



FIRST QUANTUM
MINERALS



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

(In U.S. dollars, tabular amounts in millions, except where indicated)

Management's Responsibility for Financial Reporting

The consolidated financial statements of First Quantum Minerals Ltd. have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information.

Management has developed and is maintaining a system of internal controls to obtain reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is reliable.

The Company's independent auditors, PricewaterhouseCoopers LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to approval of the consolidated financial statements.

Signed by

Tristan Pascall

Chief Executive Officer

Signed by

Ryan MacWilliam

Chief Financial Officer

February 14, 2023



Independent auditor's report

To the Shareholders of First Quantum Minerals Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of First Quantum Minerals Ltd. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of earnings for the years ended December 31, 2022 and 2021;
- the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021;
- the consolidated statements of cash flows for the years ended December 31, 2022 and 2021;
- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of changes in equity for the years ended December 31, 2022 and 2021; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment <i>Refer to note 2 – Significant accounting policies, note 3 – Significant judgments, estimates and assumptions and note 7 – Goodwill to the consolidated financial statements.</i> Goodwill arising on business combinations is allocated to each of the Company's cash-generating units or groups of cash-generating units (CGU) that is expected to benefit from the synergies of the combination. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment at the same time every year. Goodwill of \$237 million was assigned to the Cobre Panama CGU. The annual impairment test has been performed as at December 31, 2022. For the purpose of the goodwill impairment test, the recoverable amount of Cobre Panama CGU has been determined by management using a fair value less costs of disposal method based on a discounted cash flow model over a period of 33 years, taking account of assumptions that would be made by market participants. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to the key assumptions which included ore reserves and resources as estimated by the qualified persons (management's experts), commodity prices, discount rate, future production costs, future tax regime applicable to the CGU's operations and future capital expenditure.	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amount of the Cobre Panama CGU, which included the following: – Tested the appropriateness of the fair value less costs of disposal method and the mathematical accuracy of the discounted cash flow model. – Tested the underlying data used in the discounted cash flow model. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the assumptions associated with the ore reserves and resources estimates. As a basis for using this work, the competence, capabilities and objectivity of management's experts was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts and tests of the data used by management's experts and an evaluation of their findings. – Evaluated the reasonableness of key assumptions such as commodity prices, future production costs, future capital expenditure and future tax regime applicable to the CGU's operations by (i)



Key audit matter

We considered this a key audit matter due to the subjectivity and complexity in performing procedures to test the key assumptions used by management in determining the recoverable amount of the Cobre Panama CGU, which involved significant judgment from management. Professionals with specialized skill and knowledge in the field of valuation assisted in performing certain procedures.

How our audit addressed the key audit matter

comparing commodity prices with external market and industry data; (ii) comparing future production costs and future capital expenditure to recent actual production costs and actual capital expenditure incurred by the Cobre Panama CGU, and assessing whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable; and (iii) assessing future tax regime applicable to the CGU's operations by considering external market information, as applicable.

- Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the reasonableness of the discount rate.
- Tested the disclosures made in the consolidated financial statements.

Assessment of impairment indicators for property, plant and equipment

Refer to note 3 – Significant judgments, estimates and assumptions and note 6 – Property, plant and equipment to the consolidated financial statements.

The Company's property, plant and equipment (PP&E) carrying value was \$19,053 million as at December 31, 2022 covering multiple cash-generating units (CGUs). Management applies significant judgment in assessing the CGUs and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Factors regarding commodity prices, production, operating costs, capital expenditures, discount rates, title of mineral properties required to advance the exploration

Our approach to addressing the matter included the following procedures, among others:

- Evaluated the reasonableness of management's assessment of indicators of impairment, which included the following:
 - Assessed the completeness of external or internal factors that could be considered as indicators of impairment of the Company's PP&E by considering evidence obtained in other areas of the audit.
 - Assessed commodity prices and discount rates by comparing to external market and industry data; and production, operating costs and capital expenditures by considering the current and past performance of the CGUs and evidence obtained in other areas of the audit, as applicable.



Key audit matter	How our audit addressed the key audit matter
projects, the Company's continued ability and plans to further develop the exploration projects are used in determining whether there are any indicators of impairment, as applicable. We considered this a key audit matter due to the significance of the PP&E and subjectivity in performing procedures to evaluate audit evidence relating to the significant judgments made by management in its assessment of indicators of impairment.	– Obtained evidence of certain mineral property titles required to advance the exploration projects. – Read board minutes, obtained budget approvals and considered evidence obtained in other areas of the audit to assess the Company's continued ability and plans to further develop the projects.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is



necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is James Lusby.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 14, 2023

Consolidated Statements of Earnings

(expressed in millions of U.S. dollars, except where indicated and share and per share amounts)



	Note	2022	2021
Sales revenues	17	7,626	7,212
Cost of sales	18	(5,426)	(4,650)
Gross profit		2,200	2,562
Exploration		(26)	(20)
General and administrative		(136)	(118)
Impairment and related charges	20	–	(44)
Other income	22	203	218
Operating profit		2,241	2,598
Finance income		80	65
Finance costs	21	(662)	(725)
Adjustment for expected phasing of Zambian VAT	4c	(190)	(16)
Loss on redemption of debt	10	–	(21)
Earnings before income taxes		1,469	1,901
Income tax expense	13	(320)	(812)
Net earnings		1,149	1,089
Net earnings attributable to:			
Non-controlling interests		115	257
Shareholders of the Company	15	1,034	832
Earnings per share attributable to the shareholders of the Company			
Net earnings (\$ per share)			
Basic	15	1.50	1.21
Diluted	15	1.49	1.20
Weighted average shares outstanding (000's)			
Basic	15	690,516	688,674
Diluted	15	692,987	691,712
Total shares issued and outstanding (000's)	14a	692,505	691,102

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Comprehensive Income

(expressed in millions of U.S. dollars)



	Note	2022	2021
Net earnings		1,149	1,089
Other comprehensive income (loss)			
Items that have been/may subsequently be reclassified to net earnings:			
Cash flow hedges reclassified to net earnings	24	9	401
Movements on unrealized cash flow hedge positions		–	(9)
Items that will not subsequently be reclassified to net earnings:			
Fair value gain (loss) on investments	8	4	(9)
Total comprehensive income for the year		1,162	1,472
Total comprehensive income for the year attributable to:			
Non-controlling interests		115	257
Shareholders of the Company		1,047	1,215
Total comprehensive income for the year		1,162	1,472

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Cash Flows

(expressed in millions of U.S. dollars)



	Note	2022	2021
Cash flows from operating activities			
Net earnings		1,149	1,089
Adjustments for			
Depreciation	18,19	1,230	1,174
Income tax expense	13	320	812
Impairment and related charges	20	–	44
Share-based compensation expense	16	47	33
Net finance expense		582	660
Adjustment for expected phasing of Zambian VAT	4c	190	16
Foreign exchange		(175)	(205)
Loss on redemption of debt	10	–	21
Deferred revenue amortization	12	(97)	(99)
Share of profit in joint venture	9,22	(44)	(75)
Other		23	(18)
Taxes paid	13	(548)	(455)
Movements in operating working capital			
Movements in trade and other receivables		(111)	(31)
Movements in inventories		(144)	(24)
Movements in trade and other payables		39	37
Long-term incentive plans		(129)	(94)
Net cash from operating activities		2,332	2,885
Cash flows used by investing activities			
Purchase and deposits on property, plant and equipment	6,23	(1,167)	(995)
Acquisition of Korea Panama Mining Corp (“KPMC”)	9	–	(100)
Interest paid and capitalized to property, plant and equipment	6	(24)	(4)
Other		21	1
Net cash used by investing activities		(1,170)	(1,098)
Cash flows used by financing activities			
Net movement in trading facility	10	89	(280)
Movement in restricted cash		41	(10)
Proceeds from debt	10	2,532	3,204
Repayments of debt	10	(3,168)	(3,378)
Net payments to joint venture (KPMC)	9,11b	(41)	(64)
Transactions with non-controlling interests	11d	4	263
Dividends paid to shareholders of the Company		(75)	(5)
Dividends paid to non-controlling interests		(255)	(37)
Interest paid		(448)	(521)
Other		(10)	(13)
Net cash used by financing activities		(1,331)	(841)
Increase (decrease) in cash and cash equivalents		(169)	946
Cash and cash equivalents – beginning of year		1,859	914
Exchange losses on cash and cash equivalents		(2)	(1)
Cash and cash equivalents – end of year		1,688	1,859

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Financial Position

(expressed in millions of U.S. dollars)



	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		1,688	1,859
Trade and other receivables	4	890	622
Inventories	5	1,458	1,314
Current portion of other assets	8	133	138
		4,169	3,933
Non-current assets			
Cash and cash equivalents - restricted cash		9	50
Non-current VAT receivable	4b	519	644
Property, plant and equipment	6	19,053	19,283
Goodwill	7	237	237
Investment in joint venture	9	663	619
Deferred income tax assets	13	163	182
Other assets	8	267	322
Total assets		25,080	25,270
Liabilities			
Current liabilities			
Trade and other payables		771	719
Current taxes payable		53	363
Current debt	10	575	313
Current portion of provisions and other liabilities	11	339	283
		1,738	1,678
Non-current liabilities			
Debt	10	6,805	7,599
Provisions and other liabilities	11	2,106	2,309
Deferred revenue	12	1,337	1,386
Deferred income tax liabilities	13	857	804
Total liabilities		12,843	13,776
Equity			
Share capital	14	5,492	5,568
Retained earnings		5,468	4,522
Accumulated other comprehensive loss		(59)	(72)
Total equity attributable to shareholders of the Company		10,901	10,018
Non-controlling interests		1,336	1,476
Total equity		12,237	11,494
Total liabilities and equity		25,080	25,270

Approved by the board of Directors and authorized for issue on February 14, 2023.

Signed by
Simon Scott, Director

Signed by
Robert Harding, Director

The accompanying notes are an integral part of these consolidated financial statements

Consolidated Statements of Changes in Equity

(expressed in millions of U.S. dollars)



	Share capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to shareholders of the Company	Non-controlling interests	Total
Balance at December 31, 2021	5,568	4,522	(72)	10,018	1,476	11,494
Net earnings	–	1,034	–	1,034	115	1,149
Other comprehensive income	–	–	13	13	–	13
Total comprehensive income	–	1,034	13	1,047	115	1,162
Share-based compensation expense	47	–	–	47	–	47
Acquisition of treasury shares	(136)	–	–	(136)	–	(136)
Cash from share awards	7	–	–	7	–	7
Dividends	–	(88)	–	(88)	(255)	(343)
Other	6	–	–	6	–	6
Balance at December 31, 2022	5,492	5,468	(59)	10,901	1,336	12,237

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total equity attributable to shareholders of the Company	Non-controlling interests	Total
Balance at December 31, 2020	5,629	3,695	(455)	8,869	1,166	10,035
Net earnings	–	832	–	832	257	1,089
Other comprehensive income	–	–	383	383	–	383
Total comprehensive income	–	832	383	1,215	257	1,472
Transactions with non-controlling interests	–	–	–	–	90	90
Share-based compensation expense	33	–	–	33	–	33
Acquisition of treasury shares	(100)	–	–	(100)	–	(100)
Cash from share awards	6	–	–	6	–	6
Dividends	–	(5)	–	(5)	(37)	(42)
Balance at December 31, 2021	5,568	4,522	(72)	10,018	1,476	11,494

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold and silver, and related activities including exploration and development. The Company has operating mines located in Zambia, Panamá, Turkey, Spain, Australia and Mauritania, and a development project in Zambia. The Company is progressing the Taca Taca copper-gold-molybdenum project in Argentina and is exploring the Haquira copper deposit in Peru.

The Company's shares are publicly listed for trading on the Toronto Stock Exchange.

The Company is registered and domiciled in Canada, and its registered office is Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, BC, Canada, V7X 1L3.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the IFRS Interpretations Committee ("IFRICs").

These consolidated financial statements have been prepared under the historical cost convention, with the exception of derivative assets and liabilities and investments which are measured at fair value.

These consolidated financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2022. Expected credit losses on financial assets remain immaterial at December 31, 2022.

At December 31, 2022, the Company had \$530 million of committed undrawn senior debt facilities and \$1,688 million of net unrestricted cash, as well as future cash flows in order to meet all current obligations as they become due. The Company was in compliance with all existing facility covenants as at December 31, 2022.

b) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company has the right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of earnings from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal operating subsidiaries are Kansanshi Mining Plc ("Kansanshi"), Minera Panamá S.A. ("MPSA" or "Cobre Panamá"), FQM Trident Limited ("Trident") (formerly Kalumbila Minerals Limited), First Quantum Mining and Operations Limited ("FQMO"), Mauritanian Copper Mines SARL ("Guelb Moghrein"), FQM Australia Nickel Pty Limited ("Ravensthorpe"), Cobre Las Cruces S.A. ("Las Cruces"), Çayeli Bakir Isletmeleri A.S. ("Çayeli"), Pyhäsalmi Mine Oy ("Pyhäsalmi") and FQM Trading AG ("FQM Trading") (formerly Metal Corp Trading AG). The exploration subsidiaries include Minera Antares Peru S.A.C. ("Haquira") as well as the subsidiary, Corriente Argentina S.A. ("Taca Taca") which relates to the Taca Taca project. All the above operating subsidiaries are 100% owned, with the exception of Ravensthorpe (70%), Kansanshi (80%) and Cobre Panamá, in which the Company holds a 90% interest, 10% of which is held indirectly through the joint venture, Korea Panamá Mining Corp ("KPMC"), a jointly controlled Canadian entity acquired in November 2017.

Non-controlling interests

At December 31, 2022, POSCO owned 30% of Ravensthorpe, ZCCM Investments Holdings Plc ("ZCCM", a Zambian government controlled entity) owned 20% of Kansanshi and KPMC owned 20% of Cobre Panamá. A non-controlling interest of 31% is held by African Energy Resources Ltd in the Company's consolidated subsidiary, African Energy Holdings SRL.

Through the operations in Zambia and Panamá, there are a number of transactions with the respective governments in the ordinary course of business, including taxes, royalties, utilities and power. The Company is limited in its ability to use the assets of Kansanshi and Cobre Panamá as a result of the agreement with the other owners of these subsidiaries.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

c) Accounting policies

Foreign currency translation

The presentation currency and the functional currency of the Company and all of the Company's operations is the USD. The Company's foreign currency transactions are translated into USD at the rate of exchange in effect at the date of the transaction. Monetary assets and liabilities are translated using period end exchange rates with any gains and losses included in the determination of net earnings. Non-monetary assets and liabilities are translated using historical rates.

Inventories

Product inventories comprise ore in stockpiles, work-in-progress and finished goods. Product inventories are recorded at the lower of average cost and net realizable value. Cost includes materials, direct labour, other direct costs and production overheads and depreciation of plant, equipment and mineral properties directly involved in the mining and production processes. Costs are determined primarily on the basis of average costs for ore in stockpiles and on a first-in first-out basis for work-in-progress and finished goods.

Waste material stripping costs related to production at, or below, the life-of-phase strip ratio are inventoried as incurred, with the excess capitalized to mineral property and depreciated in future periods.

When inventories have been written down to net realizable value, a new assessment of net realizable value is made at each subsequent reporting date that the inventory is still held.

Consumable stores are valued at the lower of purchase cost and net realizable value and recorded as a current asset.

Property, plant and equipment

(i) Mineral properties and mine development costs

Exploration and evaluation costs are expensed in the period incurred. Property acquisition costs and amounts paid under development option agreements are capitalized. Development costs relating to specific properties are capitalized once management determines a property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs. Capitalization of costs incurred and proceeds received during the development phase ceases when the property is capable of operating at levels intended by management.

Property acquisition and mine development costs, including costs incurred during the production phase to increase future output by providing access to additional reserves (deferred stripping costs), are deferred and depreciated on a units-of-production basis over the component of the reserves to which they relate.

ii) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Costs recorded for assets under construction include all expenditures incurred in connection with the development and construction of the assets. No depreciation is recorded until the assets are substantially complete and ready for productive use. Where relevant, the Company has estimated residual values on certain plant and equipment.

Property, plant and equipment are depreciated using either the straight-line or units-of-production basis over the shorter of the estimated useful life of the asset or the life of mine. Depreciation calculated on a straight-line basis is as follows for major asset categories:

Office equipment	33 %
Furniture and fittings	15 %
Infrastructure and buildings	2%-5%
Motor vehicles	20%-25%

Depreciation on equipment utilized in the development of assets, including open pit and underground mine development, is depreciated and recapitalized as development costs attributable to the related asset.

(iii) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time as the asset is substantially complete and ready for its intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds are used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

(iv) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company. The results of businesses acquired during the year are included in the consolidated financial statements from the effective date of when control is obtained. The identifiable assets, liabilities and contingent liabilities of the business which can be measured reliably are recorded at provisional fair values at the date of acquisition. Provisional fair values are finalized within twelve months of the acquisition date. Acquisition-related costs are expensed as incurred.

Goodwill arising in a business combination is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Asset impairment

(i) Property, plant and equipment

The Company performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, for example due to no distinctive cash flows, the Company estimates the recoverable amount of the cash-generating unit "CGU" to which the assets belong. Cash-generating units are individual operating mines, smelters or exploration and development projects.

Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. For mining assets this would generally be determined based on the present value of the estimated future cash flows arising from the continued development, use or eventual disposal of the asset. In assessing these cash flows and discounting them to present value, assumptions used are those that an independent market participant would consider appropriate. Value in use is the estimated future cash flows expected to arise from the continuing use of the assets in their present form and from their disposal, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in net earnings immediately.

(ii) Goodwill

Goodwill arising on business combinations is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Goodwill is allocated to the lowest level at which the goodwill is monitored by the Company's board of directors for internal management purposes. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment at the same time at the end of every year or earlier if an indicator of impairment exists.

Any impairment loss is recognized in net earnings immediately. Impairment of goodwill is not subsequently reversed.

Restoration provisions

The Company recognizes liabilities for constructive or legislative and regulatory obligations, including those associated with the reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of assets. Provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money. The liability is increased for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based risk-free discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the expected useful life of the asset or expensed in the period for closed sites.

Revenue recognition

The Company produces copper, gold, nickel, silver and zinc products which are sold under pricing arrangements where final prices are set at a specified date based on market prices.

The Company identifies contracts with customers, the performance obligations within it, the transaction price and its allocation to the performance obligations.

Revenues are recognized when control of the product passes to the customer and are measured based on expected consideration. Control typically passes on transfer of key shipping documents which typically occurs around the shipment date. Shipping services provided are a separate performance obligation and the revenue for these services is recognized over time. For bill-and-hold arrangements, whereby the Company invoices but retains physical possession of products, revenue recognition is also subject to the arrangement being substantive, as well as the product concerned being separately identifiable, ready for transfer and not transferable to another customer.

For provisionally priced sales, changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in metal market prices result in the existence of an embedded derivative in the accounts receivable. This is recorded at fair value, with changes in fair value classified as a component of cost of sales.

The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. The transaction price is adjusted to reflect any significant financing component at the rate that reflects the credit characteristics of the entity receiving the financing.

Current and deferred income taxes

Tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax expense is calculated using income tax rates that have been enacted or substantively enacted at the balance sheet date. Periodically, the positions taken by the Company with respect to situations in which applicable tax regulation is subject to interpretation are evaluated to establish provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and

liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets and liabilities are not recognized in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share-based compensation

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the options. The amount recognized as an expense is adjusted to reflect the number of options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

For share-based payment options with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company grants stock options under its stock option plan and performance stock units ("PSUs"), restricted stock units ("RSUs") and key restricted stock units ("KRSUs") under its long-term incentive plan to directors and employees. The Company expenses the fair value of stock options, PSUs, RSUs and KRSUs granted over the vesting period, with a corresponding increase in equity.

The fair value of stock options is determined using an option pricing model that takes into account, as of the grant date, the exercise price, the expected life of the option, the current price of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate over the expected life of the option. Cash consideration received from employees when they exercise the options is credited to capital stock.

PSUs typically vest at the end of a three-year period if certain performance and vesting criteria, based on the Company's share price performance relative to a representative group of other mining companies, have been met. The fair value of PSUs is determined using a valuation model that takes into account, as of the grant date, the expected life of the PSU, expected volatility, expected dividend yield, and the risk-free interest rate over the life of the PSU to generate potential outcomes for share prices, which are used to estimate the probability of the PSUs vesting at the end of the performance measurement period.

RSUs typically vest at the end of a three-year period and the fair value of RSUs is determined by reference to the share price of the Company at the date of grant.

KRSUs vest in tranches over a four to eight-year period and the fair value of KRSUs is determined by reference to the share price of the Company at the date of grant.

Details of share-based compensation are disclosed in note 16.

Earnings per share

Earnings per share are calculated using the weighted average number of shares outstanding during the period. Shares acquired under the long-term incentive plan are treated as treasury shares and are deducted from the number of shares outstanding for the calculation of basic earnings per share. Diluted earnings per share are calculated using the treasury

share method whereby all “in the money” share based arrangements are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Financial instruments

The Company’s financial instruments consist of cash and cash equivalents, restricted cash, trade and other receivables, investments, trade and other payables, derivative instruments, debt and amounts due to joint ventures.

Financial assets are classified as measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). Financial liabilities are measured at amortized cost or FVTPL.

(i) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash at banks and on hand and other short-term investments with initial maturities of less than three months. Restricted cash comprises cash deposits used to guarantee letters of credit issued by the Company or held for escrow purposes.

Cash and cash equivalents and restricted cash are measured at amortized cost. Cash pooling arrangements are presented on a gross basis unless physical cash settlement of balances has been made at the balance sheet date.

(ii) Trade and other receivables

Provisionally priced sales included in trade and other receivables are classified as FVTPL. All other trade receivables are classified as amortized cost financial assets and are recorded at the transaction price, net of transaction costs incurred and expected credit losses.

(iii) Investments

Investments are designated as FVOCI. Fair value is determined in the manner described in note 24. Unrealized gains and losses are recognized in other comprehensive income.

(iv) Derivatives and hedging

A portion of the Company’s metal sales are sold on a provisional 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 Company enters into derivative contracts to directly offset the exposure to final pricing adjustments on the provisionally priced sales contracts. The Company also periodically enters into derivative instruments to mitigate cash flow exposure to commodity prices, foreign exchange rates and interest rates. Derivative financial instruments, including embedded derivatives related to the provisionally priced sales contracts, are classified as fair value through profit or loss and measured at fair value as determined by active market prices and valuation models, as appropriate. Valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining these assumptions, the Company uses readily observable market inputs where available or, where not available, inputs generated by the Company. Changes in the fair value of derivative instruments are recorded in net earnings.

At the inception of a designated hedging relationship, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The time value of hedges for the year-ended December 31, 2022 of \$nil (December 31, 2021: \$8 million) is also recognized in other comprehensive income.

Amounts accumulated in equity are reclassified to the Statements of Earnings in the periods when the hedged item affects net earnings.

(v) Trade and other payables, debt and amounts due to joint ventures

Trade payables, debt and amounts due to joint ventures are classified as amortized cost financial liabilities and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. For debt,

any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in net earnings over the period to maturity using the effective interest rate method.

Exchanges of instruments and modifications to debt are assessed using quantitative and qualitative factors to consider whether the exchange or modification constitutes an extinguishment of the original financial liability and establishment of a new financial liability. In the case of extinguishment, any fees or costs incurred are recognized in the Statement of Earnings. Where the terms in an exchange or modification are not assessed to be substantially different, a modification gain or loss is recognized at an amount equal to the difference between the modified cash flows discounted at the original effective interest rate and the carrying value of the debt. The carrying value of the debt is adjusted for this modification gain or loss, directly attributable transaction costs, and any cash paid to or received from the debt holder.

(vi) Impairment of financial assets

Expected credit losses ("ECL") are recognized for financial assets held at amortized cost. This is based on credit losses that result from default events that are possible within a 12-month period, except for trade receivables, whose ECLs are on a simplified lifetime basis, and any financial assets for which there has been a significant increase in credit risk since initial recognition, for which ECLs over the lifetime are recognized.

Investments in joint ventures

Joint arrangements whereby joint control exists are accounted for using the equity method and presented separately in the balance sheet. The investment is initially recognized at cost and adjusted thereafter for the post-acquisition share of profit or loss. Further detail of the investment in joint venture is provided in note 9.

d) Adoption of new Standards

Amendments to IFRS 9 regarding fees included in the quantitative test used to determine whether an exchange of debt instruments or modification of terms is accounted for as an extinguishment or a modification, and IAS16 regarding the recognition of proceeds from selling items in the income statement as opposed to deducting from an asset's carrying amount before it is capable of operating in the manner intended by management, effective January 1, 2022, have had no significant impact on the financial statements.

e) Accounting standards issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

Amendments to IAS 12 – Income Taxes –Deferred Tax related to Assets and Liabilities arising from a Single Transaction

- Effective on January 1, 2023, the amendments remove the exemption for deferred tax arising on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The Company's leases and restoration provisions may be affected by the Amendments.

Amendments to IAS 8 – Definition of Accounting Estimates

- Effective on January 1, 2023, the amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

- Effective on January 1, 2024, the amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company's Borrowings may be affected by the Amendments.

3. 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.

(i) Significant judgments

- Determination of ore reserves and resources

Judgments about the amount of product that can be economically and legally extracted from the Company's properties are made by management using a range of geological, technical and economic factors, history of conversion of mineral deposits to proven and probable reserves as well as data regarding quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. This process may require complex and difficult geological judgments to interpret the data. The Company uses qualified persons (as defined by the Canadian Securities Administrators' National Instrument 43-101) to compile this data.

Changes in the judgments surrounding ore reserves and resources may impact the carrying value of property, plant and equipment (note 6), restoration provisions included in provisions and other liabilities (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 7).

- Achievement of commercial production

Once a mine or smelter reaches the operating levels intended by management, depreciation of capitalized costs begins. Significant judgment is required to determine when certain of the Company's assets reach this level.

Management considers several factors, including, but not limited to the following:

- completion of a reasonable period of commissioning;
 - consistent operating results achieved at a pre-determined level of design capacity and indications exist that this level will continue;
 - mineral recoveries at or near expected levels; and
 - the transfer of operations from development personnel to operational personnel has been completed.
- Taxes

Judgment is required in determining the recognition and measurement of deferred income tax assets and liabilities on the balance sheet. In the normal course of business, the Company is subject to assessment by taxation authorities in various jurisdictions. These authorities may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different judgments may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation. The timings of recoveries with respect to indirect taxes, such as VAT, are subject to judgment which, in the instance of a change of circumstances, could result in material adjustments.

The Company operates in a specialized industry and in a number of tax jurisdictions. As a result, its income is subject to various rates of taxation. The breadth of its operations and the global complexity and interpretation of tax regulations require assessment and judgement of uncertainties and of the taxes that the Company will ultimately pay. These are dependent on many factors, including negotiations with tax authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes. The resolution of these uncertainties may result in adjustments to the Company's tax assets and liabilities.

Management assesses the likelihood and timing of taxable earnings in future periods in recognizing deferred income tax assets on unutilized tax losses. Future taxable income is based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. Forecast cash flows are based on life of mine projections.

To the extent that future cash flows and taxable income differ significantly from forecasts, the ability of the Company to realize the net deferred income tax assets recorded at the balance sheet date could be impacted. In addition, future changes in tax laws that could limit the ability of the Company to obtain tax deductions in future periods from deferred income tax assets are disclosed in note 13.

- Precious metal stream arrangement

On October 5, 2015, the Company finalized an agreement with Franco-Nevada Corporation ("Franco-Nevada") for the delivery of precious metals from the Cobre Panamá project. Franco-Nevada have provided \$1 billion deposit to the Cobre

Panamá project against future deliveries of gold and silver produced by the mine. A further agreement was completed on March 26, 2018, with an additional \$356 million received from Franco-Nevada.

Management has determined that under the terms of the agreements the Company meets the 'own-use' exemption criteria under IFRS 9: Financial Instruments. The Company also retains significant business risk relating to the operation of the mine and as such has accounted for the proceeds received as deferred revenue.

Management has exercised judgement in determining the appropriate accounting treatment for the Franco-Nevada streaming agreements. Management has determined, with reference to the agreed contractual terms in conjunction with the Cobre Panamá reserves and mine plan, that funds received from Franco-Nevada constitute a prepayment of revenues deliverable from future Cobre Panamá production.

- Assessment of impairment indicators

Management applies significant judgement in assessing the cash-generating units and assets for the existence of indicators of impairment at the reporting date. Internal and external factors are considered in assessing whether indicators of impairment are present that would necessitate impairment testing. Significant assumptions regarding commodity prices, production, operating costs, capital expenditures and discount rates are used in determining whether there are any indicators of impairment. These assumptions are reviewed regularly by senior management and compared, where applicable, to relevant market consensus views.

For exploration projects, management considers indicators including the Company's continued ability and plans to further develop the projects and title of mineral properties required to advance the projects to assess the existence of impairment indicators.

The Company's most significant cash-generating units are longer-term assets and therefore their value is assessed on the basis of longer-term pricing assumptions. Shorter-term assets are more sensitive to short term commodity prices assumptions that are used in the review of impairment indicators.

The carrying value of property, plant and equipment and goodwill at the balance sheet date is disclosed in note 6 and note 7 respectively, and by mine location in note 23.

Asset impairments are disclosed in note 20.

- Cobre Panamá discussions

On December 19, 2022, the National Directorate of Mineral Resources of the Ministry of Commerce and Industries ("MICI") (the mining regulator) issued a resolution requiring MPSA to submit a plan to the GOP to suspend commercial operations at Cobre Panamá. MPSA filed recourses, appeals and other motions against these resolutions, which has stayed their legal effect. Due to the legal processes and the Government's role in responding to the plan, the timing and impact of this requirement remain uncertain. Management assessed the impact of a possible care and maintenance situation, should it arise, at the Cobre Panamá mine and considered the possible impact on the recoverability of the cash-generating unit's assets, including goodwill.

On January 26, 2023, the Panamá Maritime Authority ("AMP") issued a resolution that required the suspension of concentrate loading operations at the Cobre Panamá port, Punta Rincón, until evidence was provided that the process of certification of the calibration of the scales by an accredited company had been initiated. MPSA filed legal proceedings to challenge the resolution, staying its legal effects. Nevertheless, the Company submitted the required proof of the initiation of the certification process on February 2, 2023, and, on February 7, 2023, the Company submitted certifications of the calibration of the scales and weights. AMP rejected the certification on February 8, 2023, claiming that the certification company is not accredited in Panamá, even though the provider MPSA used is on the list of accredited companies published by MICI. MPSA is challenging this decision, and, at the same time, is working to find another accredited certification company that the GOP will accept. In the meantime, the AMP has maintained its order suspending loading operations at the Port.

MPSA is pursuing all avenues to restart shipments at Punta Rincón, including all legal recourse available. As previously reported, it may become necessary to shut down the Cobre Panamá mine if concentrate is not shipped by approximately February 20, 2023 due to limited storage capacity on site.

Discussions are ongoing with the relevant parties to resolve these matters. A period of care and maintenance or a temporary shutdown would have a negative impact on the Company's estimated EBITDA but the Company would still expect to be in compliance with financial covenants over the next 12 months. An extended full shutdown to the end of the year may increase the risk of the Company's ability to be in compliance with all existing facility covenants and may have an associated impact on the longer term value of the CGU. However, at the current time, the Company is unable to determine the impact of this eventuality given its uncertainty. The Company has also expressed its earnest desire to resolve all outstanding issues and continues to engage with the Government with a view to concluding a reasonable and durable arrangement regarding the long-term future of Cobre Panamá.

(ii) Significant accounting estimates

Estimates are inherently uncertain and therefore actual results may differ from the amounts included in the financial statements, potentially having a material future effect on the Company's consolidated financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

The majority of the Company's property, plant and equipment are depreciated over the estimated lives of the assets on a units-of-production basis. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Management made significant estimates of the strip ratio for each production phase. Waste material stripping costs in excess of this ratio, and from which future economic benefit will be derived from future access to ore, will be capitalized to mineral property and depreciated on a units-of-production basis.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment (note 6), restoration provisions (note 11), recognition of deferred income tax amounts (note 13) and depreciation (note 7).

- Review of asset carrying values and impairment charges

Management's determination of recoverable amounts includes estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs and tax regulations applicable to the cash-generating unit's operations are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. The calculation of the recoverable amount can also include assumptions regarding the appropriate discount rate and inflation and exchange rates. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

- Estimation of the amount and timing of restoration and remediation costs

Accounting for restoration provisions requires management to make estimates of the future costs the Company will incur to complete the restoration and remediation work required to comply with existing laws, regulations and agreements in place at each mining operation and any environmental and social principles the Company is in compliance with. The calculation of the present value of these costs also includes assumptions regarding the timing of restoration and remediation work, applicable risk-free interest rate for discounting those future cash outflows, inflation and foreign exchange rates. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of restoration work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for restoration. A 10% increase in costs would result in an increase to restoration provisions of \$39 million at December 31, 2022.

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(expressed in millions of U.S. dollars, except where indicated and share and per share amounts)



The provision represents management's best estimate of the present value of the future restoration and remediation costs. The actual future expenditures may differ from the amounts currently provided; any increase in future costs could materially impact the amounts included in the liability disclosed in the consolidated balance sheet. The carrying amount of the Company's restoration provision is disclosed in note 11c.

- Estimation and assumptions relating to the timing of VAT receivables in Zambia

In addition to the timing of the recoverability of VAT receivables being a key judgment, certain assumptions are determined by management in calculating the adjustment for expected phasing of VAT receipts. In assessing the expected phasing adjustment, management considers an appropriate discount rate as disclosed in note 4c, which is then applied to calculate the phasing adjustment based on the estimated timing of recoverability. Changes to the timings could materially impact the amounts charged to finance costs. The impact of repayments being one year later than estimated at December 31, 2022, would lead to a decrease to the carrying value and an increase to finance costs of \$62 million. The carrying amount of the Company's VAT receivables is disclosed in note 4b.

4. TRADE RECEIVABLES

a) Trade and other receivables

	December 31, 2022	December 31, 2021
Trade receivables	491	466
VAT receivable (current)	135	17
Other receivables	264	139
	890	622

b) VAT receivable

	December 31, 2022	December 31, 2021
Kansanshi Mining PLC	287	284
FQM Trident Limited (formerly Kalumbila Minerals Limited)	297	324
First Quantum Mining and Operations Limited (Zambia)	55	36
VAT receivable from the Company's Zambian operations	639	644
Other	15	17
Total VAT receivable	654	661
Less: current portion, included within trade and other receivables	(135)	(17)
Non-current VAT receivable	519	644

c) VAT receivable by the Company's Zambian operation

	December 31, 2022
Balance at beginning of the year	644
Movement in claims, net of foreign exchange movements	185
Adjustment for expected phasing for non-current portion	(190)
At December 31, 2022	639

Offsets of \$154 million against other taxes and royalties due have been granted and cash refunds of \$72 million received during the year ended December 31, 2022. In the year ended December 31, 2021, offsets of \$71 million were granted.

On May 8, 2022, the Company announced that agreement had been reached in respect of the outstanding Zambian value-added tax receivable sum including an approach for repayment based on offsets against future corporate income taxes and mineral royalties. This has resulted in adjustments to reflect the agreed receivable amount to be repaid, and the revised

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(expressed in millions of U.S. dollars, except where indicated and share and per share amounts)



expected phasing of recoverability of that receivable amount. These adjustments have been presented in Other income and Adjustment for expected phasing of Zambian VAT in the Statement of Earnings, respectively. The adjustment for expected phasing for the non-current portion represents the application of an appropriate discount rate of between 10% and 12% to the expected recovery of VAT based on the agreement that has been reached for the offsetting of the VAT receivable against future corporate income taxes and mineral royalties. This adjustment for expected phasing, an expense of \$190 million, has been recognized in the year ended December 31, 2022, (December 31, 2021: expense of \$16 million). As at December 31, 2022, amounts totalling \$120 million are presented as current.

d) Aging analysis of VAT receivable for the Company's Zambian operations

	< 1 year	1-3 years	3-5 years	5-8 years	> 8 years	Total
Receivable at the period end	92	394	251	65	170	972
Adjustment for expected phasing	(5)	(183)	(78)	(21)	(46)	(333)
Total VAT receivable from Zambian operations	87	211	173	44	124	639

5. INVENTORIES

	December 31, 2022	December 31, 2021
Ore in stockpiles	177	179
Work-in-progress	48	44
Finished product	289	260
Total product inventory	514	483
Consumable stores	944	831
	1,458	1,314

6. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs	Operating mines	Exploration and development projects	Total
Net book value, as at December 31, 2021	10,032	1,181		6,920	1,150	19,283
Additions	–	1,157		–	–	1,157
Disposals	(17)	–		–	–	(17)
Transfers between categories	615	(1,006)		369	22	–
Restoration provision (note 11 c)	–	–		(167)	2	(165)
Capitalized interest (note 21)	–	24		–	–	24
Depreciation charge (note 18)	(738)	–		(491)	–	(1,229)
Net book value, as at December 31, 2022	9,892	1,356		6,631	1,174	19,053
Cost	16,463	1,356		9,826	1,174	28,819
Accumulated depreciation	(6,571)	–		(3,195)	–	(9,766)

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(expressed in millions of U.S. dollars, except where indicated and share and per share amounts)



	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Exploration and development projects	
Net book value, as at December 31, 2020	10,278	804	7,239	1,147	19,468
Additions	–	1,069	–	–	1,069
Disposals	(37)	–	–	–	(37)
Transfers between categories	476	(696)	205	15	–
Restoration provision (note 11c)	–	–	(36)	–	(36)
Impairments (note 20)	(18)	–	(14)	(12)	(44)
Capitalized interest (note 21)	–	4	–	–	4
Depreciation charge (note 18)	(667)	–	(474)	–	(1,141)
Net book value, as at December 31, 2021	10,032	1,181	6,920	1,150	19,283
Cost	15,982	1,181	9,625	1,150	27,938
Accumulated depreciation	(5,950)	–	(2,705)	–	(8,655)

Included within capital work-in-progress and mineral properties – operating mines at December 31, 2022, is an amount of \$913 million related to capitalized deferred stripping costs (December 31, 2021: \$829 million). During the year ended December 31, 2022, \$24 million of interest was capitalized (December 31, 2021: \$4 million). The amount of capitalized interest was determined by applying the weighted average cost of borrowings of 9% (December 31, 2021: 9%) to the accumulated qualifying expenditures.

7. GOODWILL

Goodwill of \$237 million arose through the acquisition of Inmet Mining Corporation (“Inmet”) in 2013 after the application of IAS 12 – Income taxes, due to the requirement to recognize a deferred tax liability calculated as the tax effect of the difference between the fair value of the assets acquired and their respective tax bases. Goodwill is not deductible for tax purposes. The goodwill was assigned to the Cobre Panamá cash-generating unit.

The carrying value of the Cobre Panamá cash-generating unit at December 31, 2022, was \$10,319 million inclusive of the Cobre Panamá power station, and deferred revenue (December 31, 2021: \$10,327 million).

The annual impairment test has been performed at December 31, 2022. For the purposes of the goodwill impairment test, the recoverable amount of the Cobre Panamá cash-generating unit has been determined using a fair value less costs of disposal calculation based on a discounted cash flow model over a period of 33 years, which uses a post-tax discount rate, taking account of assumptions that would be made by market participants, and a market approach applied to the value beyond proven and probable reserves (VBPP) outside of the Life of Mine plan. The future cash flows used in this model are inherently uncertain and could materially change over time as a result of changes to the following key assumptions which included: ore reserves and resources estimates, commodity prices, discount rates, future production costs, future capital expenditure and estimates related to the future tax regime for Cobre Panamá. In addition key assumptions related to the VBPP include: the ore resources estimate and the value per pound of copper applied derived from observable market information. Reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons, adjusted for updates by management since the last report. The production profile used in the cash flow model is consistent with the reserves and resource volumes approved by qualified persons as part of the Company's process for the estimation of proven and probable reserves. Such production volumes are dependent on a number of variables, including the recovery of metal from the ore, production costs, duration of mining rights, and the selling price of extracted minerals. Commodity prices are management's estimates of the views of market participants, including a long-term copper price of \$3.65 per lb. The estimates are derived from the median of consensus forecasts. A nominal discount rate of 10.5% (December 31, 2021: 9.0%) has been applied to future cash flows, derived from Cobre Panamá's weighted average cost of capital (in nominal terms). Future production costs and future capital expenditure are based on the latest available engineering reports and are consistent with technical reports prepared in accordance with National Instrument

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43-101 Standards of Disclosure for Mineral Projects. The measurement is classified as level 3 in the fair value hierarchy (see note 24).

The recoverable amount of the cash-generating unit exceeds the carrying value of Cobre Panamá at December 31, 2022, and therefore no impairment charge has been recognized. The recoverable amount of the cash-generating unit has also been assessed based on possible care and maintenance scenarios, should they arise, and no impairment charge is assessed to be recognized.

8. OTHER ASSETS

	December 31, 2022	December 31, 2021
Prepaid expenses	152	129
KPMC shareholder loan	216	284
Other investments	17	9
Derivative instruments (note 24)	15	38
Total other assets	400	460
Less: current portion of other assets	(133)	(138)
	267	322

9. 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 Mine Rehabilitation and Mineral Resources Corporation ("KOMIR") and holds a 20% interest in Cobre Panamá. 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. The final consideration of \$100 million was paid in November 2021.

A \$663 million investment in the joint venture representing the discounted consideration value and the Company's proportionate share of the profit or loss in KPMC to date is recognized. For the year ended December 31, 2022, the profit attributable to KPMC was \$88 million (December 31, 2021: \$150 million). The profit in KPMC relates to the 20% equity accounted share of profit reported by MPSA, a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of \$508 million, shareholder loans receivable of \$1,256 million from the Company (note 11b) and shareholder loans payable of \$1,256 million due to the Company and its joint venture partner KOMIR.

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10. DEBT

		December 31, 2022	December 31, 2021
Drawn debt			
Senior notes:			
First Quantum Minerals Ltd. 7.25% due April 2023	(a)	–	1,000
First Quantum Minerals Ltd. 6.50% due March 2024	(b)	848	846
First Quantum Minerals Ltd. 7.50% due April 2025	(c)	1,348	1,347
First Quantum Minerals Ltd. 6.875% due March 2026	(d)	996	994
First Quantum Minerals Ltd. 6.875% due October 2027	(e)	1,490	1,488
First Quantum Minerals Ltd. senior debt facility	(f)	2,155	2,151
FQM Trident term loan	(g)	423	55
Trading facilities	(h)	120	31
Total debt		7,380	7,912
Less: current maturities and short term debt		(575)	(313)
		6,805	7,599
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(f)	530	755
Trading facilities	(h)	610	549

a) First Quantum Minerals Ltd. 7.25% due April 2023

On December 7, 2021 the Company redeemed \$600 million of its outstanding 7.250% Senior Notes due April, 2023. In the current year the Company redeemed at par an aggregate of \$1,000 million principal amount of the senior unsecured notes due in 2023. \$500 million was redeemed on each of April 5, 2022, and June 7, 2022. No senior unsecured notes due in 2023 remain outstanding post the redemptions.

b) First Quantum Minerals Ltd. 6.50% due March 2024

In February 2018, the Company issued \$850 million in senior notes due in 2024, bearing interest at an annual rate of 6.50%. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after September 1, 2020, at par from September 2022, plus accrued interest. Although part of this redemption feature indicated the existence of an embedded derivative, the value of this derivative is not significant.

c) First Quantum Minerals Ltd. 7.50% due April 2025

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after April 1, 2020, at redemption prices ranging from 105.625% in the first year to 100% from 2023, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

d) First Quantum Minerals Ltd. 6.875% due March 2026

In February 2018, the Company issued \$1 billion in senior notes due in 2026, bearing interest at an annual rate of 6.875%. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after March 1, 2021, at redemption prices ranging from 105.156% in the first year to 100% from 2024, plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

e) First Quantum Minerals Ltd. 6.875% due October 2027

On September 17, 2020, the Company announced the offering and pricing of \$1,500 million of 6.875% Senior Notes due 2027 at an issue price of 100.00%. Settlement took place on October 1, 2020. The Company and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The notes are part of the senior obligations of the Company and are guaranteed by certain subsidiaries of the Company. Interest is payable semi-annually.

The Company may redeem some or all of the notes at any time on or after October 15, 2023, at redemption prices ranging from 103.44% in the first year to 100% from October 2025, plus accrued interest. In addition, until October 15, 2023, the Company may redeem up to 35% of the principal amount of notes, in an amount not greater than the net proceeds of certain equity offerings, at a redemption price of 106.875% plus accrued interest. Although part of this redemption feature indicates the existence of an embedded derivative, the value of this derivative is not significant.

f) First Quantum Minerals Ltd. senior debt facility

In October 2021, the Company signed a Term Loan and Revolving Credit Facility ("RCF"), together "The 2021 Facility", replacing the previous \$2.7 billion Term Loan and RCF Facility which was extinguished with no extinguishment gain or loss. The 2021 Facility comprises a \$1.625 billion Term Loan Facility and a \$1.3 billion RCF. Interest is charged at LIBOR plus a margin. This margin can change relative to a certain financial ratio of the Company.

Repayments on the term loan commenced in December 2022 and are due every six months thereafter. The Facility has a single Net debt to EBITDA ratio covenant set at 3.5 times over the Facility term. Transaction costs for the new facilities were deducted from the principal drawn on initial recognition.

At December 31, 2022, \$770 million of the RCF had been drawn, leaving \$530 million available for the Company to draw.

g) FQM Trident term loan

On February 5, 2018, FQM Trident, the owner of the Sentinel copper mine and Enterprise Nickel mine, signed a \$230 million unsecured term loan facility (the "Previous Facility"). The facility was upsized to \$400 million in March 2018 in accordance with the accordion feature of the facility agreement.

On December 2, 2022, FQM Trident signed a \$425 million unsecured term loan facility (the "FQM Trident Facility") with a termination date of December 31, 2025 to replace the Previous Facility, which matured in December 2022. Repayments on the FQM Trident Facility commence in March 2024 and are due every six months thereafter. The FQM Trident Facility matures in December 2025.

The principal outstanding under the FQM Trident Facility as at December 31, 2022 was \$425 million.

h) Trading facilities

The Company's metal marketing division has six uncommitted borrowing facilities totalling \$730 million. The facilities are used to finance purchases and the term hedging of copper, gold and other metals, undertaken by the metal marketing division. Interest on the facilities is calculated at the bank's benchmark rate plus a margin. The loans are collateralized by physical inventories.

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11. PROVISIONS AND OTHER LIABILITIES

a) Provisions and other liabilities

	December 31, 2022	December 31, 2021
Amount owed to joint venture (note 11b) ¹	1,256	1,310
Restoration provisions (note 11c)	555	731
Derivative instruments (note 24)	117	57
Other loans owed to non-controlling interests (note 11d)	190	176
Liabilities directly associated with assets held for sale	20	28
Leases	29	26
Retirement provisions	40	50
Deferred revenue (note 12)	118	103
Other deferred revenue	6	29
Other	114	82
Total other liabilities	2,445	2,592
Less: current portion	(339)	(283)
	2,106	2,309

¹ The shareholder loan is due from the Company's Cobre Panamá operation to KPMC, a 50:50 joint venture between the Company and KOMIR.

b) Amount owed to joint venture

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	1,310	1,327
Interest accrued (note 21)	114	119
Repayment	(168)	(136)
Balance at end of year due to KPMC	1,256	1,310

As at December 31, 2022, the accrual for interest payable is \$316 million (December 31, 2021: \$370 million) and is included in the carrying value of the amount owed to the joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

c) Restoration provisions

The Company has restoration and remediation obligations associated with its operating mines, processing facilities, closed sites and development projects. The following table summarizes the movements in the restoration provisions:

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	731	821
Changes in estimate – operating sites (note 6)	(165)	(36)
Changes in estimate – closed sites (note 22)	(17)	7
Other adjustments	(9)	(44)
Transfer to liabilities directly associated with assets held for sale (11a)	–	(28)
Accretion expense (note 21)	15	11
Balance at year end	555	731
Less: current portion	(3)	(3)
	552	728

The Company has issued letters of credit which are guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2022, totalling \$7 million (December 31, 2021: \$8 million).

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The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount rate between 3.5% and 4.7% (December 31, 2021, between 1.1% and 1.9%) and an inflation factor between 2.0% and 11.0% (December 31, 2021, between 2.0% and 8.0%). Reclamation activity is expected to occur over the life of each of the operating mines, a period of up to 33 years, with the majority payable in the years following the cessation of mining operations. The reduction in the restoration provision in the current year is principally attributable to the increases in discount rates used in calculating provisions across the Company's operations.

d) Other loans owed to non-controlling interests

On September 30, 2021, the Company completed the sale of a 30% equity interest in Ravensthorpe. Consideration paid of \$240 million comprised cash for equity of \$90 million and loans acquired of \$150 million. Additional subsequent loans and accrued interest to date amounted to \$28 million and \$12 million respectively.

12. DEFERRED REVENUE

	December 31, 2022	December 31, 2021
Balance at the beginning of the year	1,489	1,524
Accretion of finance costs (note 21)	63	64
Amortization of gold and silver revenue	(97)	(99)
Balance at the end of the year	1,455	1,489
Less: current portion (included within provisions and other liabilities)	(118)	(103)
Non-current deferred revenue	1,337	1,386

Franco-Nevada Precious Metal Stream Arrangement

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 Panamá 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 Panamá 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 finalized on October 5, 2015 which provided for \$1 billion of funding to the Cobre Panamá 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 Panamá 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.

The amount of precious metals deliverable under both tranches is indexed to total copper-in-concentrate sold by Cobre Panamá. Under the terms of Tranche 1 the ongoing payment of the Fixed Payment Stream is fixed per ounce payments of \$450.59 per oz gold and \$6.76 per oz silver subject to an annual inflation adjustment for the first 1,341,000 ounces of gold and 21,510,000 ounces of silver (approximately the first 20 years of expected deliveries). Thereafter the greater of \$450.59 per oz for gold and \$6.76 per oz for silver, subject to an adjustment for inflation, and one half of the then prevailing market price. Under Tranche 2 the ongoing price per ounce for deliveries is 20% of the spot price for the first 604,000 ounces of gold and 9,618,000 ounces of silver (approximately the first 25 years of production), and thereafter the price per ounce rises to 50% of the spot price of gold and silver.

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 Franco Nevada precious metal stream arrangement in June 2019 following the first sale of copper concentrate. Deferred revenue will continue to be

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recognized as revenue over the life of the mine, which is expected to be 33 years. The Company uses refinery-backed credits as the mechanism for satisfying its delivery obligations under the arrangement. In the year ended December 31, 2022, \$229 million was delivered under the stream the cost of which are presented net within sales revenues (year ended December 31, 2021: \$237 million).

13. INCOME TAX EXPENSES

The significant components of the Company's income tax expense are as follows:

	December 31, 2022	December 31, 2021
Current income tax expense	243	634
Deferred income tax expense	77	178
	320	812

Taxes paid of \$548 million includes \$15 million of VAT receivables that were offset in settlement of Zambian income taxes payable.

The income taxes shown in the consolidated statements of earnings differ from the amounts obtained by applying statutory rates to the earnings before income taxes due to the following:

	2022		2021	
	Amount \$	%	Amount \$	%
Earnings before income taxes	1,469		1,901	
Income tax expense at Canadian statutory rates	397	27	513	27
Difference in foreign tax rates	(227)	(15)	(281)	(15)
Non-deductible expenses	30	2	174	9
Losses not recognized	111	8	358	19
Impact of foreign exchange	9	—	48	3
Income tax expense	320	22	812	43

Losses not recognized consists largely of hedge losses and financing costs incurred in Canada, where such losses cannot be used to offset operating income in other countries.

The deferred income tax assets and liabilities included on the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Deferred income tax assets	163	182
Deferred income tax liabilities	(857)	(804)
	(694)	(622)

The significant components of the Company's deferred income taxes are as follows:

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	2022	2021
Temporary differences relating to property, plant and equipment	(1,140)	(1,194)
Unused operating losses	279	304
Temporary differences relating to non-current liabilities (including restoration provisions)	99	128
Temporary differences relating to inventory	7	25
Unrealized foreign exchange loss and phasing of Zambian VAT receivable	45	94
Other	16	21
Net deferred income tax liabilities	(694)	(622)

The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

The Company has unrecognized deductible temporary differences relating to operating loss carryforwards that may be available for tax purposes in Canada totalling \$5,794 million (December 31, 2021: \$5,414 million) expiring between 2025 and 2042, and in the United States of America totaling \$16 million (December 31, 2021: \$18 million) expiring between 2024 and 2038.

The Company also has unrecognized deductible temporary differences relating to restoration provisions of \$107 million in Panamá, (December 31, 2021: \$164 million), \$27 million in Canada (December 31, 2021: \$40 million) and \$25 million in Finland (December 31, 2021: \$34 million) relating to ARO for which no deferred tax asset is recognized.

The Company has non-Canadian resident subsidiaries that have undistributed earnings of \$3,853 million (December 31, 2021: \$5,643 million). These undistributed earnings are not expected to be repatriated in the foreseeable future and the Company has control over the timing of such, therefore taxes that may apply on repatriation have not been provided for.

14. SHARE CAPITAL

a) Common shares

Authorized

Unlimited common shares without par value Issued

	Number of shares (000's)
Balance as at December 31, 2021	691,102
Shares issued through Dividend Reinvestment Plan	654
Shares issued through Share Option Plan	749
Balance as at December 31, 2022	692,505

The balance of share capital at December 31, 2022 was \$5,653 million (December 31, 2021: \$5,642 million).

On January 6, 2020, the Company announced adoption of a Shareholders Rights Plan. The Shareholders Rights Plan ("the Rights Plan") applies in the event of any person or persons acting in concert having beneficial ownership of 20% or more of the Company's outstanding common shares without having complied with bid provisions under the Rights Plan. In the occurrence of such an event, each outstanding common share has a right attached to it to purchase additional common shares of the Company, at a substantial discount to the then market price.

b) Treasury shares

The Company established an independent trust to purchase, on the open market, the common shares pursuant to the long-term incentive plan (note 16a). The Company consolidates the trust as it is subject to control by the Company. Consequently, shares purchased by the trust to satisfy obligations under the long-term incentive plan are recorded as treasury shares in shareholders' equity. Generally, dividends received on shares held in the trust will be paid to plan participants in cash as received.

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	Number of shares (000's)
Balance as at December 31, 2020	2,188
Shares purchased	4,009
Shares vested	(1,196)
Balance as at December 31, 2021	5,001
Shares purchased	4,235
Shares vested	(2,979)
Balance as at December 31, 2022	6,257

The balance of shares held in the trust as at December 31, 2022 was \$130 million (December 31, 2021: \$190 million).

c) Dividends

On February 14, 2023, the Company declared a final dividend of CDN\$0.13 per share, in respect of the financial year ended December 31, 2022 (February 15, 2022: CDN\$0.005 per share) paid on May 8, 2023 to shareholders of record on April 17, 2023.

On July 26, 2022, the Company declared an interim dividend of CDN\$0.16 per share, in respect of the financial year ended December 31, 2022 (July 27, 2021: CDN\$0.005 per share), to be paid on September 20, 2022 to shareholders of record on August 29, 2022.

15. EARNINGS PER SHARE

	2022	2021
Basic and diluted earnings attributable to shareholders of the Company	1,034	832
Basic weighted average number of shares outstanding (000's of shares)	690,516	688,674
Potential dilutive securities	2,471	3,038
Diluted weighted average number of shares outstanding (000's of shares)	692,987	691,712
Earnings per common share – basic (expressed in \$ per share)	1.50	1.21
Earnings per common share – diluted (expressed in \$ per share)	1.49	1.20

16. SHARE BASED COMPENSATION AND RELATED PARTY TRANSACTIONS

a) Long-term incentive plans

The Company has a long-term incentive plan (the “Plan”), which provides for the issuance of performance stock units (“PSUs”) and restricted stock units (“RSUs”) in such amounts as approved by the Company's Compensation Committee. Included in general and administrative expense is share-based compensation expense of \$36 million (December 31, 2021: \$24 million) related to this Plan.

Under the Plan, each PSU entitles participants, which includes directors, officers, and employees, to receive up to one-and-a-half common shares of the Company at the end of a three-year period if certain performance and vesting criteria, which are based on the Company's performance relative to a representative group of other mining companies, have been met. The fair value of each PSU is recorded as compensation expense over the vesting period. The fair value of each PSU is estimated using a Monte Carlo Simulation approach. A Monte Carlo Simulation is a technique used to approximate the probability of certain outcomes, called simulations, based on normally distributed random variables and highly subjective assumptions. This model generates potential outcomes for stock prices and allows for the simulation of multiple stocks in tandem resulting in an estimated probability of vesting.

Under the Plan, each RSU entitles the participant to receive one common share of the Company subject to vesting criteria. RSU grants typically vest fully at the end of the three-year period. The fair value of each RSU is recorded as compensation

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expense over the vesting period. The fair value of each RSU is estimated based on the market value of the Company's shares at the grant date and an estimated forfeiture rate of 11.5% (December 31, 2021: 11.5%).

The Company has a long term compensation scheme for the next generation of operational business leaders (current directors do not participate in the scheme), KRSUs. The scheme allows for full vesting over eight years with partial vesting commencing in the fourth year. The objectives of the scheme are to promote a long-term strategic focus amongst participants and to facilitate the Company's management succession plans as the roles of the founding directors transition during the scheme period. Included in general and administrative expense is share-based compensation expense of \$7 million (December 31, 2021: \$7 million) related to this Plan.

The Company will meet its obligations under the scheme through market purchases.

	2022 Number of units (000's)	2021 Number of units (000's)
Performance stock units		
Outstanding - beginning of year	3,403	3,620
Granted	1,632	595
Vested	(1,848)	(557)
Forfeited	(75)	(255)
Outstanding - end of year	3,112	3,403
Restricted stock units		
Outstanding - beginning of year	5,150	5,028
Granted	2,851	1,077
Vested	(1,651)	(639)
Forfeited	(260)	(316)
Outstanding - end of year	6,090	5,150
Key restricted stock units		
Outstanding - beginning of year	6,320	6,680
Granted	280	—
Vested	—	—
Forfeited	(590)	(360)
Outstanding - end of year	6,010	6,320

The following assumptions were used in the Monte Carlo Simulation model to calculate compensation expense in respect of the PSUs granted in the following years:

	2022	2021
Risk-free interest rate	2.99 %	0.46 %
Vesting period	3 years	3 years
Expected volatility	35.9 %	40.5 %
Expected forfeiture per annum	4 %	4 %
Weighted average probability of vesting	44.9 %	49.7 %

b) Share option plan

The Company has in the past granted share options over common shares in the Company to certain management. Options are exercisable at a price equal to the closing quoted price of the Company's shares on the date of grant and are fully vested after three years. Options are forfeited if the employee leaves the Company before the options vest. If the options remain unexercised after a period of five years from the grant date the options expire.

Each share option converts into one common share on exercise. An amount equal to the share price at the date of grant is payable by the recipient on the exercise of each option. The options carry neither rights to dividends nor voting rights.

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Options may be exercised at any time from the date of vesting to the date of their expiry.

	2022 Number of units (000's)	2021 Number of units (000's)
Share options		
Outstanding - beginning of year	2,453	3,333
Exercised	(750)	(782)
Forfeited	(371)	(85)
Expired	(25)	(13)
Outstanding - end of year	1,307	2,453
Exercisable - end of year	1,307	1,901

Volatility was calculated with reference to the Company's historical share price volatility up to the grant date to reflect a term approximate to the expected life of the option.

The Company recognized total expenses of \$4 million (December 31, 2021: \$2 million) related to equity-settled share-based payments on share options issued under the above plan for the year ended December 31, 2022.

c) Key management compensation

Key management personnel include the members of the senior management team and directors.

	2022	2021
Salaries, fees and other benefits	3	5
Bonus payments	2	2
Share based compensation	5	5
Total compensation paid to key management	10	12

d) Other related party transactions

Amounts paid to related parties were incurred in the normal course of business and on an arm's length basis. During the year, \$10 million (December 31, 2021: \$11 million) was paid to parties related to key management for chartering aircraft, accommodation, machinery and services. As at December 31, 2022, \$nil (December 31, 2021: \$nil) was included in trade and other payables concerning related party amounts payable.

17. SALES REVENUES

	2022	2021
Copper	6,555	6,332
Gold	382	470
Nickel	441	254
Silver	48	47
Other	200	109
	7,626	7,212

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18. COST OF SALES

	2022	2021
Costs of production	(4,229)	(3,456)
Depreciation	(1,229)	(1,141)
Movement in inventory	33	(20)
Movement in depreciation in inventory	(1)	(33)
	(5,426)	(4,650)

19. EXPENSES BY NATURE¹

	2022	2021
Depreciation	(1,230)	(1,174)
Employment costs, benefits and contractor	(1,150)	(1,004)
Raw materials and consumables	(1,081)	(831)
Royalties	(414)	(488)
Repairs and maintenance	(380)	(323)
Fuel	(477)	(271)
Freight	(292)	(253)
Utilities	(237)	(171)
Change in inventories	33	(20)
Other	(360)	(253)
	(5,588)	(4,788)

¹ Expenses presented above include cost of sales, general and administrative and exploration expenses.

20. IMPAIRMENT AND RELATED CHARGES

In the year ended December 31, 2021 an impairment of \$44 million was recognized in relation to the Sese power project, specific housing assets constructed at the Sentinel mine for its employees, and exploration activities, separate from the Company's development projects.

21. FINANCE COSTS

	2022	2021
Interest expense on debt	(476)	(532)
Interest expense on other financial liabilities	(18)	(3)
Interest expense on financial liabilities measured at amortized cost	(494)	(535)
Related party interest (note 11b)	(114)	(119)
Finance cost accretion on deferred revenue (note 12)	(63)	(64)
Accretion on restoration provision	(15)	(11)
Total finance costs	(686)	(729)
Less: interest capitalized (note 6)	24	4
	(662)	(725)

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22. OTHER INCOME

	2022	2021
Foreign exchange gains ¹	184	159
Change in restoration provision for closed properties (note 11c)	17	(7)
Share in profit in joint venture (note 9)	44	75
Other expenses	(42)	(9)
	203	218

¹ Foreign exchange movements include realized and unrealized gains and losses, and also include the impact of an agreement reached in respect of the outstanding value-added tax receivable sum and an approach for repayment based on offsets against future corporate income taxes and mineral royalties in Zambia. This agreement has resulted in a gain as a result of the receivable now being an agreed amount, included within Foreign exchange, and a charge representing the expected phasing of that receivable under the agreement, included within Adjustment for expected phasing of Zambian VAT in the Statement of Earnings. See Note 4c.

23. SEGMENTED INFORMATION

The Company's reportable operating segments are Cobre Panamá, Kansanshi, Trident, and Ravensthorpe. Each of the reportable segments report information separately to the CEO, the chief operating decision maker.

The Corporate & other segment includes the Company's remaining operations, Guelb Moghrein, Las Cruces, Çayeli, Pyhäsalmi, the metal marketing division which purchases and sells third party material, and the exploration projects. The Corporate & other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration.

The Company's operations are subject to seasonal aspects, in particular the rainy season in Zambia. The rainy season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the rainy season, mine 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.

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Earnings by segment

For the year ended December 31, 2022, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Cobre Panamá ²	2,959	(1,286)	(608)	(11)	1,054	–
Kansanshi ³	1,706	(1,098)	(226)	114	496	(70)
Trident ⁴	1,980	(1,001)	(314)	18	683	(157)
Ravensthorpe ⁵	476	(396)	(46)	1	35	(1)
Corporate & other	505	(415)	(36)	(81)	(27)	(92)
Total	7,626	(4,196)	(1,230)	41	2,241	(320)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

² Cobre Panamá is 20% owned by KPMC, a joint venture.

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ Trident includes Sentinel copper mine and the Enterprise Nickel development project.

⁵ Ravensthorpe is 30% owned by POSCO.

For the year ended December 31, 2021, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ²	Income tax expense (credit)
Cobre Panamá ³	3,160	(1,132)	(579)	(15)	1,434	–
Kansanshi ⁴	2,014	(825)	(220)	56	1,025	(392)
Trident ⁵	2,032	(846)	(270)	52	968	(349)
Ravensthorpe ⁶	286	(315)	(34)	2	(61)	27
Corporate & other ⁷	(280)	(358)	(71)	(59)	(768)	(98)
Total	7,212	(3,476)	(1,174)	36	2,598	(812)

¹ Revenue includes hedge gains and losses recognized on forward sales and zero cost collar options.

² Operating profit (loss) less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

³ Cobre Panamá is 20% owned by KPMC, a joint venture.

⁴ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁵ Trident includes Sentinel copper mine and the Enterprise Nickel development project.

⁶ Ravensthorpe is 30% owned by POSCO.

⁷ Corporate & other includes Guelb Moghrein, Las Cruces, Çayeli and Pyhäsalmi which were previously reported separately.

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Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	December 31, 2022			December 31, 2021		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Cobre Panamá ²	11,637	12,339	3,127	11,735	12,364	3,232
Kansanshi ³	2,435	3,907	725	2,481	5,087	978
Trident ⁴	2,885	3,599	1,053	2,923	3,678	667
Ravensthorpe ⁵	784	1,033	361	867	1,086	402
Corporate & other ^{6,7}	1,560	4,202	7,577	1,591	3,055	8,497
Total	19,301	25,080	12,843	19,597	25,270	13,776

¹ Non-current assets include \$19,053 million of property plant and equipment (December 31, 2021: \$19,283 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

² Cobre Panamá is 20% owned by KPMC, a joint venture.

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity. This segment includes the Kansanshi smelter.

⁴ Trident includes Sentinel copper mine and the Enterprise Nickel development project.

⁵ Ravensthorpe is 30% owned by POSCO.

⁶ Included within the corporate segment are assets relating to the Haquira project, \$702 million (December 31, 2021: \$694 million), and to the Taca Taca project, \$474 million (December 31, 2021: \$454 million).

⁷ Corporate & other includes Guelb Moghrein, Las Cruces, Çayeli and Pyhäsalmi which were reported separately.

Purchase and deposits on property, plant and equipment by segment

Additions to non-current assets other than financial instruments, deferred tax assets and goodwill represent additions to property, plant and equipment, for which capital expenditure is presented as follows:

	2022	2021
Cobre Panamá	587	360
Kansanshi	214	242
Trident ¹	274	218
Ravensthorpe	37	129
Corporate & other	55	46
Total	1,167	995

¹ Trident includes Sentinel copper mine and the Enterprise Nickel development project.

Geographical information

	2022	2021
Revenue by destination¹		
China	3,481	2,928
India	1,099	873
Zambia	528	694
Japan	526	613
Canada	351	–
Spain	297	493
South Korea	264	373
Singapore	47	1,304
Other	1,038	836
Hedge losses ²	(5)	(902)
Total	7,626	7,212

¹ Presented based on the ultimate destination of the product if known. If the eventual destination of the product sold through traders is not known, then revenue is allocated to the location of the product at the time when control passes.

² Relates to hedge losses recognized on forward sales and zero cost collar options.

³ For the year ended December 31, 2022, the Company has one customer that individually accounts for more than 10% of the Company's total revenue. This customer represents approximately 14% of total revenue (2021: 22%).

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	2022	2021
Non-current assets by location		
Panamá	11,637	11,735
Zambia	5,308	5,392
Australia	795	872
Peru	702	694
Argentina	474	454
Spain	31	30
Mauritania	39	33
Turkey	53	56
Finland	6	9
Other	256	322
	19,301	19,597
Investments, deferred income tax assets, goodwill, restricted cash, other deposits and VAT receivable	1,610	1,740
	20,911	21,337

24. FINANCIAL INSTRUMENTS

The Company classifies its financial assets as amortized cost, FVOCI or FVTPL. Financial liabilities are measured at amortized cost or FVTPL.

The following provides the classification of financial instruments by category at December 31, 2022:

	Amortized cost ⁴	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	264	491	–	755
Due from KPMC (note 8)	216	–	–	216
Other derivative instruments ²	–	15	–	15
Investments ³	–	–	17	17
Financial liabilities				
Trade and other payables	771	–	–	771
Other derivative instruments ²	–	117	–	117
Leases	29	–	–	29
Liability to joint venture	1,256	–	–	1,256
Other loans owed to non-controlling interest	190	–	–	190
Debt	7,380	–	–	7,380

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Other derivative instruments related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ Investments held by the Company are held at fair value through other comprehensive income.

⁴ The fair value of financial assets and liabilities measured at amortized cost is comparable to the carrying value due to the short term to maturities or due to the rates of interest approximating market rates.

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The following provides the classification of financial instruments by category at December 31, 2021:

	Amortized cost ⁴	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	139	466	–	605
Due from KPMC (note 8)	284	–	–	284
Other derivative instruments ²	–	38	–	38
Investments ³	–	–	9	9
Financial liabilities				
Trade and other payables	719	–	–	719
Derivative instruments in designated hedge relationships	–	–	9	9
Other derivative instruments ²	–	48	–	48
Leases	26	–	–	26
Liability to joint venture	1,310	–	–	1,310
Other loans owed to non-controlling interest	176	–	–	176
Debt	7,912	–	–	7,912

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Other derivative instruments related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ Investments held by the Company are held at fair value through other comprehensive income.

⁴ The fair value of financial assets and liabilities measured at amortized cost is comparable to the carrying value due to the short term to maturities or due to the rates of interest approximating market rates.

Fair values

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs for the asset or liability that are not based on observable market data.

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The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2022:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	15	–	–	15
Investments ³	17	–	–	17
Financial liabilities				
Derivative instruments – LME contracts ¹	101	–	–	101
Derivative instruments – OTC contracts ²	–	16	–	16

¹ Futures for copper, nickel, gold and zinc were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2021, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	38	–	–	38
Investments ³	9	–	–	9
Financial liabilities				
Derivative instruments – LME contracts ¹	41	–	–	41
Derivative instruments – OTC contracts ²	–	16	–	16

¹ Futures for copper, nickel, gold and zinc were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

Financial risk management

Credit risk

The Company's credit risk is primarily attributable to cash and bank balances, short-term deposits, derivative instruments and trade and other receivables. The Company's exposure to credit risk is represented by the carrying amount of each class of financial assets, including commodity contracts, recorded in the consolidated balance sheet.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with highly rated financial institutions. The Company manages its credit risk on short-term deposits by only investing with counterparties that carry investment grade ratings as assessed by external rating agencies and spreading the investments across these counterparties. Under the Company's risk management policy, allowable counterparty exposure limits are determined by the level of the rating unless exceptional circumstances apply. A rating of investment grade or equivalent is the minimum allowable rating required as assessed by international credit rating agencies. Likewise, it is the Company's policy to deal with banking counterparties for derivatives who are rated investment grade or above by international credit rating agencies and graduated counterparty limits are applied depending upon the rating.

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Exceptions to the policy for dealing with relationship banks with ratings below investment grade are reported to, and approved by, the Audit Committee. As at December 31, 2022, substantially all cash and short-term deposits are with counterparties of investment grade.

The Company's credit risk associated with trade accounts receivable is managed through establishing long-term contractual relationships with international trading companies using industry-standard contract terms. 34% of the Company's trade receivables are outstanding from three customers together representing 17% of the total sales for the year. No amounts were past due from these customers at the balance sheet date. The Company continues to trade with these customers. Revenues earned from these customers are included within the Kansanshi, Trident, Panamá and Çayeli segments. Other accounts receivable consist of amounts owing from government authorities in relation to the refund of value-added taxes applying to inputs for the production process and property, plant and equipment expenditures, prepaid taxes and amounts held in broker accounts.

Significant credit risk exposures to any single counterparty or group of counterparties having similar characteristics are as follows:

	December 31, 2022	December 31, 2021
Commodity traders and smelters (Trade and other receivables)	755	605
Government authorities (VAT receivable)	654	661
Total	1,409	1,266

The VAT receivable due from government authorities includes \$639 million at December 31, 2022, which is past due (December 31, 2021: \$644 million). See note 4c.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. Expected credit losses on trade and other receivables at December 31, 2022, are insignificant.

Liquidity risk

The Company manages liquidity risk by maintaining cash and cash equivalent balances and available credit facilities to ensure that it is able to meet its short-term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

The Company was in compliance with all existing facility covenants as at December 31, 2022. In respect of discussions with the GOP, the Company has expressed its earnest desire to resolve all outstanding issues and continues to engage with the Government with a view to concluding a reasonable and durable arrangement regarding the long-term future of Cobre Panamá. Discussions are ongoing with the relevant parties to resolve these matters. A period of care and maintenance or a temporary shutdown at Cobre Panamá would have a negative impact on the Company's estimated EBITDA but the Company would still expect to remain in compliance with financial covenants over the next 12 months. An extended full shutdown to the end of the year may increase the risk of the Company's ability to be in compliance with all existing facility covenants.

The Company had the following balances and facilities available to them at the balance sheet dates:

	December 31, 2022	December 31, 2021
Cash and cash equivalents and bank overdrafts – unrestricted cash	1,688	1,859
Working capital balance ¹	1,411	791
Undrawn debt facilities (note 10)	1,140	1,304

¹ Working capital includes trade and other receivables (note 4), inventories (note 5), current prepaid expenses (note 8), current trade and other payables, current taxes payable, current leases (note 11) and current deferred revenue (note 11).

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Contractual and other obligations as at December 31, 2022 are as follows:

	Carrying Value	Contractual Cashflows	<1 Year	1-3 years	3-5 years	Thereafter
Debt - principal	7,260	7,293	455	4,338	2,500	-
Debt - finance charges	-	1,426	509	676	241	-
Trading facilities	120	120	120	-	-	-
Trade and other payables	771	771	771	-	-	-
Derivative instruments	117	117	117	-	-	-
Liability to joint venture ¹	1,256	1,990	-	-	-	1,990
Other loans owed to non-controlling interest ²	190	251	28	-	-	223
Current taxes payable	53	53	53	-	-	-
Deferred payments	40	40	4	8	8	20
Leases	29	26	12	10	4	-
Commitments	-	426	406	20	-	-
Restoration provisions	555	1,073	3	22	33	1,015
	10,391	13,586	2,478	5,074	2,786	3,248

¹ 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.

² Refers to liability with POSCO, an entity that holds a 30% non-controlling interest in FQM Australia Holdings Pty Ltd ("Ravensthorpe"), of which the Company has full control

Contractual and other obligations as at December 31, 2021 are as follows:

	Carrying Value	Contractual Cashflows	<1 Year	1-3 years	3-5 years	Thereafter
Debt - principal	7,881	7,926	283	2,760	3,383	1,500
Debt - finance charges	-	1,684	462	741	378	103
Trading facilities	31	31	31	-	-	-
Trade and other payables	719	719	719	-	-	-
Derivative instruments	57	57	57	-	-	-
Liability to joint venture ¹	1,310	2,207	-	-	-	2,207
Joint venture	176	262	23	-	-	239
Current taxes payable	363	363	363	-	-	-
Deferred payments	50	50	5	10	10	25
Leases	26	30	10	13	5	2
Commitments	-	129	122	7	-	-
Restoration provisions	731	1,144	3	47	57	1,037
	11,344	14,602	2,078	3,578	3,833	5,113

¹ 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.

Market risks

a) Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices of copper, gold, nickel, zinc and other elements.

As part of the hedging program, the Company has elected to apply hedge accounting for a portion of copper and nickel sales. For the year ended December 31, 2022, a fair value gain of \$nil (2021: fair value loss of \$9 million) has been recognized on derivatives designated as hedged instruments through accumulated other comprehensive income and a fair value loss of \$5 million (2021: fair value loss of \$902 million) has been recognized through sales revenues. As at December 31, 2022 the company had not entered into any unmargined copper or nickel forward sales.

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The Company is also exposed to commodity price risk on diesel fuel required for mining operations and sulphur required for acid production. The Company's risk management policy allows for the management of these exposures through the use of derivative financial instruments. As at December 31, 2022, and December 31, 2021, the Company had not entered into any derivatives or fuel forward contracts. A collar structure for coal purchases is currently in place until December 2023.

The Company's commodity price risk related to changes in fair value of embedded derivatives in accounts receivable reflecting copper, nickel, gold and zinc sales provisionally priced based on the forward price curve at the end of each quarter.

Derivatives designated as hedged instruments

As at December 31, 2022, the Company held no commodity contracts designated as hedged instruments. As at December 31, 2021, the following commodity contracts were outstanding:

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper zero cost collar	52,500	\$3.61-\$4.69/lb	\$4.40/lb	June 2022
Nickel zero cost collar	500	\$7.71-\$8.58/lb	\$8.55/lb	May 2022

Other derivatives

As at December 31, 2022, the Company had entered into the following derivative contracts for copper, gold and nickel in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site when the sale is provisionally priced and the date agreed for pricing the final settlement.

Excluding the contracts noted above, as at December 31, 2022, the following derivative positions were outstanding:

	Open Positions (tonnes/oz)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	206,653	\$3.73/lb	\$3.80/lb	April 2023
Gold	51,109	\$1,792/oz	\$1,814/oz	February 2023
Commodity contracts:				
Copper	206,925	\$3.73/lb	\$3.80/lb	April 2023
Gold	51,109	\$1,792/oz	\$1,814/oz	February 2023

As at December 31, 2021, the following derivative positions were outstanding:

	Open Positions (tonnes/oz)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	162,370	\$4.35/lb	\$4.40/lb	May 2022
Gold	51,247	\$1,806/oz	\$1,806/oz	April 2022
Nickel	982	\$8.95/lb	\$9.49/lb	May 2022
Commodity contracts:				
Copper	161,950	\$4.35/lb	\$4.40/lb	May 2022
Gold	51,249	\$1,806/oz	\$1,806/oz	April 2022
Nickel	984	\$8.95/lb	\$9.49/lb	May 2022

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A summary of the fair values of unsettled derivative financial instruments for commodity contracts recorded on the consolidated balance sheet.

	December 31, 2022	December 31, 2021
Commodity contracts:		
Asset position	15	38
Liability position	(117)	(57)

The following table shows the impact on net earnings from changes in the fair values of financial instruments of a 10% change in the copper and gold commodity prices, based on prices at December 31, 2021. There is no impact of these changes on other comprehensive income except indirectly through the impact on the fair value of investments. The impact of a 10% movement in commodity prices is as follows:

	Average contract price on December 31		Impact of price change on net earnings	
	2022	2021	2022	2021
Copper	\$3.73/lb	\$4.35/lb	–	–
Gold	\$1,792/oz	\$1,806/oz	–	–
Nickel	n/a	\$8.95/lb	n/a	–

b) Interest rate risk

The majority of the Company's interest expense is fixed however it is also exposed to an interest rate risk arising from interest paid on floating rate debt and the interest received on cash and short-term deposits.

Deposits are invested on a short-term basis to ensure adequate liquidity for payment of operational and capital expenditures. To date, no interest rate management products are used in relation to deposits.

The Company manages its interest rate risk on borrowings on a net basis. The Company has a policy allowing floating-to-fixed interest rate swaps targeting 50% of exposure over a five-year period. As at December 31, 2022, and December 31 2021, the Company held no floating-to-fixed interest rate swaps.

At December 31, 2022, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2022	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point
Interest-bearing deposits, cash at bank and bank overdrafts	1,688	18	(18)
Floating rate borrowings drawn	2,698	(23)	23

At December 31, 2021, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2021	Impact of interest rate change on net earnings	
		100 basis point increase	100 basis point
Interest-bearing deposits, cash at bank and bank overdrafts	1,859	14	(14)
Floating rate borrowings drawn	2,235	(21)	21

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c) Foreign exchange risk

The Company's functional and reporting currency is USD. As virtually all of the Company's revenues are derived in USD and the majority of its business is conducted in USD, foreign exchange risk arises from transactions denominated in currencies other than USD. Commodity sales are denominated in USD, the majority of borrowings are denominated in USD and the majority of operating expenses are denominated in USD. The Company's primary foreign exchange exposures are to the local currencies in the countries where the Company's operations are located, principally the Zambian Kwacha ("ZMW"), Australian dollar ("A\$") Mauritanian ouguiya ("MRU"), the euro ("EUR") and the Turkish lira ("TRY"); and to the local currencies suppliers who provide capital equipment for project development, principally the A\$, EUR and the South African rand ("ZAR").

The Company's risk management policy allows for the management of exposure to local currencies through the use of financial instruments at a targeted amount of up to 100% for exposures within one year down to 50% for exposures in five years.

As at December 31, 2022, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	1	—	—	3
GBP	3	—	—	8
AUD	6	3	1	59
ZMW	6	4	—	1
EUR	29	6	—	40
TRY	—	—	—	—
ZAR	2	—	—	3
MRU	—	—	—	5
Others	—	—	—	—
Total	47	13	1	119

Based on the above net exposures as at December 31, 2022, a 10% change in all of the above currencies against the USD would result in a \$6 million increase or decrease in the Company's net earnings and would result in a \$nil million increase or decrease in the Company's other comprehensive income.

As at December 31, 2021, the Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than USD:

	Cash and cash equivalents	Trade and other receivables	Investments	Financial liabilities
CAD	1	—	1	2
GBP	1	—	—	6
AUD	7	1	2	49
ZMW	4	4	—	17
EUR	21	25	—	35
TRY	—	—	—	11
ZAR	2	—	—	4
MRU	—	—	—	1
Others	1	—	—	—
Total	36	30	3	125

Based on the above net exposures as at December 31, 2021, a 10% change in all of the above currencies against the USD would result in a \$7 million increase or decrease in the Company's net earnings and would result in a \$nil million increase or decrease in the Company's other comprehensive income.

Capital management

The Company's objectives when managing capital are to continue to provide returns for shareholders, and comply with lending requirements while safeguarding the Company's ability to continue as a going concern. The Company considers the items included in equity to be capital.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company uses a combination of short-term and long-term debt to finance its operations and development projects. Typically, floating rates of interest are attached to short-term debt, and fixed rates on senior notes.

25. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company has committed to \$426 million (December 31, 2021: \$129 million) in capital expenditures.

Other commitments & contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. The Company is routinely subject to audit by tax authorities in the countries in which it operates and has received a number of tax assessments in various locations, including Zambia, which are currently at various stages of progress with the relevant authorities. The outcome of these audits and assessments are uncertain however the Company is confident of its position on the various matters under review.

Cobre Panamá update

First Quantum, Minera Panamá S.A. ("MPSA") and the Government of Panamá ("GOP") continue to engage in discussions regarding a refreshed concession contract to secure the long-term future of the Cobre Panamá mine. These discussions arose following a ruling by the Supreme Court of Panamá ("Supreme Court") that declared unconstitutional the 1997 law ("Law 9") that approved the mining contract for the Cobre Panamá project ("Concession Contract"). The Company understands that the Supreme Court ruling relates to the enactment of Law 9 and does not affect the legality of the Concession Contract itself, which remains in effect, and allows continuation of the development and operation of the Cobre Panamá project by MPSA.

The Company has expressed its earnest desire to resolve all outstanding issues and continues to engage with the GOP with a view to concluding a reasonable and durable arrangement regarding the long-term future of Cobre Panamá. At the same time, the Company is doing everything possible to support its workforce, preserve the value and integrity of the mine and defend the Company and its stakeholders, including through all available legal means.

Local Administrative Proceedings

On December 19, 2022, the National Directorate of Mineral Resources of the Ministry of Commerce and Industries ("MICI") issued a resolution requiring MPSA to submit a plan to the GOP within 10 business days to suspend commercial operations at Cobre Panamá and, once that plan is approved by the GOP, put the mine under "care and maintenance." Among other means of legal recourse, MPSA asked for reconsideration of the decision, which MICI has rejected. As a next step, on January 10, 2023, MPSA submitted an appeal to the Minister of Commerce and Industries. These pending administrative actions and appeals have stayed the legal effect of the resolution. Pending the outcome of these local legal and administrative actions, and should it ultimately be required, the Company will submit a plan for how to operate Cobre Panamá under care and maintenance. This plan will be delivered to the GOP, which will need to review and approve it. Due to the legal processes and the GOP's role in responding to the plan, the timing and impact of this requirement remains uncertain.

On January 26, 2023, the Panamá Maritime Authority ("AMP") issued a resolution that required the suspension of concentrate loading operations at the Cobre Panamá port, Punta Rincón, until evidence was provided that the process of certification of the calibration of the scales by an accredited company had been initiated. MPSA filed legal proceedings to challenge the resolution, staying its legal effects. Nevertheless, the Company submitted the required proof of the initiation

of the certification process on February 2, 2023, and, on February 7, 2023, the Company submitted certifications of the calibration of the scales and weights. AMP rejected the certification on February 8, 2023, claiming that the certification company is not accredited in Panamá, even though the provider MPSA used is on the list of accredited companies published by MICI. MPSA is challenging this decision, and, at the same time, is working to find another accredited certification company that the GOP will accept. In the meantime, the AMP has maintained its order suspending loading operations at the Port.

In addition, since at least January 24, 2023, the AMP has issued individual letters to the Company's maritime pilot service providers instructing them not to provide services to incoming vessels for loading copper concentrate at the Port.

The Company is pursuing all available avenues to restart shipments at the Port, including all legal recourse available, engagement with other accredited and creditable expert companies and continuous communications with the pilot services suppliers.

If AMP's measures persist, it may become necessary to shut down the Cobre Panamá mine if concentrate is not shipped by approximately February 20, 2023, due to limited storage capacity on site.

Panamanian Supreme Court Proceedings

On December 30, 2016, the GOP signed and issued a resolution extending the Concession Contract held by MPSA for a second 20-year term commencing March 1, 2017 and concluding February 28, 2037 (the "Extension Resolution"). In 2018, two third parties filed actions in the Supreme Court seeking a declaration that the Extension Resolution is illegal and therefore, null and void (the "Nullity Actions"). These claims centre on the nature of the rights accorded by the Concession Contract, the validity of certain assignments between MPSA and Petaquilla Gold, S.A. (MPSA's predecessor) and the process followed by MICI in approving the Extension Resolution.

The Company refutes the claims made in the Nullity Actions and has been advised by external counsel that the extension process followed by the MICI in 2016 was correct. In connection with those proceedings, the Procurador de la Administración ("Administration's Attorney") issued formal opinions in 2018 and 2019 stating that the Extension Resolution was legal.

On January 11, 2023, the Administration's Attorney filed motions in both Nullity Actions asking the Supreme Court to declare that the Extension Resolution be deemed without legal effect based on the prior ruling on the unconstitutionality of Law 9. On January 13, 2023, MPSA filed disqualification motions seeking to recuse the Administration's Attorney from the legal proceedings because of his relationship with the Panamanian law firm representing the GOP in both the arbitration proceedings between MPSA and the GOP and in the negotiations for a refreshed contract. On that same day, MPSA filed an opposition against the Administration's Attorney's motions in the Nullity Actions. These motions are still pending resolution.

Arbitration Proceedings

MPSA has initiated an arbitration process under the existing Concession Contract. The Company has also notified the GOP of its intent to initiate international arbitration under the Canada-Panamá Free Trade Agreement ("FTA"). Both of these processes are under way and in the initial stages.

Concession Contract Arbitration

On December 23, 2022, MPSA initiated arbitration proceedings against the Republic of Panamá pursuant to the Rules of Procedure of the Inter-American Commercial Arbitration Commission (the "IACAC Rules") and Clause 23 of the Concession Contract. In the arbitration, MPSA seeks an award that (i) declares that the GOP is in breach of the Concession Contract; (ii) orders provisional measures to preserve the status quo; and (iii) orders the GOP to perform its obligations under the Concession Contract, including complying with the arbitration clause in the Concession Contract. While the proceeding is ongoing, the Company reserves the right to add new claims, amend and further elaborate on the claims brought to arbitration.

FTA Arbitration

Also on December 23, 2022, First Quantum gave the GOP notice of its intent to initiate arbitration to enforce the Company's rights under the FTA. Under the terms of the FTA, First Quantum and the GOP are required to engage in consultations to resolve the dispute. If at least 90 days after submitting the notice of intent pass with no resolution, and it is at least six months after the events giving rise to the claim, First Quantum then may file a request for arbitration. Pursuant to Article

9.22(2)(c)(iv) of the FTA, First Quantum will seek in any such arbitration all appropriate relief, including damages for Panamá's breaches of the FTA, as well as interim relief.

Kansanshi Development Agreement

On May 19, 2020, KMP filed a Request for Arbitration against the 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 and international law. The amount in dispute is to be quantified at a later stage, however it is believed to be material. The hearing in this matter has been rescheduled to July 2023. Pursuant to the wider reset arrangements concluded between the Company and GRZ in May 2022, the parties have agreed in principle to a settlement in respect of this arbitration. However, the effectiveness of the settlement is subject to the satisfaction of certain conditions precedent, which the parties are currently working to satisfy.

Kansanshi – conversion of ZCCM dividend rights to royalty rights

During the fourth quarter of 2022, an agreement was entered into between KMP and ZCCM-IH to convert ZCCM-IH's dividend rights in KMP into royalty rights. A dividend of \$195 million was paid to ZCCM-IH on the signing of this agreement. Post completion, this transaction also provides for 20% of the KMP VAT refunds as at June 30, 2022 to be paid to ZCCM-IH, as and when these are received by KMP from the Zambia Revenue Authority ("ZRA"). Completion of this transaction is expected during the first half of 2023.

26. POST BALANCE SHEET EVENTS

Dividend declared

The Company has declared a final dividend of CAD\$0.13 per share, in respect of the financial year ended December 31, 2022. The final dividend together with an interim dividend of CDN\$0.16 per share is a total of CAD\$0.29 per share for the 2022 financial year.

Note redemption

On February 14, 2023, the Company announced that it intends to issue a notice of partial redemption on February 15, 2023, for \$450 million of its outstanding 6.5% Senior Notes due March 2024 to be redeemed on February 25, 2023.