

FIRST QUANTUM MINERALS

Third Quarter 2019



FIRST QUANTUM
MINERALS LTD.

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at Cobre Panama and Enterprise and are subject to the impact of ore grades on future production, the potential of production disruptions (including at Cobre Las Cruces as a result of the land slippage in January 2019), capital expenditure and mine production costs, the outcome of mine permitting, other required permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, nickel, zinc, pyrite, cobalt, iron and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

With respect to forward-looking statements and information contained herein, the Company has made numerous assumptions including among other things, assumptions about continuing production at all operating facilities, the price of copper, gold, nickel, zinc, pyrite, cobalt, iron and sulphuric acid, anticipated costs and expenditures and the ability to achieve the Company's goals. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. These factors include, but are not limited to, future production volumes and costs, the temporary or permanent closure of uneconomic operations, costs for inputs such as oil, power and sulphur, political stability in Zambia, Peru, Mauritania, Finland, Spain, Turkey, Panama, Argentina and Australia, adverse weather conditions in Zambia, Finland, Spain, Turkey, Mauritania and Panama, labour disruptions, potential social and environmental challenges, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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





Clive Newall

President
and Director



**Cobre Panama achieves
commercial production
effective September 1, 2019**





Expertise and learning from other projects applied to enable a successful build and ramp-up of Cobre Panama

72 mtpa expected by year end,
increasing to 85 mtpa with the
addition of an eighth ball mill



Cobre Panama is quickly proving it is a world-class operation - a cornerstone asset for the Company





FINANCIAL REVIEW



FIRST QUANTUM
MINERALS LTD.



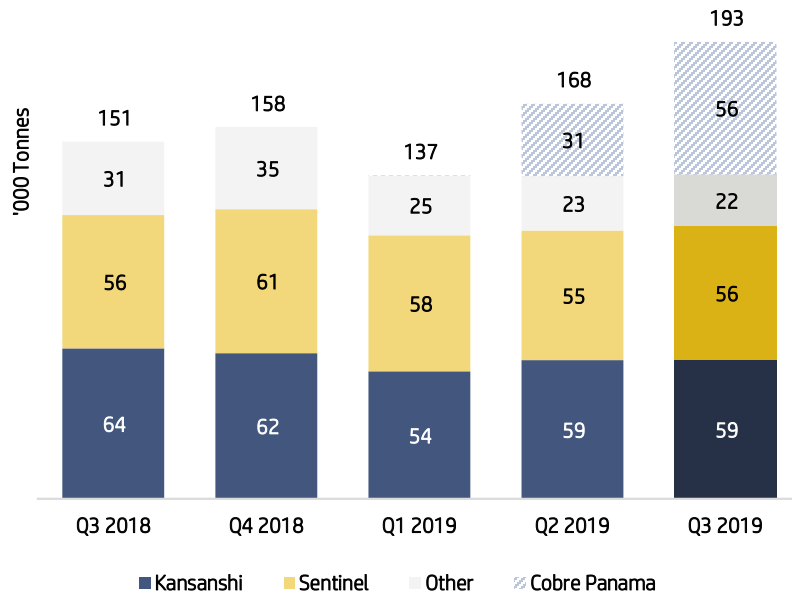
**Hannes
Meyer**

**Chief
Financial
Officer**

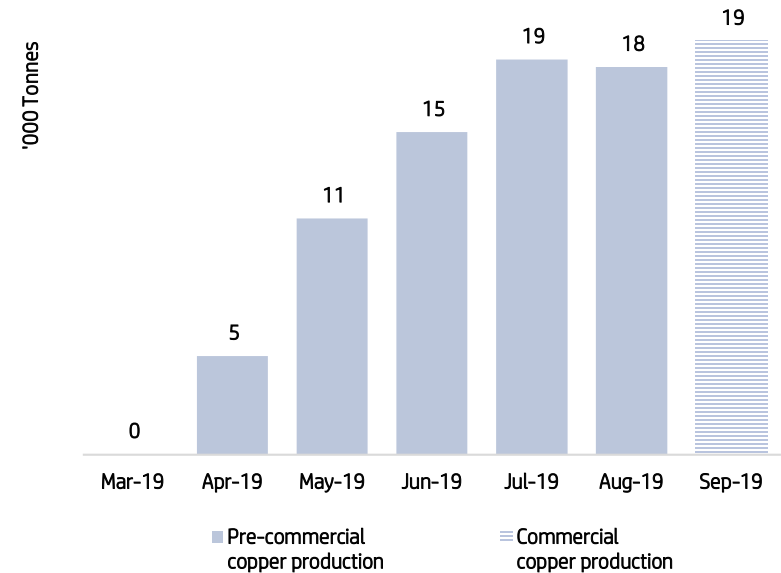


QUARTERLY PRODUCTION^{1,2}

Copper production up 27%
on Q3 2018



Cobre Panama commercial production declared
September 1, 2019



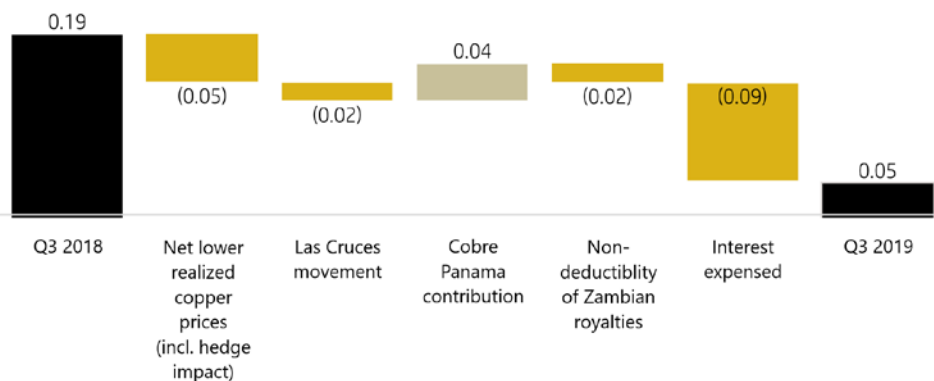
- Cobre Panama was declared in commercial production effective September 1, 2019. It produced 56kt of copper in the quarter, of which 19kt were deemed to be commercial.
- Quarterly copper production of 193kt, 27% higher than Q3 2018, attributable to Cobre Panama contribution of 56kt.
- Record quarterly gold production of 70koz exceeded Q3 2018 by 56%, reflecting Cobre Panama contribution of 21koz and higher gold produced at Kansanshi following operational enhancements.



FINANCIAL OVERVIEW

Results impacted by lower copper prices and expensing of interest

Comparative EPS Analysis



\$ million (except per share numbers)	Q3 2018	Q2 2019	Q3 2019
Revenue ¹	978	939	987
Gross Profit	246	196	150
Comparative EBITDA ²	427	376	354
Comparative Earnings ²	128	87	32
Comparative Earnings per share \$	0.19	0.13	0.05
Net Debt	(6,116)	(7,304)	(7,579)

- Comparative EBITDA of \$354m reflects an 8% reduction in realized copper prices and lower volumes at Las Cruces and Kansanshi, but benefitted from a \$67m contribution from Cobre Panama and a \$18m hedge gain in the quarter by the corporate copper sales hedge program.
- Comparative earnings per share of \$0.05 is \$0.14 lower than the comparable quarter of 2018, impacted by an interest charge of \$64m that would previously have been capitalized but is now expensed following declaration of commercial production at Cobre Panama effective September 1, 2019. In addition, the higher effective tax rate in the quarter follows Zambian tax changes for non-deductibility of Zambian mineral royalties, effective January 1, 2019.
- Increase in net debt from Q2 2019 reflects the Cobre Panama capital expenditure program.

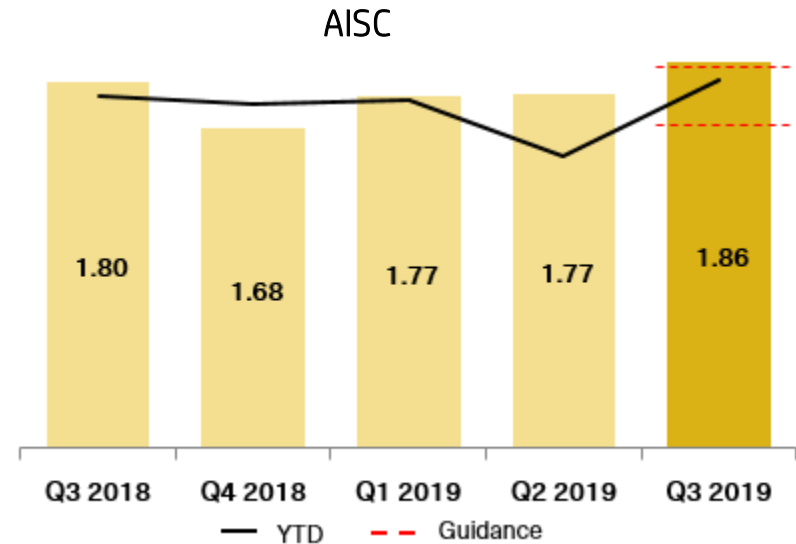
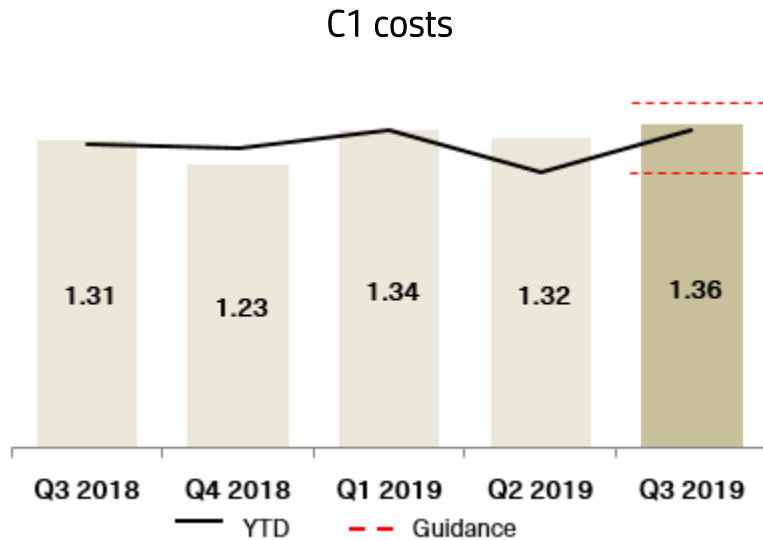
¹ Pre-commercial production sales revenues and operating costs in July and August attributable to Cobre Panama are capitalized and are excluded from revenue and earnings.

² Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. Items excluded from comparative measures in Q3 2019, Q2 2019 and Q3 2018 include foreign exchange gains and losses, gains and losses on disposal of assets and liabilities, revisions in estimates of restoration provisions at closed sites, finance charge on discounting of Zambian VAT, gains and losses on debt instruments, write-off of assets and costs associated with the Las Cruces land slippage, tax and minority interest relating to comparative adjustments. A reconciliation of comparative EBITDA and comparative earnings is provided in the Q3 2019 MD&A.



QUARTERLY UNIT CASH COSTS

YTD C1 cost¹ and AISC¹ within full year guidance

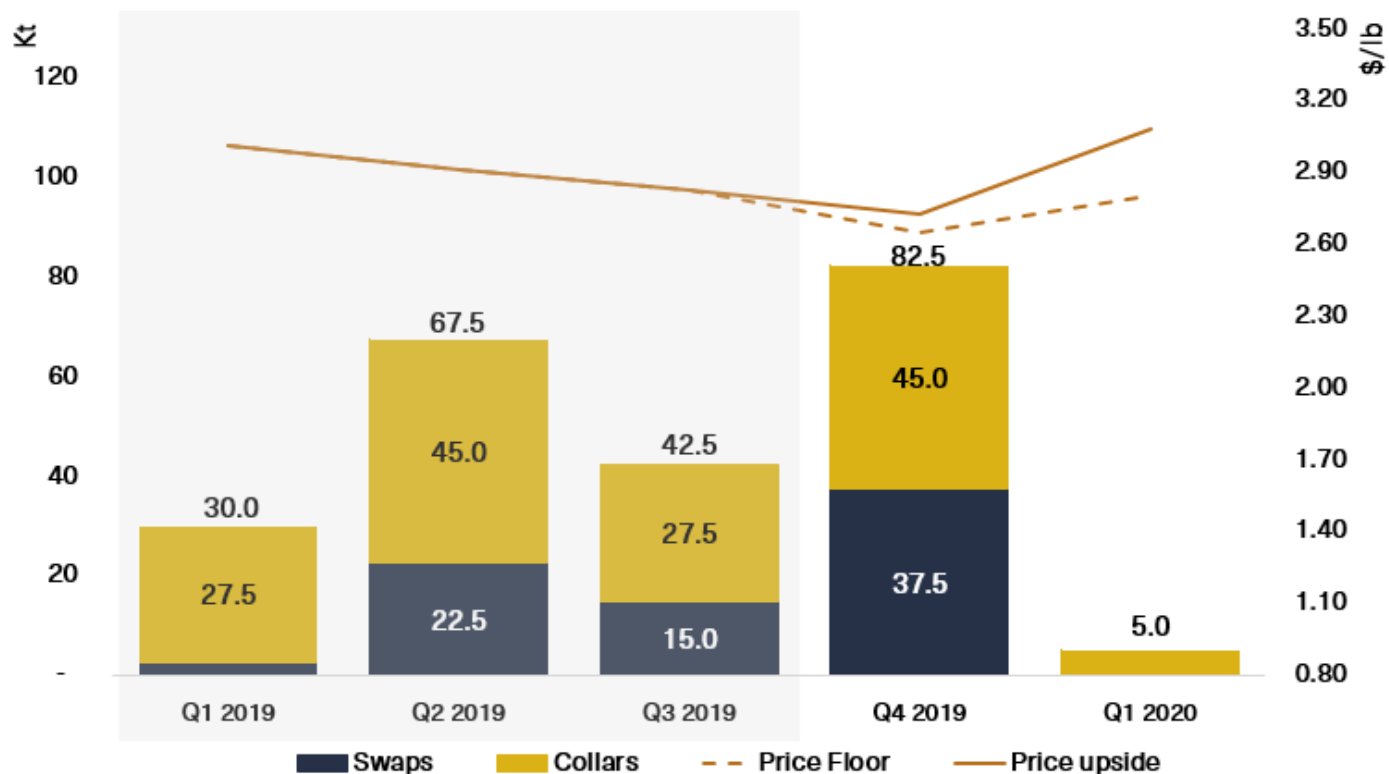


- Lower production at Las Cruces impacted Group C1 by \$0.04/lb in the quarter.
- The C1 cash cost includes one month commercial production at Cobre Panama at \$1.34/lb on 19,438 tonnes of copper.

- AISC in the quarter was impacted by timing of sustaining capital expenditure at Kansanshi as well as the impact of the increased Zambian royalty rate.
- AISC includes one month commercial production at Panama of \$1.56/lb.

COPPER HEDGING PROGRAM OUTLOOK¹

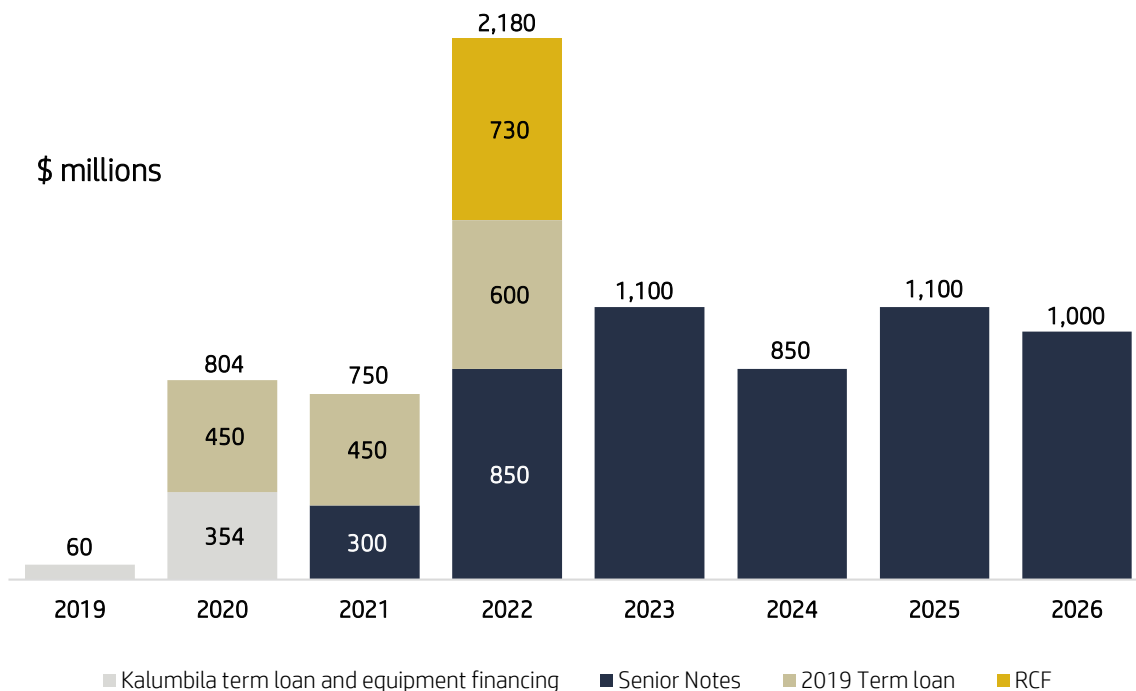
Average copper hedge floor of \$2.65/lb for remainder of 2019



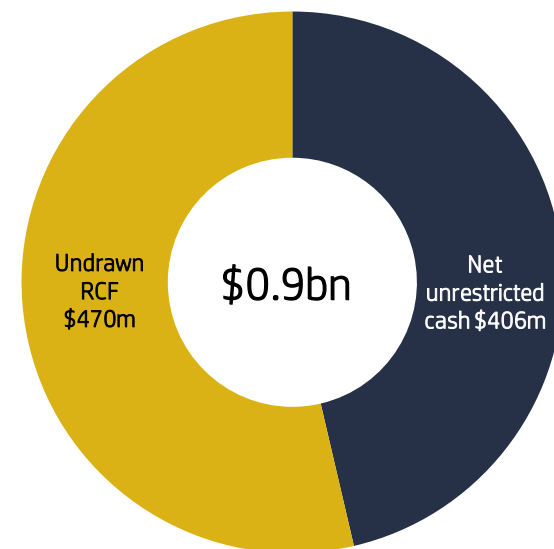
The Company also has unmargined nickel forward sales contracts for 12,046 tonnes at an average price of \$6.77 per lb outstanding with maturities to February 2021.

¹ Hedging outlook as at October 29, 2019.

DEBT AND LIQUIDITY PROFILE AT SEPTEMBER 30, 2019



Liquidity at September 30, 2019



Covenant Ratio

Net debt/EBITDA covenant ratio at September 30, 2019 of 4.84x, below covenant requirement of 5.75x.

ZAMBIAN BUDGET

On September 27th the Minister of Finance announced the 2020 Budget. The changes are expected to be effective from January 1st 2020.

Tax type	Change
Sales Tax	Proposal to introduce sales tax dropped
VAT	0% Import VAT on capital equipment and machinery for the mining sector
	No VAT relief for VAT on consumables, spare parts
	VAT relief for VAT on diesel reduced from 90% to 70%
	VAT relief for VAT on electricity reduced from 100% to 80%
Import Duty	10% import duty on specified capital equipment and machinery imported by mining companies replacing rates of 0% and 5%
Income Tax	Tax relief for capital spend (capital allowances) to be spread over 5 years rather than 4.

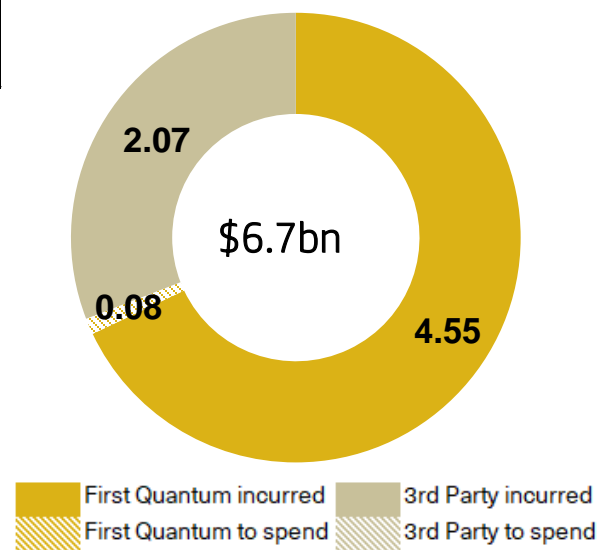
Detailed guidance on these changes has not yet been issued by the Zambian Revenue Authority and the Company is continuing to assess the expected impact of the proposed changes.

CAPITAL EXPENDITURE

\$ million	Capital Expenditure	2019 YTD	2019	2020	2021
		Actual	Guidance	Guidance	Guidance
	<i>Cobre Panama Project</i>	554	630	-	-
	First Quantum share of Cobre Panama Project	519	595	-	-
	Capitalized stripping costs	136	200	250	250
	Sustaining capital and other projects	531	650	600	600
	Total First Quantum net capital spend¹	1,186	1,445	850	850

\$ billion Cobre Panama Project	Total	Funded by	
		First Quantum	3rd Party
Capital spend to December 2018	6.07	4.03	2.04
Capital spend to September 2019	0.55	0.52	0.03
<i>Spend remaining</i>	0.08	0.08	-
Total Cobre Panama	6.70	4.63	2.07

Cobre Panama Funding (\$bn)



Pre-commercial operating results excluded from the above project capital expenditure, but resulted in a reduction to capital expenditure of \$137m and \$91m for the three and nine months ended September 30, 2019, respectively.

APPENDIX

2019 GUIDANCE

Unchanged Production Guidance ¹	2019
Total copper production (tonnes) including Cobre Panama ²	700 – 735
Copper (tonnes) – Cobre Panama ²	140 – 175
Copper (tonnes) excluding Cobre Panama	560
Gold (ounces) – excluding Cobre Panama	185
Zinc (tonnes)	12

Unchanged Costs Guidance	2019
C1 (per lb) ³	1.20 – 1.40
AISC (per lb) ³	1.70 – 1.85
Depreciation – excluding Cobre Panama (\$m)	800 – 825
Depreciation – Cobre Panama (\$m)	145 – 165

¹ Production is presented on a copper contained basis.

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

³ In Zambia's 2020 National Budget, it was announced that the sales tax previously proposed would not be implemented and would be replaced with an amended VAT system, effective January 1, 2020.



2019 GUIDANCE

Depreciation

Depreciation expense for the nine months was \$585 million, with the 2019 full year depreciation expense, excluding Cobre Panama, expected to range between \$800 million and \$825 million.

Cobre Panama depreciation expense commenced in September 2019 following the declaration of commercial production. The depreciation expense was \$32 million for the month of September and is expected to range between \$145 million to \$165 million for the four months ending December 31, 2019.

Interest

Due to the current level of project capital expenditure, interest has largely been capitalized in the quarter and in previous years. Interest expense of \$146 million and \$549 million was capitalized to the Cobre Panama project for the three and nine months ended September 30, 2019, respectively. From September 1, 2019, the start of commercial production at Cobre Panama, all interest was expensed to the income statement rather than capitalized. Interest expense for September was \$64 million. The majority of the Company's interest expense is incurred by Canadian entities, where no tax credit is recognized.

Tax

Excluding the impact of the changes to the Zambian mining tax regime, the sales hedge program, comparative finance charges and the impact of interest expense no longer capitalized following declaration of commercial production at Cobre Panama, the effective tax rate for 2019 is expected to be approximately 30%.

Including the impact of the changes to the Zambian mining tax regime, which increased mineral royalties by 1.5% and made them non-deductible for tax purposes, and excluding the impact of interest being expensed following the declaration of commercial production at Cobre Panama, the expected effective rate excluding the sales hedge program and loss on partial redemption of senior notes, is approximately 45%.



COBRE PANAMA PRECIOUS METALS STREAM AGREEMENT DETAILS

	TRANCHE 1 (80%)		TRANCHE 2 (20%)	
	Gold	Silver	Gold	Silver
Deposit received	\$1bn		\$356m	
Deferred revenue at September 30, 2019	\$1,134m		\$384m	
Fixed payment stream received ^{2 3}	\$424.54/oz ¹	\$6.36/oz ¹	20% of spot	20% of spot
Amortization of deferred revenue	Amortized by units of gold and silver delivered respectively over the implied total units of gold and silver expected to be delivered per each tranche.			

Income statement impact

During the quarter ended September 30, 2019, following the sale of copper concentrate produced by Cobre Panama, the Company also recognized the deliveries to Franco-Nevada under the terms of the precious metal stream arrangement. The Franco-Nevada revenues were capitalized up to August 31, 2019, until commercial production was declared.

The revenues recognized comprises:

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

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

Cash flow impact

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

¹ Subject to 1.5% inflation.

² T1 payment fixed stream is subject to the first 1,341,000 ounces of gold and 21,510,000 ounces of silver. Thereafter the greater of starting prices of \$424.54/oz gold and \$6.36/oz silver subject to inflation or 50% of the prevailing market rate.

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

QUARTERLY NET DEBT MOVEMENT

Opening Net Debt at June 30, 2019 (\$ million)	(7,304)
Comparative EBITDA	354
Working capital	(124)
Capital expenditure (including capitalized operating results)	(270)
Interest paid and capitalized to property, plant and equipment	(101)
Interest paid	(89)
Taxes paid	(52)
Other	7
Closing Net Debt at September 30, 2019 (\$ million)	(7,579)
Net Debt comprised of:	
Net cash & cash equivalents ¹	939
Total debt	(8,518)
Available committed undrawn debt facilities at September 30, 2019	470

¹ Excludes \$23m restricted cash

NON-GAAP MEASURES RECONCILIATION – COMPARATIVE EBITDA AND COMPARATIVE EARNINGS

Comparative EBITDA (\$ million)	Q3 2019	YTD 2019
Operating profit	108	405
Depreciation	225	617
Write-off of assets and other costs associated with land slippage	-	13
Foreign exchange loss	12	49
Loss on disposal of assets	8	11
Revisions in estimates of restoration provisions at closed sites	1	3
	354	1,098

Comparative earnings (\$ million)	Q3 2019	YTD 2019
Net earnings attributable to shareholders of the Company	(73)	58
Finance charge on discounting Zambian VAT	160	160
Gains/ (losses) on debt instruments	(3)	19
Total adjustments to comparative EBITDA excluding depreciation	21	76
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(73)	(99)
	32	214

NON-GAAP MEASURES RECONCILIATION – C1 AND AISC

(\$ million)	Q3 2019 ¹	YTD 2019 ¹
Cost of sales	(837)	(2,252)
Depreciation	225	617
By-product credits	109	299
Royalties	48	158
Treatment and refining charges	(43)	(106)
Freight costs	(13)	(33)
Finished goods	40	46
Other ¹	19	40
C1 Cost	(452)	(1,231)
General and administrative expenses	(21)	(57)
Sustaining capital expenditure and deferred stripping	(93)	(203)
Royalties	(48)	(158)
Lease payments	(3)	(8)
AISC	(617)	(1,657)
C1 \$/lb ¹	1.36	1.34
AISC \$/lb ¹	1.86	1.80

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

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