

FIRST QUANTUM MINERALS

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

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

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



Clive Newall

President
and Director



2019 – A TRANSFORMATIVE YEAR

- Cobre Panama from first ore to commercial production in less than seven months
- Another quarterly copper production record
- Record annual copper production
- Low cost structure maintained through the year



FINANCIAL REVIEW



FIRST QUANTUM
MINERALS LTD.



**Hannes
Meyer**

**Chief
Financial
Officer**



OVERVIEW



2019 has been a transformative year for the Company, with Cobre Panama, reaching commercial production ahead of schedule.



Greatly advanced our vision to be a leading copper-focused metals and mining company.



In 2020 capital expenditure is expected to decrease compared to the prior seven years, with the focus now on deleveraging the balance sheet.



Continue to manage our capital structure, assess our liquidity and financing sources. January 2020 refinancing was consistent with this strategy.



Further managed our commodity risk and cash flow stability, approximately a third of expected copper sales in the first half of 2020, are hedged.



The 12-month Lost Time Injury Frequency Rate was 0.05 per 200,000 hours worked (2018: 0.06).

DELIVERING ON GROWTH

Growing copper production

16% increase in production vs 2018

Additional gold production

39% increase in production vs 2018

Geographical diversification

Over a third of 2020 copper and gold production expected from Cobre Panama

Successful Cobre Panama ramp up

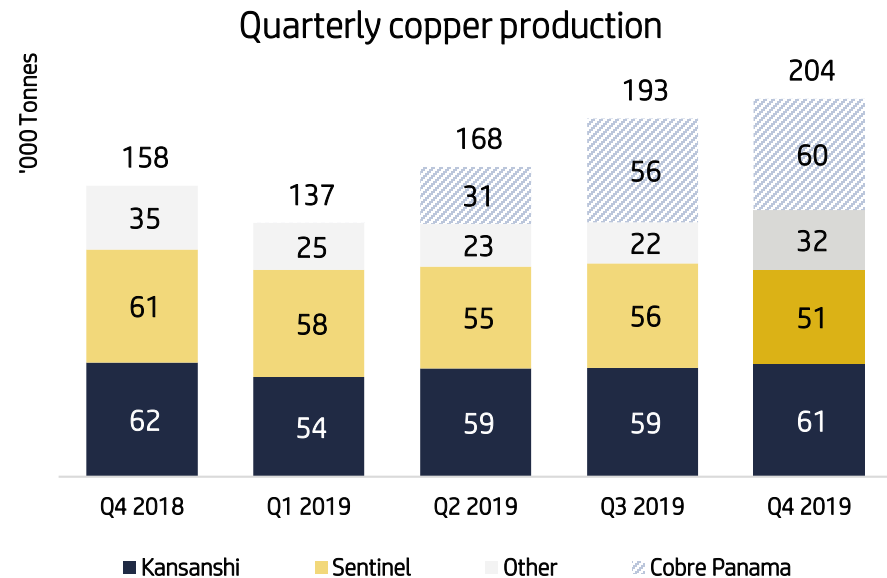
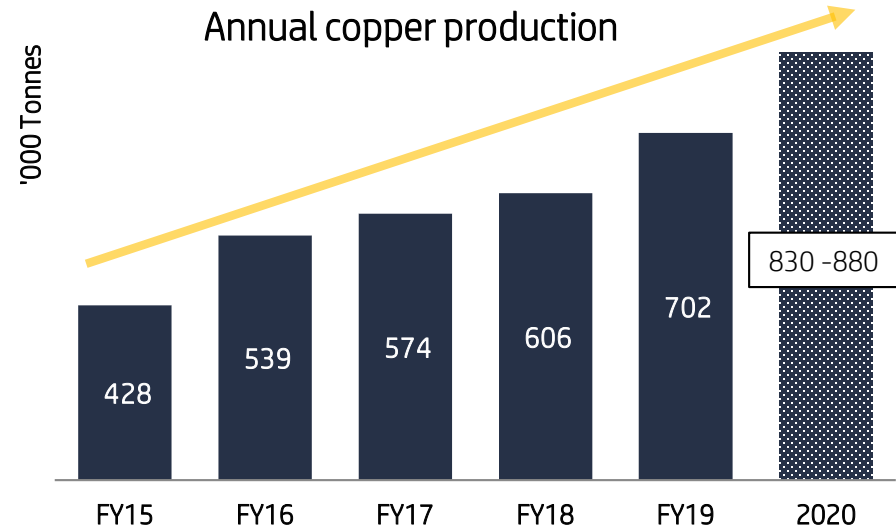
Commercial production achieved ahead of schedule and full year copper production of 147kt



PRODUCTION^{1,2}

Record quarterly copper production up 29% on Q4 2018, and 16% on 2018

- ❖ Cobre Panama successfully ramped up in the year, including the declaration of commercial production from September 1, 2019 and the 8th mill coming on line in mid-December.
- ❖ Record quarterly copper production of 204kt, attributable to Cobre Panama contribution of 60kt.
- ❖ Annual copper production within guidance range.
- ❖ Total full year gold production of 257koz was 39% higher than in 2018. Reflecting Cobre Panama's contribution of 60koz and increased gold production at Kansanshi.



¹ Production is presented on a copper contained basis.

² Total full year 2019 copper production includes 67,704 tonnes of pre-commercial production from Cobre Panama.

FINANCIAL OVERVIEW

Q4 2019 comparative EBITDA^{1,2} of \$511m up 6% on the comparable quarter of 2018, despite lower copper price

\$ million (except per share numbers)	Q4 2018	Q3 2019	Q4 2019	2018 FY	2019 FY
Revenue ¹	1,054	987	1,284	3,966	4,067
Gross Profit ¹	280	150	259	978	790
Comparative EBITDA ^{1,2}	481	354	511	1,737	1,609
Comparative Earnings ^{1,2}	182	32	35	487	249
Comparative EPS \$	0.26	0.05	0.05	0.71	0.36
Net Debt	(6,497)	(7,579)	(7,675)	(6,497)	(7,675)

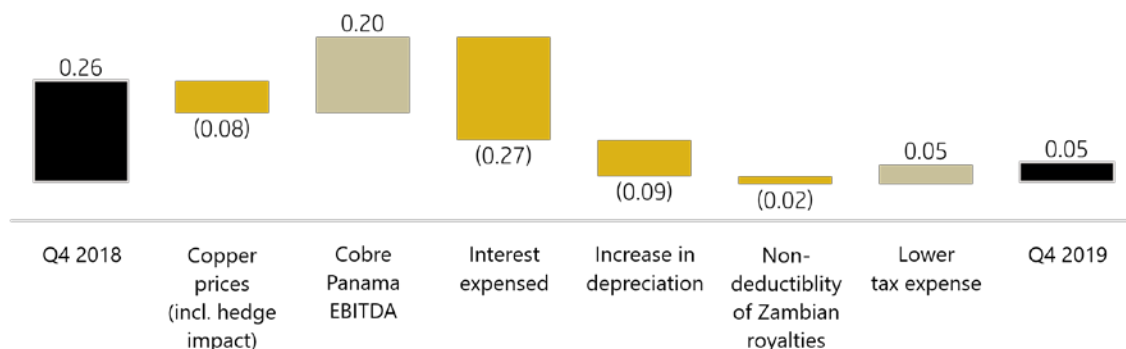
Comparative EBITDA for the quarter of \$511m is \$30m higher than the comparable quarter of 2018, reflecting:

- ❖ \$136m comparative EBITDA contribution from Cobre Panama
- ❖ 8% reduction in net realized copper prices.

Comparative earnings per share of \$0.05 is \$0.21 lower than the comparable quarter of 2018, impacted by:

- ❖ Net interest expense of \$187m, of which a significant portion that would previously have been capitalized but is now expensed following declaration of commercial production at Cobre Panama.

Q4 Comparative EPS Analysis



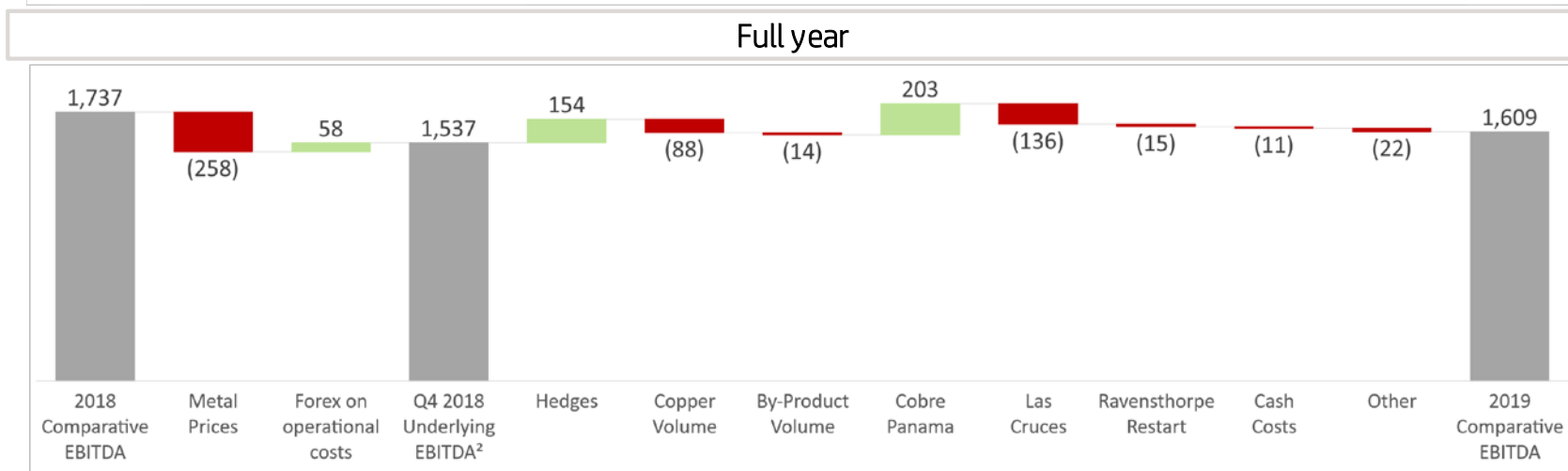
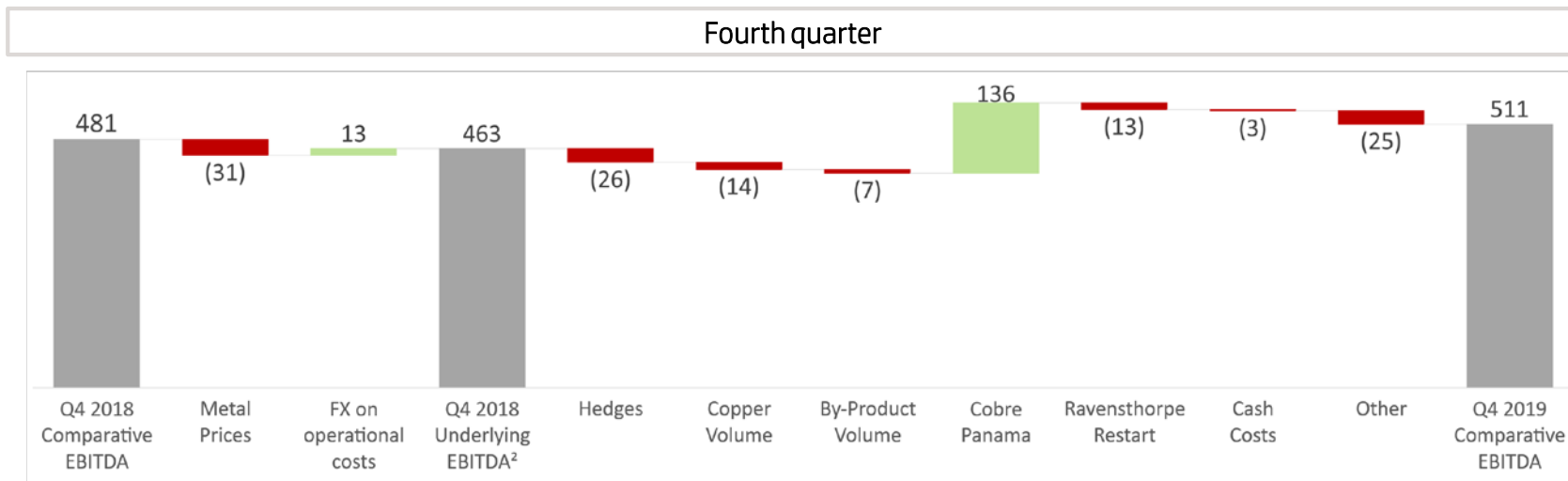
¹ Pre-commercial production sales revenues and operating costs attributable to Cobre Panama are capitalized and are excluded from revenue and earnings.

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. For further detail on the comparative EBITDA and earnings refer to the appendix.



FINANCIALS

Higher underlying comparative EBITDA^{1,2}

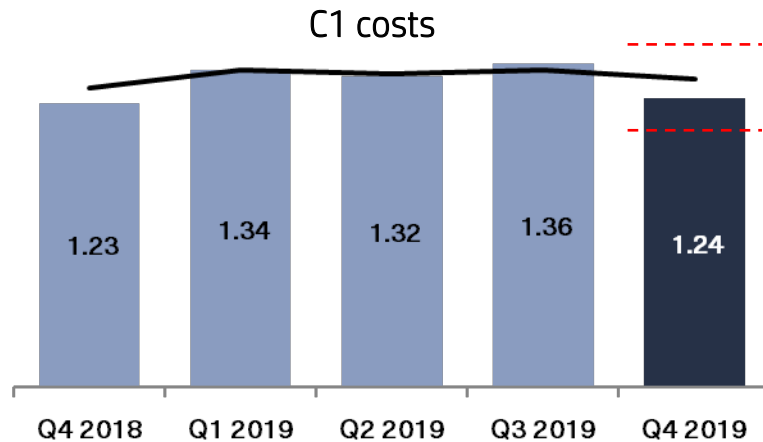


¹ Comparative EBITDA is not a GAAP measure, a reconciliation to GAAP is presented in the appendix.

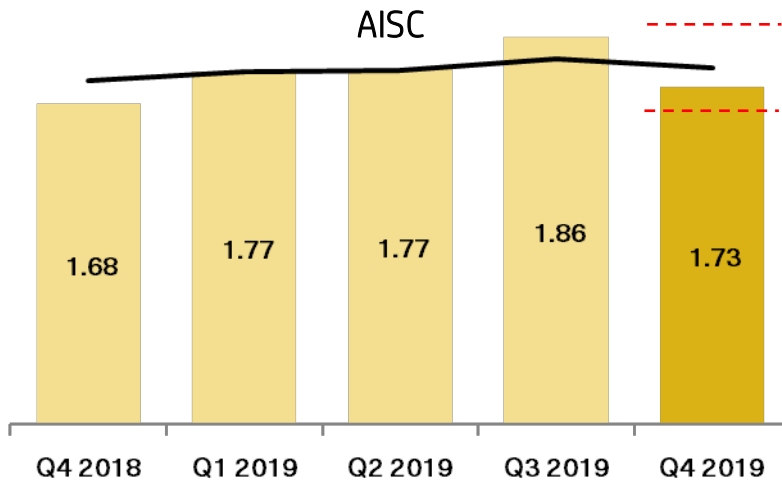
² Underlying comparative EBITDA is shown after impact of market metal prices and foreign exchange movements on operating costs.

QUARTERLY UNIT CASH COSTS

Q4 2019 and Full Year C1 cost¹ and AISC¹ comfortably within full year guidance



- ❖ C1 cost for the quarter is broadly in line with Q4 2018 despite lower production at Sentinel.
- ❖ The C1 cost includes the impact of a full quarter of commercial production at Cobre Panama of \$1.28/lb.

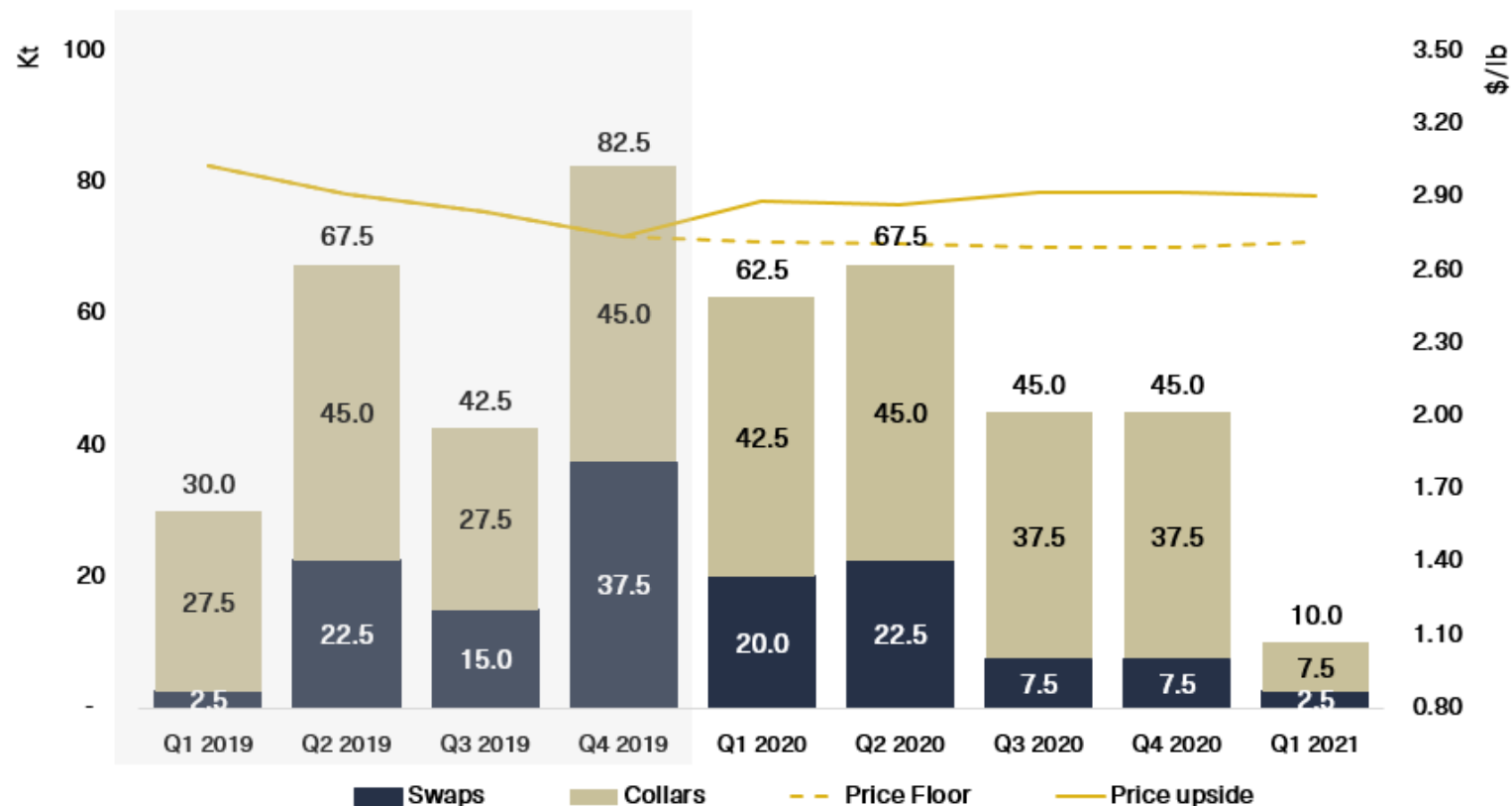


- ❖ AISC in the quarter was impacted by the deferred stripping activity at Cobre Panama, as well as the higher Zambian royalty rate.
- ❖ Mitigated by lower sustaining capital expenditure at Kansanshi and Las Cruces.
- ❖ AISC includes AISC for Cobre Panama of \$1.85/lb for the quarter.

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

COPPER HEDGING PROGRAM OUTLOOK¹

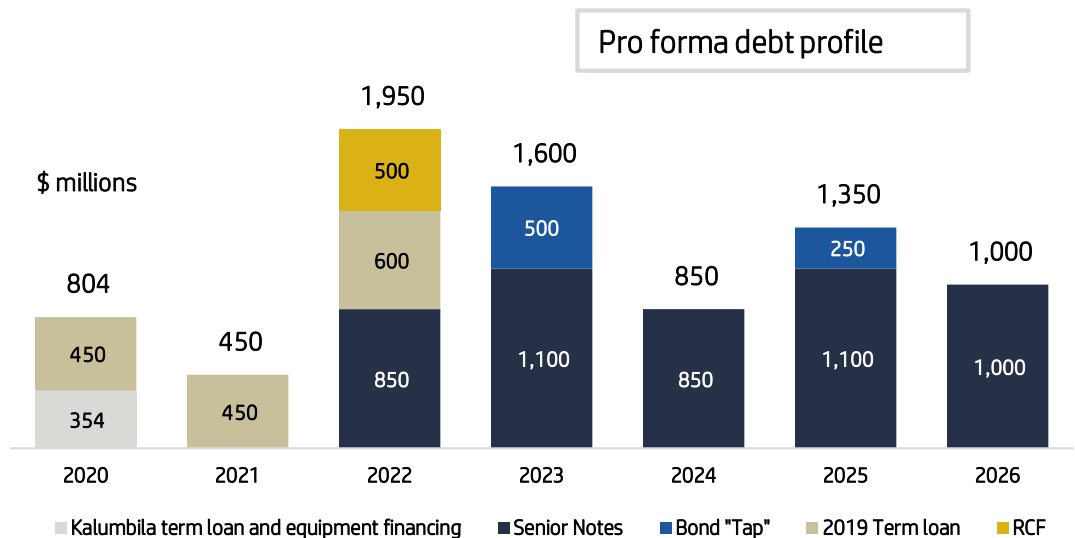
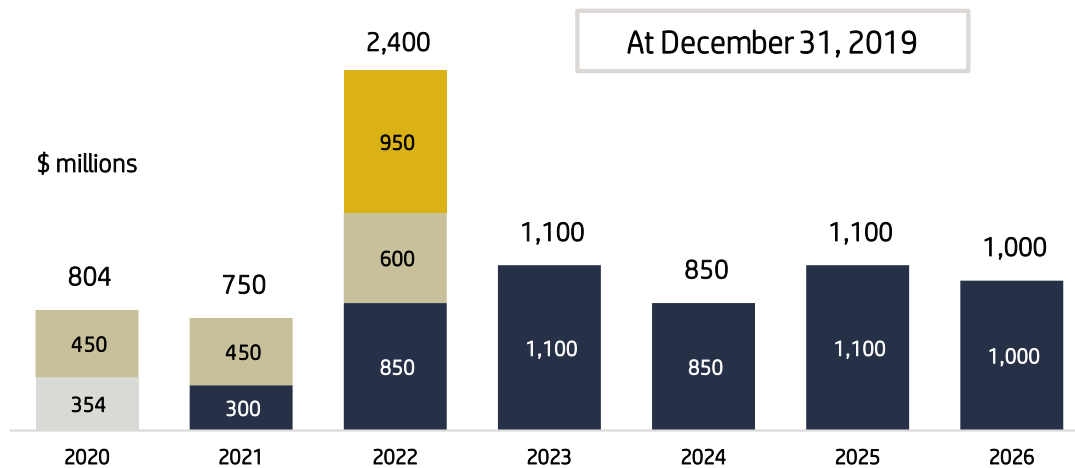
Approximately a third of expected copper sales in the first half of 2020 are hedged, at an average floor price of \$2.71/lb, exceeding the current market price



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 February 14, 2020.

DEBT AND LIQUIDITY PROFILE



January 2020 Refinancing

- On January 13th 2020, the Company issued an additional \$500m aggregate principal amount of 7.25% Senior Notes due 2023 and an additional \$250m aggregate principal amount of 7.50% Senior Notes due 2025.
- The Notes represent an additional offering to the Company's existing 2023 and 2025 Senior Notes.
- The Company issued notice to use the proceeds to redeem in full the outstanding \$300 million of 7.00% Senior Notes due February 2021, and to repay \$450 million of amounts outstanding under the Company's revolving credit facility.

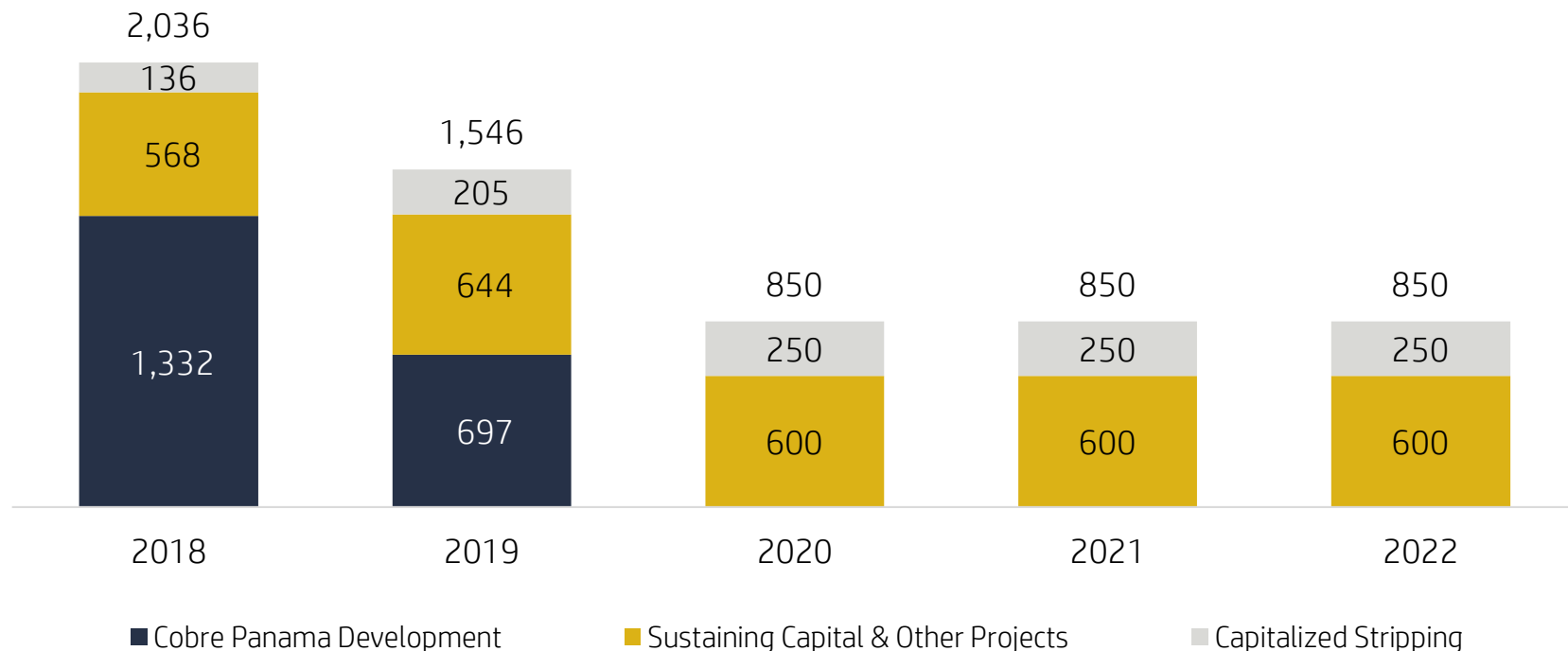
Covenant Ratio

Net debt/EBITDA covenant ratio at December 31, 2019 of 4.73x, well below covenant requirement of 5.75x.

CAPITAL EXPENDITURE¹

Capital expenditure on Cobre Panama 85MTPA development project² was completed, in the quarter, allowing the Company to focus on deleveraging the balance sheet.

\$ million



¹ Pre-commercial results have been excluded (\$107m loss in 2018 and \$91m profit in 2019).

² The molybdenum plant is expected to be commissioned in 2020 and associated capital expenditure of approximately \$12m is included in total capital expenditure guidance.

APPENDIX

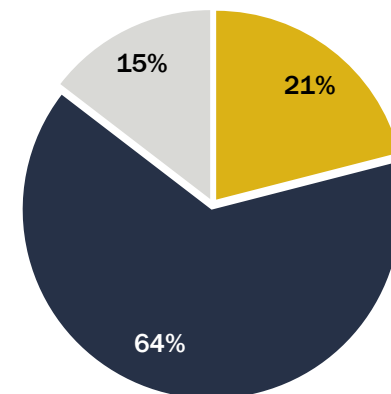
2020 – 2022 GUIDANCE

Progressing geographic diversification

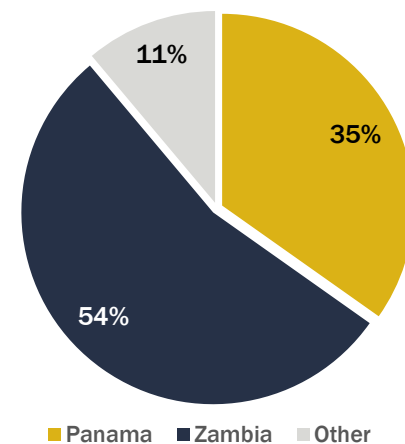
Production Guidance ¹	2020	2021	2022
Copper ('000 tonnes)	830 – 880	800 – 850	800 – 850
Gold ('000 ounces)	280 – 300	280 – 300	280 – 300
Nickel ('000 tonnes)	15 - 20	25 - 28	25 - 28

Cost Guidance	2020	2021	2022
Copper C1 (\$ per lb)	1.20 – 1.40	1.20 – 1.40	1.20 – 1.40
Copper AISC (\$ per lb)	1.70 – 1.85	1.70 – 1.85	1.70 – 1.85
Nickel C1 (\$ per lb) ³	-	4.60 – 4.80	4.60 – 4.80
Nickel AISC (\$ per lb) ³	-	5.10 – 5.40	5.10 – 5.40
Total Depreciation ⁴ (\$m)	1,300 – 1,350		
Cobre Panama Depreciation ⁴ (\$m)	Approx. 500		

Production 2019



Guidance² 2020



¹ Production is presented on a copper contained basis.

² Mid point of guidance range used for presentational purposes.

³ Guidance on C1 and AISC is not given in year of ramp-up from care and maintenance.

⁴ Depreciation is impacted by production at operations.



2020 GUIDANCE

Interest

Interest has largely been capitalized in the period prior to declaration of commercial production at Cobre Panama. Interest expense of \$549m was capitalized to the Cobre Panama project for the eight months ended August 31, 2019. From September 1, 2019, the date of declaration of commercial production at Cobre Panama, all interest was expensed to the income statement rather than being capitalized. Net interest expense for the year ended December 31, 2019, was \$248m. The majority of the Company's interest expense is incurred by Canadian entities, where no tax credit is recognized. Interest expense for the full year 2020 is expected to range between \$770m and \$810m, this includes interest accrued on related party loans to Cobre Panama and a finance cost accreted on the precious metal streaming agreement.

Tax

Excluding Cobre Panama, the impact of the changes to the Zambian mining tax regime, and the impact of interest expense, the effective tax rate for 2020 is expected to be approximately 30%. Excluding these items but including Cobre Panama it is expected to be approximately 15%.

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 is approximately 20%.

Depreciation

Depreciation expense for the year ended December 31, 2019 was \$907m, including Cobre Panama. The full year 2020 depreciation expense is expected to range between \$1,300m and \$1,350m. The increase from 2019 reflects a full twelve months of depreciation expense from Cobre Panama.

Cobre Panama depreciation expense commenced in September 2019 following the declaration of commercial production. The depreciation expense was \$113m for the year ended December 31, 2019 and is expected to be approximately \$500m for the full year 2020.



QUARTERLY NET DEBT MOVEMENT

Opening Net Debt at September 30, 2019 (\$ million)	(7,579)
Comparative EBITDA	511
Working capital	(64)
Capital expenditure	(325)
KPMC deferred consideration paid	(100)
Net interest paid	(87)
Taxes paid	(58)
Other	27
Closing Net Debt at December 31, 2019 (\$ million)	(7,675)

Net Debt comprised of:

Net cash & cash equivalents ¹	1,138
Total debt (including bank overdraft)	(8,813)
Available committed undrawn debt facilities at December 31, 2019	250

¹ Excludes \$27m restricted cash.

NON-GAAP MEASURES RECONCILIATION – COMPARATIVE EBITDA AND COMPARATIVE EARNINGS

	Q4 2019	2019
Operating profit	69	474
Depreciation	290	907
Impairment charges, write-off of assets and other costs associated with the mine interruption at Las Cruces	99	112
Foreign exchange loss	47	96
Loss on disposal of assets and liabilities	1	12
Revisions in estimates of restoration provisions at closed sites	5	8
Comparative EBITDA (\$ million)	511	1,609

	Q4 2019	2019
Net loss attributable to shareholders of the Company	(115)	(57)
Finance charge on discounting Zambian VAT	22	182
Loss on debt instruments	4	23
Total adjustments to comparative EBITDA excluding depreciation	152	228
Tax and minority interest relating to foreign exchange revaluation and comparative adjustments	(28)	(127)
Comparative earnings (\$ million)	35	249



NON-GAAP MEASURES RECONCILIATION – C1 AND AISC

(\$ million)	Q4 2019 ¹	2019 ¹
Cost of sales	(1,025)	(3,277)
Depreciation	290	907
By-product credits	165	464
Royalties	61	219
Treatment and refining charges	(58)	(164)
Freight costs	(14)	(47)
Finished goods	10	56
Other ¹	31	71
C1 Cost	(540)	(1,771)
General and administrative expenses	(25)	(82)
Sustaining capital expenditure and deferred stripping	(123)	(326)
Royalties	(61)	(219)
Lease payments	(3)	(11)
AISC	(752)	(2,409)
C1 Cost \$ per lb¹	1.24	1.31
AISC \$ per lb¹	1.73	1.78

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

ZAMBIAN BUDGET

On September 27th the Minister of Finance announced the 2020 Budget. The changes are 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 and 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.

Further guidance on these changes is still expected and the Company is continuing to refine its assessment of the estimated impact of the proposed changes. The preliminary estimated impact of these changes on 2020 full year Total C1 Cost and AISC is approximately \$0.04 per lb.

FIRST QUANTUM MINERALS

TSX:FM



info@fqml.com

416-361-6400

1-888-688-6577



FIRST QUANTUM
MINERALS LTD.