</b>	\$2.02	\$1.86	<b>\$1.93</b>
Total cost (C3) (per lb)	\$2.39	\$2.26	<b>\$2.42</b>	\$2.34	\$2.29	\$2.29	\$2.45	<b>\$2.34</b>	\$2.27	\$2.02	<b>\$2.14</b>
<i>Revenues (\$ millions)</i>											
Copper anode	\$254	\$266	<b>\$1,169</b>	\$237	\$251	\$198	\$190	<b>\$876</b>	\$178	\$176	<b>\$354</b>
Copper in concentrates	\$79	\$78	<b>\$285</b>	\$59	\$68	\$105	\$91	<b>\$323</b>	\$57	\$76	<b>\$133</b>
Total sales revenues	\$333	\$344	<b>\$1,454</b>	\$296	\$319	\$303	\$281	<b>\$1,199</b>	\$235	\$252	<b>\$487</b>
Copper anode sales (tonnes)	42,557	44,641	<b>183,372</b>	38,815	42,410	35,087	32,974	<b>149,286</b>	32,914	33,859	<b>66,773</b>
Copper concentrate sales (tonnes)	16,512	15,616	<b>54,839</b>	12,372	13,212	23,114	20,298	<b>68,996</b>	12,269	18,199	<b>30,468</b>

in United States dollars, tabular amounts in millions, except where noted

Las Cruces statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Mining</i>											
Waste mined (000's tonnes)	6,268	2,202	<b>14,936</b>	460	-	2,082	342	<b>2,884</b>	194	219	<b>413</b>
Ore mined (000's tonnes)	410	256	<b>1,682</b>	96	-	355	446	<b>897</b>	361	271	<b>632</b>
<i>Processing</i>											
Copper ore processed (000's tonnes)	338	400	<b>1,544</b>	325	360	305	364	<b>1,354</b>	355	383	<b>738</b>
Copper ore grade processed (%)	4.84	5.00	<b>4.95</b>	3.75	3.35	3.73	5.71	<b>4.17</b>	4.97	4.99	<b>4.99</b>
Recovery (%)	93	93	<b>93</b>	87	86	83	85	<b>85</b>	87	87	<b>87</b>
Copper cathode produced (tonnes)	15,181	18,470	<b>70,738</b>	10,634	10,366	9,479	17,611	<b>48,090</b>	15,293	16,566	<b>31,859</b>
<i>Cash Costs (per lb)</i>											
Cash cost (C1) (per lb)	\$1.02	\$0.94	<b>\$0.90</b>	\$1.31	\$1.51	\$1.46	\$0.73	<b>\$1.17</b>	\$0.87	\$0.84	<b>\$0.86</b>
All-in sustaining cost (AISC) (per lb)	\$1.41	\$1.16	<b>\$1.16</b>	\$1.46	\$1.65	\$1.74	\$0.91	<b>\$1.35</b>	\$0.96	\$0.93	<b>\$0.94</b>
Total cost (C3) (per lb)	\$2.50	\$2.28	<b>\$2.25</b>	\$3.19	\$3.59	\$3.61	\$2.43	<b>\$3.08</b>	\$2.42	\$2.50	<b>\$2.46</b>
<i>Revenues (\$ millions)</i>											
Copper cathode	\$93	\$113	<b>\$470</b>	\$71	\$62	\$61	\$97	<b>\$291</b>	\$83	\$97	<b>\$180</b>
Copper cathode sales (tonnes)	15,138	18,345	<b>71,523</b>	11,443	10,112	10,405	16,284	<b>48,244</b>	14,473	17,818	<b>32,291</b>

Guelb Moghrein statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Mining</i>											
Waste mined (000's tonnes)	4,277	4,087	<b>15,062</b>	3,581	3,107	2,528	1,917	<b>11,133</b>	3,204	3,502	<b>6,706</b>
Ore mined (000's tonnes)	445	752	<b>1,590</b>	953	1,345	1,265	1,561	<b>5,124</b>	936	1,079	<b>2,015</b>
<i>Processing</i>											
Sulphide ore processed (000's tonnes)	902	983	<b>3,684</b>	994	1,018	810	1,029	<b>3,851</b>	898	1,015	<b>1,913</b>
Sulphide ore grade processed (%)	0.94	0.93	<b>0.85</b>	0.85	0.84	0.88	0.89	<b>0.87</b>	0.88	0.83	<b>0.85</b>
Recovery (%)	94	91	<b>90</b>	88	90	87	89	<b>89</b>	89	88	<b>89</b>
Copper produced (tonnes)	7,902	8,319	<b>28,137</b>	7,447	7,750	6,203	8,220	<b>29,620</b>	7,028	7,392	<b>14,420</b>
Gold produced (ounces)	11,644	12,236	<b>45,974</b>	12,498	11,961	8,187	12,027	<b>44,673</b>	11,237	11,665	<b>22,902</b>
Magnetite concentrate produced (WMT)	111,765	97,052	<b>425,389</b>	119,169	163,555	106,634	152,202	<b>541,560</b>	129,773	160,434	<b>290,207</b>
<i>Cash Costs (per lb)</i>											
Mining	\$0.66	\$1.02	<b>\$0.82</b>	\$0.78	\$0.57	\$0.52	\$0.38	<b>\$0.55</b>	\$0.41	\$0.33	<b>\$0.37</b>
Processing	1.10	0.98	<b>1.09</b>	0.87	1.00	1.06	0.96	<b>0.97</b>	1.06	1.02	<b>1.04</b>
Site administration	0.17	0.17	<b>0.19</b>	0.18	0.18	0.22	0.16	<b>0.18</b>	0.18	0.17	<b>0.18</b>
TC/RC and freight charges	0.66	0.52	<b>0.54</b>	0.49	0.35	0.35	0.58	<b>0.44</b>	0.31	0.37	<b>0.34</b>
Gold and magnetite credit	(1.02)	(0.96)	<b>(1.14)</b>	(1.21)	(1.19)	(1.04)	(1.10)	<b>(1.14)</b>	(1.30)	(1.41)	<b>(1.36)</b>
Cash cost (C1) (per lb)	\$1.57	\$1.73	<b>\$1.50</b>	\$1.11	\$0.91	\$1.11	\$0.98	<b>\$1.00</b>	\$0.66	\$0.48	<b>\$0.57</b>
All-in sustaining cost (AISC) (per lb)	\$1.93	\$1.95	<b>\$1.93</b>	\$1.37	\$1.19	\$1.62	\$1.37	<b>\$1.36</b>	\$1.07	\$0.87	<b>\$0.96</b>
Total cost (C3) (per lb)	\$2.42	\$2.79	<b>\$2.46</b>	\$2.22	\$1.65	\$1.93	\$1.78	<b>\$1.87</b>	\$1.42	\$1.34	<b>\$1.38</b>
<i>Revenues (\$ millions)</i>											
Copper in concentrates	\$27	\$48	<b>\$154</b>	\$42	\$43	\$30	\$30	<b>\$145</b>	\$37	\$39	<b>\$76</b>
Gold	9	17	<b>58</b>	16	18	12	12	<b>58</b>	18	23	<b>41</b>
Magnetite concentrate	5	5	<b>23</b>	6	16	10	8	<b>40</b>	12	16	<b>28</b>
Total sales revenues	\$41	\$70	<b>\$235</b>	\$64	\$77	\$52	\$50	<b>\$243</b>	\$67	\$78	<b>\$145</b>
Copper sales (tonnes)	5,108	9,099	<b>27,366</b>	7,924	8,143	5,969	6,010	<b>28,046</b>	7,649	8,170	<b>15,819</b>
Gold sales (ounces)	8,100	14,224	<b>48,195</b>	13,301	14,156	9,074	8,415	<b>44,946</b>	12,106	14,528	<b>26,634</b>
Magnetite concentrate sold (WMT)	61,315	85,914	<b>376,956</b>	89,631	222,762	123,274	90,032	<b>525,699</b>	135,008	180,107	<b>315,115</b>

in United States dollars, tabular amounts in millions, except where noted

Çayeli statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
Copper produced (tonnes)	5,056	5,931	<b>19,896</b>	4,891	3,872	3,218	4,725	<b>16,706</b>	2,990	2,611	<b>5,601</b>
Zinc produced (tonnes)	1,305	1,034	<b>4,091</b>	752	1,428	1,176	1,896	<b>5,252</b>	765	853	<b>1,618</b>
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	\$1.18	\$1.09	<b>\$1.21</b>	\$1.42	\$1.32	\$1.82	\$1.11	<b>\$1.35</b>	\$1.62	\$1.39	<b>\$1.51</b>
All-in sustaining cost (AISC) (per lb)	\$1.45	\$1.28	<b>\$1.48</b>	\$1.68	\$1.54	\$2.12	\$1.51	<b>\$1.65</b>	\$1.94	\$1.61	<b>\$1.78</b>
Total cost – Copper (C3) (per lb)	\$2.05	\$1.75	<b>\$2.03</b>	\$2.32	\$2.25	\$2.83	\$1.60	<b>\$2.16</b>	\$2.77	\$2.60	<b>\$2.69</b>
<i>Revenues (\$ millions)</i>											
Copper	\$13	\$44	<b>\$87</b>	\$18	\$28	\$13	\$26	<b>\$85</b>	\$6	\$11	<b>\$17</b>
Zinc	-	4	<b>8</b>	-	3	-	3	<b>6</b>	2	-	<b>2</b>
Other	-	4	<b>5</b>	-	1	-	3	<b>4</b>	1	1	<b>2</b>
Total sales revenues	\$13	52	<b>\$100</b>	\$18	\$32	\$13	\$32	<b>\$95</b>	\$9	\$12	<b>\$21</b>
Copper sales (tonnes)	2,753	9,153	<b>17,397</b>	3,814	5,817	2,934	5,553	<b>18,118</b>	1,776	2,544	<b>4,320</b>
Zinc sales (tonnes)	-	2,154	<b>4,313</b>	-	1,833	-	2,046	<b>3,879</b>	1,857	-	<b>1,857</b>

Pyhäsalmi statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
Copper produced (tonnes)	2,989	2,964	<b>11,904</b>	2,343	1,904	2,062	1,694	<b>8,003</b>	1,489	1,181	<b>2,670</b>
Zinc produced (tonnes)	6,043	6,653	<b>22,716</b>	5,566	2,695	3,253	566	<b>12,080</b>	1,072	1,084	<b>2,156</b>
Pyrite produced (tonnes)	171,355	168,881	<b>645,885</b>	152,475	152,522	127,960	120,687	<b>553,644</b>	96,503	108,329	<b>204,832</b>
<i>Cash Costs (per lb)</i>											
Cash cost – Copper (C1) (per lb)	(\$0.48)	(\$0.59)	<b>(\$0.46)</b>	(\$0.39)	\$0.21	\$0.61	\$2.02	<b>\$0.51</b>	\$0.86	\$1.55	<b>\$1.18</b>
All-in sustaining cost (AISC) (per lb)	(\$0.48)	(\$0.59)	<b>(\$0.46)</b>	(\$0.39)	\$0.25	\$0.64	\$2.11	<b>\$0.55</b>	\$0.89	\$1.62	<b>\$1.22</b>
Total cost – Copper (C3) (per lb)	\$1.67	\$1.57	\$1.70	\$1.67	\$1.75	\$1.62	\$2.17	\$1.77	\$1.07	\$2.30	\$1.63
<i>Revenues (\$ millions)</i>											
Copper	\$16	\$17	<b>\$70</b>	\$16	\$10	\$9	\$10	<b>\$45</b>	\$6	\$6	<b>\$12</b>
Zinc	10	11	<b>45</b>	12	7	2	1	<b>22</b>	1	1	<b>2</b>
Pyrite	4	4	<b>17</b>	4	3	3	3	<b>13</b>	3	3	<b>6</b>
Other	4	2	<b>12</b>	4	1	2	3	<b>10</b>	3	1	<b>4</b>
Total sales revenues	\$34	\$34	<b>\$144</b>	\$36	\$21	\$16	\$17	<b>\$90</b>	\$13	\$11	<b>\$24</b>
Copper sales (tonnes)	2,991	3,028	<b>12,184</b>	2,861	1,873	1,699	2,018	<b>8,451</b>	1,406	1,260	<b>2,666</b>
Zinc sales (tonnes)	6,178	6,114	<b>21,799</b>	6,646	2,617	2,297	933	<b>12,493</b>	1,024	829	<b>1,853</b>
Pyrite sales (tonnes)	100,894	124,109	<b>445,181</b>	124,667	97,221	90,619	110,823	<b>423,330</b>	124,140	117,759	<b>241,899</b>

in United States dollars, tabular amounts in millions, except where noted

Ravensthorpe statistics	Q3 18	Q4 18	2018	Q1 19	Q2 19	Q3 19	Q4 19	2019	Q1 20	Q2 20	2020
<i>Processing</i>											
Beneficiated ore (000's tonnes)	-	-	-	-	-	-	-	-	-	457	<b>457</b>
Beneficiated ore grade (%)	-	-	-	-	-	-	-	-	-	0.93	<b>0.93</b>
Nickel recovery – leach feed to Nickel produced (%)	-	-	-	-	-	-	-	-	-	68	<b>68</b>
Nickel produced (contained tonnes)	-	-	-	-	-	-	-	-	-	1,979	<b>1,979</b>
Nickel produced (payable tonnes)	-	-	-	-	-	-	-	-	-	1,579	<b>1,579</b>
<i>Cash Costs (per lb)</i>											
Mining	-	-	-	-	-	-	-	-	-	\$2.57	<b>\$2.57</b>
Processing	-	-	-	-	-	-	-	-	-	3.13	<b>3.13</b>
Site administration	-	-	-	-	-	-	-	-	-	0.71	<b>0.71</b>
TC/RC and freight charges	-	-	-	-	-	-	-	-	-	0.20	<b>0.20</b>
Cobalt credit	-	-	-	-	-	-	-	-	-	(0.35)	<b>(0.35)</b>
Cash cost (C1) (per lb)	-	-	-	-	-	-	-	-	-	\$6.26	<b>\$6.26</b>
All-in sustaining cost (AISC) (per lb)	-	-	-	-	-	-	-	-	-	\$7.30	<b>\$7.30</b>
Total cost (C3) (per lb)	-	-	-	-	-	-	-	-	-	\$7.93	<b>\$7.93</b>
<i>Revenues (\$ millions)</i>											
Nickel	-	-	-	-	-	-	-	-	-	\$18	<b>\$18</b>
Cobalt	-	-	-	-	-	-	-	-	-	1	<b>1</b>
Total sales revenues	-	-	-	-	-	-	-	-	-	\$19	<b>\$19</b>
Nickel sales (contained tonnes)	-	-	-	-	-	-	-	-	-	1,791	<b>1,791</b>
Nickel sales (payable tonnes)	-	-	-	-	-	-	-	-	-	1,429	<b>1,429</b>

## REGULATORY DISCLOSURES

### **Seasonality**

The Company's results as discussed in this MD&A are subject to seasonal aspects, in particular the wet season in Zambia. The wet season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of December, January, February and March. As a result of the wet season, pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

### **Off-balance sheet arrangements**

The Company had no off-balance sheet arrangements as of the date of this report.

### **Non-GAAP financial measures**

This document refers to cash cost (C1), all-in sustaining cost (AISC) and total cost (C3) per unit of payable production, operating cash flow per share, comparative EBITDA, Net debt and comparative earnings, which are not measures recognized under IFRS, do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers. These measures are used internally by management in measuring the performance of the Company's operations and serve to provide additional information and should not be considered in isolation to measures prepared under IFRS.

C1, AISC and C3 are measures based on production and sales volumes for which there is no directly comparable measure under IFRS, though a reconciliation from the cost of sales, as stated in the Company's financial statements, and which should be read in conjunction with this Management Discussion and Analysis, to C1, AISC and C3 can be found on the following pages. These reconciliations set out the components of each of these measures in relation to the cost of sales for the Company as per the consolidated financial statements.

The calculation of these measures is described below, and may differ from those used by other issuers. The Company discloses these measures in order to provide assistance in understanding the results of the operations and to provide additional information to investors.

### **Calculation of cash cost, all-in sustaining cost, total cost, sustaining capital expenditure and deferred stripping costs capitalized**

The consolidated cash cost (C1), all-in sustaining cost (AISC) and total cost (C3) presented by the Company are measures that are prepared on a basis consistent with the industry standard definitions but are not measures recognized under IFRS. In calculating the C1 cash cost, AISC and C3 total cost for each segment, the costs are measured on the same basis as the segmented financial information that is contained in the financial statements.

C1 cash cost includes all mining and processing costs less any profits from by-products such as gold, silver, zinc, pyrite, cobalt, sulphuric acid, or iron magnetite and is used by management to evaluate operating performance. TC/RC and freight deductions on metal sales, which are typically recognized as a component of sales revenues, are added to C1 cash cost to arrive at an approximate cost of finished metal.

AISC is defined as cash cost (C1) plus general and administrative expenses, sustaining capital expenditure, deferred stripping, royalties and lease payments and is used by management to evaluate performance inclusive of sustaining expenditure required to maintain current production levels.

C3 total cost is defined as AISC less sustaining capital expenditure, deferred stripping and general and administrative expenses net of insurance, plus depreciation and exploration. This metric is used by management to evaluate the operating performance inclusive of costs not classified as sustaining in nature such as exploration and depreciation.

Sustaining capital expenditure is defined as capital expenditure during the production phase, incurred to sustain and maintain the existing assets to achieve constant planned levels of production, from which future economic benefits will be derived. This includes expenditure for assets to retain their existing productive capacity, and to enhance assets to minimum reliability, environmental and safety standards.

*in United States dollars, tabular amounts in millions, except where noted*

Deferred stripping costs capitalized are defined as waste material stripping costs in excess of the strip ratio, for the production phase, and from which future economic benefits will be derived from future access to ore. Deferred stripping costs are capitalized to the mineral property, and will be depreciated on a units-of-production basis.

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Purchase and deposits on property, plant and equipment	130	413	300	860
Sustaining capital expenditure and deferred stripping	75	98	138	196
Project capital expenditure	55	303	162	618
Pre-commercial costs	-	12	-	46
<b>Total capital expenditure</b>	<b>130</b>	<b>413</b>	<b>300</b>	<b>860</b>

The following tables provide a reconciliation of C1, C3 and AISC to the consolidated financial statements:

For the three months ended June 30, 2020	Cobre		Guelb				Corporate &			Total	
	Panama	Kansanshi	Sentinel	Las Cruces	Moghrein	Çayeli	Pyhäsalmi	Copper	other Ravensthorpe		
<b>Cost of sales<sup>1</sup></b>	<b>(144)</b>	<b>(278)</b>	<b>(214)</b>	<b>(98)</b>	<b>(64)</b>	<b>(13)</b>	<b>(10)</b>	<b>(821)</b>	<b>(4)</b>	<b>(48)</b>	<b>(873)</b>
Adjustments:											
Depreciation	51	62	57	62	12	5	2	251	2	4	257
By-product credits	23	53	-	-	39	1	5	121	-	1	122
Royalties	2	27	16	1	3	-	-	49	-	1	50
Treatment and refining charges	(6)	(11)	(12)	-	(3)	(1)	-	(33)	-	-	(33)
Freight costs	-	(6)	(10)	(1)	-	(1)	-	(18)	-	-	(18)
Finished goods	(10)	17	(1)	3	9	-	1	19	-	1	20
Other	6	-	(6)	2	(2)	1	(2)	(1)	2	19 <sup>2</sup>	20
<b>Cash cost (C1)</b>	<b>(78)</b>	<b>(136)</b>	<b>(170)</b>	<b>(31)</b>	<b>(6)</b>	<b>(8)</b>	<b>(4)</b>	<b>(433)</b>	<b>-</b>	<b>(22)</b>	<b>(455)</b>
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(56)	(65)	(64)	(59)	(11)	(6)	(2)	(263)	-	(4)	(267)
Royalties	(2)	(27)	(16)	(1)	(3)	-	-	(49)	-	(1)	(50)
Other	-	(2)	(2)	-	-	-	1	(3)	-	(1)	(4)
<b>Total cost (C3)</b>	<b>(136)</b>	<b>(230)</b>	<b>(252)</b>	<b>(91)</b>	<b>(20)</b>	<b>(14)</b>	<b>(5)</b>	<b>(748)</b>	<b>-</b>	<b>(28)</b>	<b>(776)</b>
<b>Cash cost (C1)</b>	<b>(78)</b>	<b>(136)</b>	<b>(170)</b>	<b>(31)</b>	<b>(6)</b>	<b>(8)</b>	<b>(4)</b>	<b>(433)</b>	<b>-</b>	<b>(22)</b>	<b>(455)</b>
Adjustments:											
General and administrative expenses	(4)	(7)	(9)	(1)	(1)	(1)	-	(23)	-	(1)	(24)
Sustaining capital expenditure and deferred stripping	(7)	(27)	(37)	-	(2)	(1)	-	(74)	-	(1)	(75)
Royalties	(2)	(27)	(16)	(1)	(3)	-	-	(49)	-	(1)	(50)
Lease payments	(1)	(1)	-	(1)	-	-	-	(3)	-	-	(3)
Other	-	-	-	-	-	1	-	1	-	-	1
<b>AISC</b>	<b>(92)</b>	<b>(198)</b>	<b>(232)</b>	<b>(34)</b>	<b>(12)</b>	<b>(9)</b>	<b>(4)</b>	<b>(581)</b>	<b>-</b>	<b>(25)</b>	<b>(606)</b>
AISC (per lb)	\$2.03	\$1.56	\$1.86	\$0.93	\$0.87	\$1.61	\$1.62	\$1.62	-	\$7.30	
Cash cost – (C1) (per lb)	\$1.72	\$1.09	\$1.36	\$0.84	\$0.48	\$1.39	\$1.55	\$1.20	-	\$6.26	
Total cost – (C3) (per lb)	\$2.99	\$1.82	\$2.02	\$2.50	\$1.34	\$2.60	\$2.30	\$2.08	-	\$7.93	

<sup>1</sup> Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

<sup>2</sup> Includes restart costs at Ravensthorpe

in United States dollars, tabular amounts in millions, except where noted

For the six months ended June 30, 2020	Cobre		Guelb				Corporate &			Ravensthorpe	Total
	Panama	Kansanshi	Sentinel	Las Cruces	Moghrein	Çayeli	Pyhäsalmi	Copper	other		
<b>Cost of sales<sup>1</sup></b>	<b>(509)</b>	<b>(548)</b>	<b>(428)</b>	<b>(176)</b>	<b>(110)</b>	<b>(26)</b>	<b>(20)</b>	<b>(1,817)</b>	<b>(5)</b>	<b>(86)</b>	<b>(1,908)</b>
Adjustments:											
Depreciation	176	123	113	111	22	11	3	559	3	6	568
By-product credits	97	104	-	-	69	4	12	286	-	1	287
Royalties	8	51	35	2	5	-	-	101	-	1	102
Treatment and refining charges	(33)	(20)	(21)	-	(7)	(2)	(1)	(84)	-	-	(84)
Freight costs	(1)	(8)	(16)	(1)	-	(2)	-	(28)	-	-	(28)
Finished goods	9	15	(19)	1	6	(3)	1	10	-	1	11
Other	10	2	(13)	3	-	-	(2)	-	2	55 <sup>2</sup>	57
<b>Cash cost (C1)</b>	<b>(243)</b>	<b>(281)</b>	<b>(349)</b>	<b>(60)</b>	<b>(15)</b>	<b>(18)</b>	<b>(7)</b>	<b>(973)</b>	<b>-</b>	<b>(22)</b>	<b>(995)</b>
Adjustments:											
Depreciation (excluding depreciation in finished goods)	(173)	(126)	(126)	(110)	(20)	(13)	(3)	(571)	-	(6)	(577)
Royalties	(8)	(51)	(35)	(2)	(5)	-	-	(101)	-	(1)	(102)
Other	(4)	(6)	(3)	(1)	-	-	1	(13)	-	(1)	(14)
<b>Total cost (C3)</b>	<b>(428)</b>	<b>(464)</b>	<b>(513)</b>	<b>(173)</b>	<b>(40)</b>	<b>(31)</b>	<b>(9)</b>	<b>(1,658)</b>	<b>-</b>	<b>(30)</b>	<b>(1,688)</b>
<b>Cash cost (C1)</b>	<b>(243)</b>	<b>(281)</b>	<b>(349)</b>	<b>(60)</b>	<b>(15)</b>	<b>(18)</b>	<b>(7)</b>	<b>(973)</b>	<b>-</b>	<b>(22)</b>	<b>(995)</b>
Adjustments:											
General and administrative expenses	(11)	(13)	(16)	(3)	(1)	(1)	-	(45)	-	(1)	(46)
Sustaining capital expenditure and deferred stripping	(21)	(45)	(62)	-	(6)	(2)	-	(136)	-	(2)	(138)
Royalties	(8)	(51)	(35)	(2)	(5)	-	-	(101)	-	(1)	(102)
Lease payments	(2)	(2)	(1)	(1)	-	-	-	(6)	-	-	(6)
Other	-	(2)	-	-	-	-	-	(2)	-	-	(2)
<b>AISC</b>	<b>(285)</b>	<b>(394)</b>	<b>(463)</b>	<b>(66)</b>	<b>(27)</b>	<b>(21)</b>	<b>(7)</b>	<b>(1,263)</b>	<b>-</b>	<b>(26)</b>	<b>(1,289)</b>
AISC (per lb)	\$1.72	\$1.61	\$1.93	\$0.94	\$0.96	\$1.78	\$1.22	\$1.63	-	\$7.30	
Cash cost – (C1) (per lb)	\$1.48	\$1.15	\$1.45	\$0.86	\$0.57	\$1.51	\$1.18	\$1.25	-	\$6.26	
Total cost – (C3) (per lb)	\$2.59	\$1.89	\$2.14	\$2.46	\$1.38	\$2.69	\$1.63	\$2.14	-	\$7.93	

<sup>1</sup>Total cost of sales per the Consolidated Statement of Earnings (Loss) in the Company's annual audited financial statements.

<sup>2</sup>Includes restart costs at Ravensthorpe

in United States dollars, tabular amounts in millions, except where noted

For the three months ended June 30, 2019	Cobre		Sentinel	Las		Guelb		Corporate			Total
	Panama	Kansanshi		Cruces	Moghrein	Çayeli	Pyhäsalmi	Copper	& other	Ravensthorpe	
Cost of sales	-	(292)	(263)	(81)	(59)	(23)	(16)	(734)	(3)	(6)	(743)
Adjustments:											
Depreciation	-	64	60	46	11	8	6	195	1	2	198
By-product credits	-	53	-	-	32	5	13	103	-	-	103
Royalties	-	28	25	1	2	-	-	56	-	-	56
Treatment and refining charges	-	(11)	(13)	-	(4)	(4)	(1)	(33)	-	-	(33)
Freight costs	-	(3)	(6)	-	-	(2)	(1)	(12)	-	-	(12)
Finished goods	-	19	13	(1)	3	4	(1)	37	-	-	37
Other <sup>1</sup>	-	(2)	1	1	1	1	(1)	1	2	5	8
<b>Cash cost (C1)</b>	-	(144)	(183)	(34)	(14)	(11)	(1)	(387)	-	1	(386)
Adjustments:											
Depreciation (excluding depreciation in finished goods)	-	(62)	(61)	(47)	(10)	(8)	(6)	(194)	-	(3)	(197)
Royalties	-	(28)	(25)	(1)	(2)	-	-	(56)	-	-	(56)
Other	-	(1)	-	-	-	(1)	-	(2)	-	-	(2)
<b>Total cost (C3)</b>	-	(235)	(269)	(82)	(26)	(20)	(7)	(639)	-	(2)	(641)
<b>Cash cost (C1)</b>	-	(144)	(183)	(34)	(14)	(11)	(1)	(387)	-	1	(386)
Adjustments:											
General and administrative expenses	-	(8)	(8)	(2)	-	-	-	(18)	-	-	(18)
Sustaining capital expenditure and deferred stripping	-	(29)	(27)	(1)	(3)	(1)	-	(61)	-	-	(61)
Royalties	-	(28)	(25)	(1)	(2)	-	-	(56)	-	-	(56)
Lease payments	-	(2)	-	-	(1)	-	-	(3)	-	-	(3)
<b>AISC</b>	-	(211)	(243)	(38)	(20)	(12)	(1)	(525)	-	1	(524)
AISC (per lb)	-	\$1.66	\$2.06	\$1.65	\$1.19	\$1.54	\$0.25	\$1.77	-	-	
Cash cost – (C1) (per lb)	-	\$1.15	\$1.55	\$1.51	\$0.91	\$1.32	\$0.21	\$1.32	-	-	
Total cost – (C3) (per lb)	-	\$1.87	\$2.29	\$3.59	\$1.65	\$2.25	\$1.75	\$2.17	-	-	

in United States dollars, tabular amounts in millions, except where noted

For the six months ended June 30, 2019 <sup>1</sup>	Cobre		Guelb					Corporate			Total
	Panama	Kansanshi	Sentinel	Las Cruces	Moghrein	Çayeli	Pyhäsalmi	Copper	& other	Ravensthorpe	
Cost of sales	-	(540)	(504)	(158)	(117)	(38)	(41)	<b>(1,398)</b>	(5)	(12)	<b>(1,415)</b>
Adjustments:											
Depreciation	-	119	118	90	29	15	16	<b>387</b>	2	3	<b>392</b>
By-product credits	-	98	-	-	56	5	31	<b>190</b>	-	-	<b>190</b>
Royalties	-	54	49	2	4	1	-	<b>110</b>	-	-	<b>110</b>
Treatment and refining charges	-	(20)	(25)	-	(9)	(6)	(3)	<b>(63)</b>	-	-	<b>(63)</b>
Freight costs	-	(4)	(12)	-	-	(3)	(1)	<b>(20)</b>	-	-	<b>(20)</b>
Finished goods	-	3	(2)	-	4	1	-	<b>6</b>	-	-	<b>6</b>
Other <sup>1</sup>	-	3	1	1	2	-	2	<b>9</b>	3	9	<b>21</b>
<b>Cash cost (C1)</b>	-	<b>(287)</b>	<b>(375)</b>	<b>(65)</b>	<b>(31)</b>	<b>(25)</b>	<b>4</b>	<b>(779)</b>	-	-	<b>(779)</b>
Adjustments:											
Depreciation (excluding depreciation in finished goods)	-	(119)	(123)	(90)	(25)	(16)	(16)	<b>(389)</b>	-	(4)	<b>(393)</b>
Royalties	-	(54)	(49)	(2)	(4)	(1)	-	<b>(110)</b>	-	-	<b>(110)</b>
Other	-	(3)	(2)	-	(1)	(1)	-	<b>(7)</b>	-	-	<b>(7)</b>
<b>Total cost (C3)</b>	-	<b>(463)</b>	<b>(549)</b>	<b>(157)</b>	<b>(61)</b>	<b>(43)</b>	<b>(12)</b>	<b>(1,285)</b>	-	(4)	<b>(1,289)</b>
<b>Cash cost (C1)</b>	-	<b>(287)</b>	<b>(375)</b>	<b>(65)</b>	<b>(31)</b>	<b>(25)</b>	<b>4</b>	<b>(779)</b>	-	-	<b>(779)</b>
Adjustments:											
General and administrative	-	(14)	(17)	(3)	(1)	(1)	-	<b>(36)</b>	-	-	<b>(36)</b>
Sustaining capital expenditure and deferred stripping	-	(53)	(49)	(2)	(4)	(2)	-	<b>(110)</b>	-	-	<b>(110)</b>
Royalties	-	(54)	(49)	(2)	(4)	(1)	-	<b>(110)</b>	-	-	<b>(110)</b>
Lease payments	-	(3)	(1)	-	(1)	-	-	<b>(5)</b>	-	-	<b>(5)</b>
<b>AISC</b>	-	<b>(411)</b>	<b>(491)</b>	<b>(72)</b>	<b>(41)</b>	<b>(29)</b>	<b>4</b>	<b>(1,040)</b>	-	-	<b>(1,040)</b>
AISC (per lb)	-	\$1.69	\$2.07	\$1.55	\$1.28	\$1.56	(\$0.11)	<b>\$1.77</b>	-	-	
Cash cost – (C1) (per lb)	-	\$1.20	\$1.58	\$1.41	\$1.00	\$1.33	(\$0.13)	<b>\$1.33</b>	-	-	
Total cost – (C3) (per lb)	-	\$1.92	\$2.31	\$3.39	\$1.93	\$2.23	\$1.69	<b>\$2.19</b>	-	-	

<sup>1</sup> C1 cash cost, C3 total cost and AISC exclude third-party concentrate purchased at Kansanshi.

**Comparative EBITDA and comparative earnings**

Comparative EBITDA and comparative earnings are the Company's adjusted earnings metrics, and are used to evaluate operating performance by management. The Company believes that the comparative metrics presented are useful as the adjusted items do not reflect the underlying operating performance of its current business and are not necessarily indicative of future operating results.

**Calculation of operating cash flow per share, net debt, comparative EBITDA and comparative earnings**

In calculating the operating cash flow per share, the operating cash flow calculated for IFRS purposes is divided by the basic weighted average common shares outstanding for the respective period.

Net debt comprises unrestricted cash and cash equivalents, bank overdrafts and total debt. Comparative EBITDA, comparative earnings and comparative earnings per share are non-GAAP measures which measure the performance of the Company. Comparative EBITDA, comparative earnings and comparative earnings per share exclude certain impacts which the Company believes are not reflective of the Company's underlying performance for the reporting period. These include impairment and related charges, foreign exchange revaluation gains and losses, gains and losses on disposal of assets and liabilities, one-time costs related to acquisitions, dispositions, restructuring and other transactions, revisions in estimates of restoration provisions at closed sites, debt extinguishment and modification gains and losses, the tax effect on unrealized movements in the fair value of derivatives designated as hedged instruments, and discounting of non-current VAT.

	Three months ended		Six months ended June 30	
	2020	2019	2020	2019
Operating profit	77	144	81	297
Depreciation	257	198	568	392
<b>Other adjustments:</b>				
Impairment charges, write-off of assets and other costs associated with the mine interruption at Las Cruces	-	-	-	13
Foreign exchange loss	10	33	133	37
Other expense	4	1	6	3
Revisions in estimates of restoration provisions at closed sites	4	-	(2)	2
<b>Total adjustments excluding depreciation</b>	18	34	137	55
<b>Comparative EBITDA</b>	352	376	786	744

*in United States dollars, tabular amounts in millions, except where noted*

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net earnings (loss) attributable to shareholders of the Company	(156)	78	(218)	131
Adjustments attributable to shareholders of the Company:				
Movement in Zambian VAT discount	(22)	-	(59)	-
Gain (loss) on debt instruments	-	(3)	2	22
Total adjustments to comparative EBITDA excluding depreciation	18	34	137	55
Reversal of tax effect of unrealised hedge position recognized in other comprehensive income	67	-	-	-
Tax and minority interest comparative adjustments	9	(22)	(25)	(26)
<b>Comparative earnings (loss)</b>	<b>(84)</b>	<b>87</b>	<b>(163)</b>	<b>182</b>
Earnings (loss) per share as reported	(\$0.23)	\$0.11	(\$0.32)	\$0.19
Comparative earnings (loss) per share	(\$0.12)	\$0.13	(\$0.24)	\$0.26

### **Significant judgments, estimates and assumptions**

Many of the amounts disclosed in the financial statements involve the use of judgments, estimates and assumptions. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances at the time, having regard to prior experience, and are continually evaluated. The significant judgements, estimates and assumptions applied in the preparation of the Company's interim financial statements are consistent with those disclosed in the Company's annual MD&A for the year ended December 31, 2019.

### **Financial instruments risk exposure**

The Company's activities expose it to a variety of risks arising from financial instruments. These risks, and management's objectives, policies and procedures for managing these risks in the interim period are consistent with those disclosed in the Company's annual MD&A for the year ended December 31, 2019.

### **Market risks**

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc and other elements, interest rate risk, and foreign exchange risk. These market risks are consistent with those disclosed in the Company's annual MD&A for the year ended December 31, 2019.

### **Disclosure Controls and Procedures**

The Company's disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is communicated to senior management, to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined under the rules of the Canadian Securities Administration, was conducted as of December 31, 2019, under the supervision of the Company's Audit Committee and with the participation of management. Based on the results of the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report in providing reasonable assurance that the information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported in accordance with the securities legislation.

The Company's controls and procedures remain consistent with those disclosed in the Company's annual MD&A for the year ended December 31, 2019.

### **Internal Control over Financial Reporting**

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

An evaluation of the effectiveness of the Company's internal control over financial reporting was conducted as of December 31, 2019 by the Company's management, including the Chief Executive Officer and Chief Financial Officer, based on the Control - Integrated Framework (2013) established by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Based on this evaluation, management has concluded that the Company's internal controls over financial reporting were effective.

There were no changes in the Company's business activities during the period ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

### **Limitations of Controls and Procedures**

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### **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.