



FIRST QUANTUM
MINERALS

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

(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 IFRS Accounting Standards 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 20, 2024



Independent auditor's report

To the Shareholders of First Quantum Minerals

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of First Quantum Minerals and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of earnings (loss) for the years ended December 31, 2023 and 2022;
- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2023 and 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and 2022;
- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and 2022; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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.



Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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, 2023. 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment Assessment related to Cobre Panama CGU <i>Refer to note 2 – Material accounting policies, note 3 – Significant judgments, estimates and assumptions, note 7 – Goodwill and note 25 – Commitments and contingencies to the consolidated financial statements.</i> As at December 31, 2023, the carrying value assigned to the Cobre Panama CGU was \$237 million. The recoverable amount of the CGU to which goodwill has been allocated is tested for impairment at the same time at the end of every year or earlier if any indicator of impairment exists. The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying value, the carrying value of the asset or CGU is reduced to its recoverable amount.	Our approach to addressing the matter included the following procedures, among others: • Tested how management estimated 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 tested the mathematical accuracy of the underlying cash flow models. – Tested the underlying data used in the discounted cash flow models. – Evaluated the reasonableness of assumptions such as the probability assigned to each scenario, commodity prices, future costs and capital expenditure and future fiscal regime for the various operating scenarios by (i) obtaining and assessing evidence, which includes external information, regarding management's assessment of probability weight to each scenario; (ii) comparing commodity prices with external market and industry data; (iii) comparing future production costs and future capital expenditure to recent actual production costs and actual capital expenditure



Key audit matter	How our audit addressed the key audit matter
As at December 31, 2023, the carrying value of the net assets of the Company is more than its market capitalization. Management performed an impairment test of the Cobre Panama CGU as at December 31, 2023. For the purposes of the impairment test, the recoverable amount of the Cobre Panama CGU has been determined using a fair value less costs of disposal method based on cash flow models covering various possible scenarios, including the process of international arbitration and various levels of operation, and which uses a post-tax discount rate, taking account of assumptions that would be made by market participants. The outcome of the scenarios considered remains uncertain. The future cash flows used in the various scenarios of the models are inherently uncertain and could materially change over time as a result of changes, where applicable, to assumptions such as the probability of the various scenarios occurring; the ore reserves and resources estimates, commodity prices, discount rates, future costs and capital expenditure and estimates related to the fiscal regime for the operating scenarios; and estimates related to potential arbitral recoveries. For the applicable scenarios, reserves and resources are estimated based on the National Instrument 43-101 compliant report produced by qualified persons (management's experts). In light of this assessment by management, the calculated recoverable amount of the Cobre Panama CGU exceeds the carrying value of the Cobre Panama CGU as at December 31, 2023, and therefore no impairment charge has been recognized.	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 (iv) assessing fiscal regime applicable to the Cobre Panama CGU. – 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 were 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. – Professionals with specialized skill and knowledge in the field of valuation were used to assist in evaluating the appropriateness of the cash flow model used and the reasonableness of discount rate. • Tested the disclosures made in the consolidated financial statements.



Key audit matter

How our audit addressed the key audit matter

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

Impairment assessment of PP&E and other assets of the Ravensthorpe cash generating unit (CGU)

Refer to note 2 – Material accounting policies, note 3 – Significant judgments, estimates and assumptions, note 6 – Property, plant and equipment and note 20 – Impairment and related charges to the consolidated financial statements.

As at December 31, 2023, the carrying values of PP&E and other assets amounted to \$18,583 million and \$352 million, respectively, portions of which related to the Ravensthorpe CGU. Management performs impairment tests on PP&E when events or changes in circumstances occur that indicate the assets may not be recoverable. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the CGU to which the assets belong. 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. The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying value, the carrying value of the asset or CGU is reduced to its recoverable amount.

For the Ravensthorpe CGU, weak nickel prices, lower payabilities and high operating costs have resulted in significant margin pressure.

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

- Tested how management estimated the recoverable amount of the Ravensthorpe CGU, which included the following:
 - Tested the appropriateness of the method and tested the mathematical accuracy of the underlying cash flow models.
 - Tested underlying data used in the discounted cash flow model.
 - Evaluated the reasonableness of assumptions by comparing short-term and long-term consensus nickel prices and sulphur price per tonne with external market and industry data; and assessing whether these assumptions were consistent with evidence obtained in other areas of the audit.
 - Professionals with specialized skill and knowledge in the field of valuation assisted us in assessing the appropriateness of the discounted cash flow model, and the reasonableness of the discount rate used within the model.
- Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessments of PP&E and other assets for the Ravensthorpe CGU.



Key audit matter

How our audit addressed the key audit matter

An impairment test was performed by management using a discounted cash flow model based on estimated future cash flows, which included assumptions such as short-term and long-term consensus nickel prices and sulphur price per tonne and discount rate.

An impairment charge of \$854 million was recognized against PP&E and other assets due to the recoverable amount being lower than the carrying value.

We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the recoverable amount of the Ravensthorpe CGU. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

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 Accounting Standards, 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 20, 2024

Consolidated Statements of Earnings (Loss)

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



	Note	2023	2022
Sales revenues	17	6,456	7,626
Cost of sales	18	(5,164)	(5,426)
Gross profit		1,292	2,200
Exploration		(30)	(26)
General and administrative		(142)	(136)
Impairment and related charges	20	(900)	–
Other income (expense)	22	(142)	203
Operating profit		78	2,241
Finance income		106	80
Finance costs	21	(719)	(662)
Adjustment for expected phasing of Zambian VAT	4c	49	(190)
Earnings (loss) before income taxes		(486)	1,469
Income tax expense	13	(757)	(320)
Net earnings (loss)		(1,243)	1,149
Net earnings (loss) attributable to:			
Non-controlling interests		(289)	115
Shareholders of the Company	15	(954)	1,034
Earnings (loss) per share attributable to the shareholders of the Company			
Net earnings (loss) (\$ per share)			
Basic	15	(1.38)	1.50
Diluted	15	(1.38)	1.49
Weighted average shares outstanding (000's)			
Basic	15	690,876	690,516
Diluted	15	690,876	692,987
Total shares issued and outstanding (000's)	14a	693,599	692,505

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

Consolidated Statements of Comprehensive Income (Loss)

(expressed in millions of U.S. dollars)



	Note	2023	2022
Net earnings (loss)		(1,243)	1,149
Other comprehensive income (loss)			
Items that have been/may subsequently be reclassified to net earnings (loss):			
Cash flow hedges reclassified to net earnings (loss)	24	–	9
Movements on unrealized cash flow hedge positions		–	–
Items that will not subsequently be reclassified to net earnings (loss):			
Fair value gain on investments	8	–	4
Total comprehensive income (loss) for the year		(1,243)	1,162
Total comprehensive income (loss) for the year attributable to:			
Non-controlling interests		(289)	115
Shareholders of the Company		(954)	1,047
Total comprehensive income (loss) for the year		(1,243)	1,162

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	2023	2022
Cash flows from operating activities			
Net earnings (loss)		(1,243)	1,149
Adjustments for			
Depreciation	18	1,121	1,230
Income tax expense	13	757	320
Impairment and related charges	20	900	–
Share-based compensation expense	16	50	47
Net finance expense		613	582
Adjustment for expected phasing of Zambian VAT	4c	(49)	190
Foreign exchange		23	(175)
Deferred revenue amortization	12	(96)	(97)
Share of loss (profit) in joint venture	9,22	18	(44)
Other		1	23
Taxes paid	13	(625)	(548)
Movements in operating working capital			
Movements in trade and other receivables		277	(111)
Movements in inventories		(147)	(144)
Movements in trade and other payables		(22)	39
Long-term incentive plans		(151)	(129)
Net cash from operating activities		1,427	2,332
Cash flows used by investing activities			
Purchase and deposits on property, plant and equipment	6,23	(1,300)	(1,167)
Acquisition of La Granja	6	(105)	–
Interest paid and capitalized to property, plant and equipment	6	(26)	(24)
Interest received		51	21
Net cash used by investing activities		(1,380)	(1,170)
Cash flows used by financing activities			
Net movement in trading facility	10	24	89
Movement in restricted cash		(25)	41
Proceeds from debt	10	2,759	2,532
Repayments of debt	10	(2,800)	(3,168)
Net payments to joint venture (KPMC)	9,11b	(109)	(41)
Transactions with non-controlling interests	11d	–	4
Dividends paid to shareholders of the Company		(93)	(75)
Dividends paid to non-controlling interests		–	(255)
Interest paid		(527)	(448)
Other		(5)	(10)
Net cash used by financing activities		(776)	(1,331)
Decrease in cash and cash equivalents and bank overdrafts		(729)	(169)
Cash and cash equivalents and bank overdrafts – beginning of year		1,688	1,859
Exchange losses on cash and cash equivalents		–	(2)
Cash and cash equivalents and bank overdrafts – end of year		959	1,688
Cash and cash equivalents and bank overdrafts comprising:			
Cash and cash equivalents		1,157	1,688
Bank overdrafts		(198)	–

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, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		1,157	1,688
Trade and other receivables	4	586	890
Inventories	5	1,593	1,458
Current portion of other assets	8	123	133
		3,459	4,169
Non-current assets			
Cash and cash equivalents - restricted cash		34	9
Non-current VAT receivable	4b	521	519
Property, plant and equipment	6	18,583	19,053
Goodwill	7	237	237
Investment in joint venture	9	645	663
Deferred income tax assets	13	50	163
Other assets	8	229	267
Total assets		23,758	25,080
Liabilities			
Current liabilities			
Bank overdrafts		198	—
Trade and other payables		831	771
Current taxes payable		27	53
Current debt	10	769	575
Current portion of provisions and other liabilities	11	182	339
		2,007	1,738
Non-current liabilities			
Debt	10	6,610	6,805
Provisions and other liabilities	11	2,069	2,106
Deferred revenue	12	1,420	1,337
Deferred income tax liabilities	13	874	857
Total liabilities		12,980	12,843
Equity			
Share capital		5,411	5,492
Retained earnings		4,895	5,468
Accumulated other comprehensive loss		(59)	(59)
Total equity attributable to shareholders of the Company		10,247	10,901
Non-controlling interests		531	1,336
Total equity		10,778	12,237
Total liabilities and equity		23,758	25,080

Basis of presentation and Going Concern (Note 2a)

Approved by the board of Directors and authorized for issue on February 20, 2024.

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, 2022	5,492	5,468	(59)	10,901	1,336	12,237
Net loss	–	(954)	–	(954)	(289)	(1,243)
Other comprehensive income	–	–	–	–	–	–
Total comprehensive loss	–	(954)	–	(954)	(289)	(1,243)
Share-based compensation expense	50	–	–	50	–	50
Acquisition of treasury shares and cash from share awards	(145)	–	–	(145)	–	(145)
Dividends	14	(109)	–	(95)	–	(95)
Transactions with non-controlling interests (Note: 6, 11d, 25)	–	490	–	490	(516)	(26)
Balance at December 31, 2023	5,411	4,895	(59)	10,247	531	10,778

	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 and cash from share awards	(129)	–	–	(129)	–	(129)
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

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, Turkey, Australia and Mauritania, and a development project in Zambia. The Company's Cobre Panamá mine was placed into a phase of Preservation and Safe Management ("P&SM") in November 2023. The Company is progressing the Taca Taca copper-gold-molybdenum project in Argentina and is exploring La Granja and the Haquira copper deposits 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 1133 Melville Street, Suite 3500, The Stack, Vancouver, BC, Canada, V6E 4E5.

2. MATERIAL ACCOUNTING POLICIES

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

a) Basis of presentation and going concern

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") and, where appropriate, reflect management's best estimates and judgments based on currently available information.

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.

At December 31, 2023, the Company had \$250 million of committed undrawn senior debt facilities and \$959 million of net unrestricted cash (inclusive of overdrafts), 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, 2023. Expected credit losses on financial assets remain immaterial at December 31, 2023.

Cobre Panamá experienced illegal blockades throughout the month of November at the Punta Rincón port and at the roads to the site that prevented the delivery of supplies that are necessary to operate the power plant and the Company suspended production at the Cobre Panamá mine at the end of November 2023 and placed the mine into a phase of Preservation and Safe Management ("P&SM").

The current situation at Cobre Panamá has impacted the EBITDA generating potential of the Company, putting at risk the Company's ability to meet the net debt to EBITDA ratio covenant as defined in its current senior banking facilities. Current forecasts for 2024, before taking into account future balance sheet initiatives, indicate the Company may breach the prevailing net debt to EBITDA ratio covenant during the coming twelve months, which results in the existence of a material uncertainty that casts a significant doubt about the Company's ability to continue as a going concern. The Company is significantly advanced in discussions with its banking partners to renegotiate this covenant and extend its bank loan facilities. In addition, the Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, while also developing a range of portfolio-related options including exploring the sale of smaller mines and interests in its larger mining assets. Some of these options are necessarily based on the agreement of other parties and, although believed to be reasonable and achievable, are nevertheless outside the Company's direct control.

In the light of the actions already taken and the alternatives available to the Company, 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, 2023. These consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities and the reported revenues and expenses that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

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"), the subsidiary, Corriente Argentina S.A. ("Taca Taca") which relates to the Taca Taca project, and Minera La Granja S.A.C. (Peru) ("La Granja") which the Company acquired a 55% stake in from Rio Tinto in August 2023. All the above operating subsidiaries are 100% owned, with the exception of Ravensthorpe (75.7%), Kansanshi, in which the Company holds an 80% interest, with the ZCCM-IH dividend rights attributed to their 20% ownership converted to a 3.1% royalty right during the year, and Cobre Panamá, in which the Company holds a 90% interest, 10% of which is held indirectly through the joint venture, Korea Panama Mining Corp ("KPMC"), a jointly controlled Canadian entity acquired in November 2017.

Non-controlling interests

At December 31, 2023, POSCO Holdings owned 24.3% (2022: 30%) of Ravensthorpe, KPMC owned 20% of Cobre Panamá and Rio Tinto owned 45% of La Granja.

On April 4, 2023 the Company's subsidiary, Kansanshi Mining Plc "KMP" and ZCCM Investments Holdings Plc "ZCCM-IH" (a Zambian government controlled entity) completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in KMP. Accordingly, the non-controlling interest in the consolidated financial statements has been derecognized. Refer to note 25.

Through the operations in Zambia and Panama, 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 unless there is an expectation that future economic benefit is probable. Property acquisition costs, development costs and amounts paid under development option agreements are capitalized. Development decisions are made based upon consideration of project economics, including future metal prices, reserves and resources, and estimated operating and capital costs.

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, bank overdrafts 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, bank overdrafts and restricted cash

Cash and cash equivalents and bank overdrafts comprise cash or overdrafts 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, bank overdrafts 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.

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 details of the investments in joint ventures are provided in note 9.

d) Adoption of new Standards

In May 2023, the International Accounting Standards Board ("IASB") issued amendments to IAS 12, Income Taxes (IAS 12), to clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted related to the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD). The amendments require a mandatory temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. This amendment was effective immediately upon its release. The amendments also require known or reasonably estimable information that explain an entity's exposure to Pillar Two income taxes in regions where the legislation is enacted or substantively enacted (see note 13).

Amendments, effective January 1, 2023, to IAS 8 regarding how companies should distinguish changes in accounting policies from changes in accounting estimates, and to IAS 12 regarding removing the exemption for deferred tax arising on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, 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 1 – Non-current Liabilities with Covenants (Amendments to IAS 1)

- 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 amendment is not expected to have a significant impact on the financial statements.

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

- Effective on January 1, 2024, the amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendment is not expected to have a significant impact on the financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

- Effective on January 1, 2024, the amendment clarifies to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendment is not expected to have a significant impact on the financial statements.

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

- Assessment of impairment indicators

Management applies significant judgment 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.

As at December 31, 2023, the carrying amount of the net assets of the Company is more than its market capitalisation. The share price is impacted by a number of factors including P&SM at Cobre Panamá and balance sheet considerations. The Company completed an analysis of the recoverable amounts of its cash-generating units to compare against their respective carrying values as of December 31, 2023. An impairment charge of \$900 million has been recognized which includes impairments for Ravensthorpe and other exploration assets (Refer to Note 20). The recoverable amount of Cobre Panamá has been determined using a fair value less costs of disposal calculation based on a cash flow model covering different possible scenarios, including the process of international arbitration and various levels of operation. In addition, judgment is applied to the probability assigned to scenarios considered for Cobre Panamá (Refer to Note 7). The recoverable amount of other cash-generating units exceeds the carrying value as at December 31, 2023, and therefore no further impairment charge has been recognized.

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.

- Control over Cobre Panamá

The Company suspended production at the Cobre Panamá mine at the end of November 2023 and placed the mine into a phase of P&SM. The Company evaluated whether it still maintained effective power over the mine and related operations, and has consolidated MPSA and the Cobre Panamá mine on the basis of control, effectively exercising power over the relevant activities related to the mine, its exposure to variable returns, and impact on the returns of the operation through its managerial involvement.

- Control over La Granja UK Holdings Limited

Note 6 provides details on the acquisition of a 55% shareholding in La Granja from Rio Tinto. Management considered various factors, including the legal form of the shareholding, in determining that the Company has control over La Granja UK Holdings Limited.

In determining whether the acquisition of La Granja constituted a business or an asset acquisition, management considered whether substantially all of the fair value of the gross assets acquired were concentrated in a single identifiable asset or a group of similar identifiable assets (the 'concentration test') and concluded that this was evident. The acquisition has therefore been accounted for as an asset acquisition.

Rio Tinto's 45% non-controlling interest in La Granja is recognized on consolidation. Management considered accounting treatments for non-controlling interests on asset acquisitions and concluded to measure non-controlling interest arising by reference to the fair value of consideration paid for a 55% holding, as would have been an accounting option had the acquisition been considered a business combination. The non-controlling interest is subsequently adjusted for the change in the non-controlling interest's share of net assets in La Granja, which can be and is different to its share of result.

In assessing the fair value of consideration paid, management concluded that \$546 million of initial funding that the Company is responsible for does not constitute deferred consideration, and therefore the consideration for the acquisition was \$105 million that was paid to Rio Tinto for a 55% shareholding.

- 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), deferred revenue (note 12), 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 judgment 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.

The Company operates in certain jurisdictions that have increased degrees of political and sovereign risk. Tax legislation in these jurisdictions is developing and there is a risk that fiscal reform changes with respect to existing investments could unexpectedly impact application of the tax legislation. Following due public consultation and regulatory signoff, the National Assembly in Panama approved Bill 1100, being the proposal for approval of the Refreshed Concession Contract for the Cobre Panamá mine on October 20, 2023. On the same day, President Laurentino Cortizo sanctioned Bill 1100 into Law 406, which was subsequently published in the Official Gazette. Law 406 approved the concession contract for the Cobre Panamá mine on October 20, 2023. On November 16, 2023, in accordance with its contractual obligations to the Republic of Panama under Law 406, the Company made tax and royalty payments of \$567 million in respect of the period from December 2021 to October 2023. On November 28, 2023, the Supreme Court of Justice of Panama announced that it declared Law 406 unconstitutional. The ruling was subsequently published in the Official Gazette on December 2, 2023.

As the ruling on unconstitutionality is not retroactive, the Company has recorded all payments of taxes and royalties that were calculated based on a taxable margin as current tax expense as per Law 406 up to December 2, 2023. Subsequent to December 2, 2023, the Company has recorded all taxes and royalties as per the general income tax and mining code. Taxes 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 judgment 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.

(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), deferred revenue (note 12), 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 resources, 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. The sensitivity of carrying values to changes in the assumptions are set out in note 7 Goodwill and Note 20 Impairment and related charges.

- 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 \$62 million at December 31, 2023.

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, 2023, would lead to a decrease to the carrying value and an increase to finance costs of \$58 million. The carrying amount of the Company's VAT receivables is disclosed in note 4b.

Notes to the Consolidated Financial Statements

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



4. TRADE RECEIVABLES

a) Trade and other receivables

	December 31, 2023	December 31, 2022
Trade receivables	272	491
VAT receivable (current)	153	135
Other receivables	161	264
	586	890

b) VAT receivable

	December 31, 2023	December 31, 2022
Kansanshi Mining Plc ("KMP")	314	287
FQM Trident Limited	302	297
First Quantum Mining and Operations Limited (Zambia)	36	55
VAT receivable from the Company's Zambian operations	652	639
Other	22	15
Total VAT receivable	674	654
Less: current portion, included within trade and other receivables	(153)	(135)
Non-current VAT receivable	521	519

c) VAT receivable by the Company's Zambian operations

	December 31, 2023
Balance at beginning of the year	639
Movement in claims, net of foreign exchange movements	(36)
Adjustment for expected phasing for non-current portion	49
At December 31, 2023	652

During the year ended December 31, 2023, the Company was granted offsets of \$143 million and cash refunds of \$124 million with respect to VAT receivable balances. During the year ended December 31, 2022, offsets of \$154 million were granted and cash refunds of \$72 million were received.

In 2022, the Company reached agreement 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 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 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, a credit of \$49 million, has been recognized in net earnings (loss) in the year ended December 31, 2023 (year ended December 31, 2022: expense of \$190 million). As at December 31, 2023, amounts totalling \$131 million are presented as current (December 31, 2022: \$120 million).

On April 4, 2023 the Company's subsidiary, KMP and ZCCM Investments Holdings Plc "ZCCM-IH" completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in KMP. The 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"). As at December 31, 2023, a VAT payable to ZCCM-IH of \$52 million, net of adjustment for expected phasing of payments, has been recognized. See note 25.

Notes to the Consolidated Financial Statements

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



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	80	246	315	120	175	936
Adjustment for expected phasing	–	(104)	(108)	(29)	(43)	(284)
Total VAT receivable from Zambian operations	80	142	207	91	132	652

5. INVENTORIES

	December 31, 2023	December 31, 2022
Ore in stockpiles	171	177
Work-in-progress	37	48
Finished product	410	289
Total product inventory	618	514
Consumable stores	975	944
	1,593	1,458

Approximately 121 thousand dry metric tonnes of copper concentrate, equivalent to a cost of \$128 million, remains unsold at Cobre Panamá following disruptions at the Punta Rincón port.

6. PROPERTY, PLANT AND EQUIPMENT

	Mineral properties and mine development costs				
	Plant and equipment	Capital work-in-progress	Operating mines	Exploration and development projects	Total
Net book value, as at December 31, 2022	9,892	1,356	6,631	1,174	19,053
Additions	–	1,382	–	–	1,382
Acquisitions	–	–	–	201	201
Disposals	(44)	–	–	–	(44)
Transfers between categories	881	(1,295)	347	67	–
Conversion of non-controlling interest rights (note 25)	–	–	(73)	–	(73)
Restoration provision (note 11c)	–	–	65	–	65
Impairments (note 20)	(584)	(4)	(250)	(46)	(884)
Capitalized interest (note 21)	–	26	–	–	26
Depreciation charge (note 18)	(696)	–	(447)	–	(1,143)
Net book value, as at December 31, 2023	9,449	1,465	6,273	1,396	18,583
Cost	16,421	1,465	9,906	1,396	29,188
Accumulated depreciation	(6,972)	–	(3,633)	–	(10,605)

Notes to the Consolidated Financial Statements

(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, 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 11c)	–	–	(167)	2	(165)
Impairments (note 20)	–	–	–	–	–
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)

Included within capital work-in-progress and mineral properties – operating mines at December 31, 2023, is an amount of \$949 related to capitalized deferred stripping costs (December 31, 2022: \$913 million). For the year December 31, 2023, \$26 million of interest was capitalized (year ended December 31, 2022: \$24 million). The amount of capitalized interest was determined by applying the weighted average cost of borrowings of 7.5% (December 31, 2022: 9%) to the accumulated qualifying expenditures.

On August 27, 2023 the Company announced that it had acquired a 55% stake in the La Granja project in Peru from Rio Tinto for \$105 million, becoming the operator. The transaction has been accounted for as asset acquisition with the principal asset acquired, the La Granja project, recorded as an addition to mineral properties in the period. Accordingly, an \$86 million non-controlling interest has been recognized in the consolidated financial statements. The Company is responsible for \$546 million of initial funding, part of which will be used to complete a feasibility study, following which the remaining majority of the initial funding is expected to be spent on construction of the project following a positive investment decision. Upon satisfaction of the initial funding amount, all subsequent expenditures will be applied on a pro-rata basis according to equity ownership of the project.

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, 2023, was \$10,553 million inclusive of the Cobre Panamá power station, and deferred revenue (December 31, 2022: \$10,319 million).

The annual impairment test has been performed as at December 31, 2023. For the purposes of the goodwill impairment test, the recoverable amount of Cobre Panamá has been determined using a fair value less costs of disposal calculation based on a cash flow model covering different possible scenarios, including the process of international arbitration and various levels of operation, which uses a post-tax discount rate, taking account of assumptions that would be made by market participants. The outcome of the scenarios considered, and potential associated recoveries remains uncertain.

The future cash flows used in the various scenarios of the model are inherently uncertain and could materially change over time as a result of changes, where applicable, to ore reserves and resources estimates, commodity prices, discount rates, future costs and capital expenditure, estimates related to the fiscal regime, and estimates related to potential arbitral recoveries for Cobre Panamá. For the applicable scenarios, 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

Notes to the Consolidated Financial Statements

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



report. The various cash flow model scenarios used remain consistent with the reserves and resource volumes approved as part of the Company's estimation of proven and probable reserves in determining the recoverable value of Cobre Panamá. Such 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 \$3.90 per lb. The estimates are derived from the median of consensus forecasts. A nominal discount rate of 10.0% (December 31, 2022: 10.5%) has been applied to future cash flows. Future costs and capital expenditure are based on the latest available engineering reports and are consistent with technical reports prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects. Future Preservation and Safe Management costs assumed in the various cash flow model scenarios are based on management's latest forecasts and budgets. These costs are expected to range from \$15 - \$20 million per month and further reductions could follow depending on environmental stewardship programs. The measurement is classified as level 3 in the fair value hierarchy.

In light of this assessment by management, the calculated recoverable amount of the cash-generating unit exceeds the carrying value of Cobre Panamá at December 31, 2023, and therefore no impairment charge has been recognized. An increase in the discount rate of one per cent, or a reduction in the assumed copper price by 15 cents per pound would result in the calculated recoverable amount approximately equalling the carrying value, if all other model inputs remained the same.

8. OTHER ASSETS

	December 31, 2023	December 31, 2022
Prepaid expenses	133	152
KPMC shareholder loan	188	216
Other investments	17	17
Derivative instruments (note 24)	14	15
Total other assets	352	400
Less: current portion of other assets	(123)	(133)
	229	267

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 \$645 million investment in the joint venture representing the discounted consideration value and the Company's proportionate share of the profit or loss in Korea Panama Mining Corporation ("KPMC") to date is recognized. For the year ended December 31, 2023, the loss attributable to KPMC was \$55 million (December 31, 2022: \$88 million profit). The profit or loss in KPMC relates to the 20% equity accounted share of profit or loss reported by Minera Panamá S.A. ("MPSA"), a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of \$497 million, shareholder loans receivable of \$1,156 million from the Company (note 11b) and shareholder loans payable of \$1,200 million due to the Company and its joint venture partner KOMIR.

Notes to the Consolidated Financial Statements

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



10. DEBT

		December 31, 2023	December 31, 2022
Drawn debt			
Senior Notes:			
First Quantum Minerals Ltd. 6.50% due March 2024	(a)	–	848
First Quantum Minerals Ltd. 7.50% due April 2025	(b)	1,049	1,348
First Quantum Minerals Ltd. 6.875% due March 2026	(c)	997	996
First Quantum Minerals Ltd. 6.875% due October 2027	(d)	1,493	1,490
First Quantum Minerals Ltd. 8.625% due June 2031	(e)	1,285	–
First Quantum Minerals Ltd. senior debt facility	(f)	1,987	2,155
FQM Trident term loan	(g)	424	423
Trading facilities	(h)	144	120
Total debt		7,379	7,380
Less: current maturities and short term debt		(769)	(575)
		6,610	6,805
Undrawn debt			
First Quantum Minerals Ltd. senior debt facility	(f)	250	530
Trading facilities	(h)	446	610

In the current year, the Company redeemed at par an aggregate of \$850 million principal amount of the Senior Notes due in 2024. \$450 million was redeemed on February 25, 2023, and \$400 million on March 28, 2023. No Senior Notes due in 2024 remain outstanding post the redemptions.

On May 17, 2023 the Company announced the offering and pricing of \$1,300 million of 8.625% Senior Notes due 2031 at an issue price of 100.00%. Settlement took place on May 30, 2023. 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 and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The Company may redeem some or all of the notes at any time on or after June 1, 2026, at redemption prices ranging from 104.313% in the first year to 100.000% from June 1 2028, plus accrued interest. In addition, until June 1, 2026, 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 108.625% plus accrued interest.

On May 18, 2023 the Company issued a notice of partial redemption of \$300 million of Senior Notes due 2025. The 2025 notes were redeemed at 100% of the principal amount, plus accrued and unpaid interest to the redemption date on May 31, 2023.

a) 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 were subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

In the current year, the Company redeemed at par an aggregate of \$850 million principal amount of the Senior Notes due in 2024. \$450 million was redeemed on February 25, 2023, and \$400 million on March 28, 2023. No Senior Notes due in 2024 remain outstanding post the redemptions.

b) 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.

c) 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.

d) 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.

e) First Quantum Minerals Ltd. 8.625% due June 2031

On May 17, 2023 the Company announced the offering and pricing of \$1,300 million of 8.625% Senior Notes due 2031 at an issue price of 100.00%. Settlement took place on May 30, 2023. 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 and its subsidiaries are subject to certain restrictions on asset sales, payments, incurrence of indebtedness and issuance of preferred stock.

The Company may redeem some or all of the notes at any time on or after June 1, 2026, at redemption prices ranging from 104.313% in the first year to 100.000% from June 1 2028, plus accrued interest. In addition, until June 1, 2026, 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 108.625% 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 SOFR 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, 2023, \$1,050 million of the RCF had been drawn, leaving \$250 million available for the Company to draw.

Notes to the Consolidated Financial Statements

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



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, 2023 was \$425 million.

h) Trading facilities

The Company's metal marketing division has six uncommitted borrowing facilities totalling \$590 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.

11. PROVISIONS AND OTHER LIABILITIES

a) Provisions and other liabilities

	December 31, 2023	December 31, 2022
Amount owed to joint venture (note 11b) ¹	1,156	1,256
Restoration provisions (note 11c)	647	555
VAT payable to ZCCM-IH ²	52	–
Derivative instruments (note 24)	62	117
Other loans owed to non-controlling interests (note 11d)	202	190
Liabilities directly associated with assets held for sale	18	20
Leases	20	29
Retirement provisions	18	40
Deferred revenue (note 12)	–	118
Other deferred revenue	9	6
Other	67	114
Total other liabilities	2,251	2,445
Less: current portion	(182)	(339)
	2,069	2,106

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.

² On April 4, 2023 the Company's subsidiary, KMP and ZCCM-IH completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in KMP. The 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 ZRA. Refer to note 25.

Notes to the Consolidated Financial Statements

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



b) Amount owed to joint venture

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	1,256	1,310
Interest accrued (note 21)	92	114
Repayment	(192)	(168)
Balance at end of year due to KPMC	1,156	1,256

As at December 31, 2023, the accrual for interest payable is \$216 million (December 31, 2022: \$316 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, 2023	December 31, 2022
Balance at the beginning of the year	555	731
Changes in estimate – operating sites (note 6)	65	(165)
Changes in estimate – closed sites (note 22)	4	(17)
Other adjustments	6	(9)
Accretion expense (note 21)	17	15
Balance at year end	647	555
Less: current portion	(3)	(3)
	644	552

The Company has issued letters of credit which are guaranteed by cash deposits, classified as restricted cash on the balance sheet at December 31, 2023, totalling \$33 million (December 31, 2022: \$7 million).

The restoration provisions have been recorded initially as a liability based on management's best estimate of cash flows, using a risk-free discount between 4.0% and 4.8% (December 31, 2022, between 3.5% and 4.7%) and an inflation factor between 2.0% and 20.0% (December 31, 2022, between 2.0% and 11.0%). Reclamation activity is expected to occur over the life of each of the operating mines, a period of up to 30 years, with the majority payable in the years following the cessation of mining 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 \$30 million and \$22 million respectively.

During the third quarter, the Company's interest in Ravensthorpe increased from 70.0% to 75.7% following an equity raise which POSCO Holdings, the minority shareholder, elected not to participate in.

12. DEFERRED REVENUE

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	1,455	1,489
Accretion of finance costs (note 21)	61	63
Amortization of gold and silver revenue	(96)	(97)
Balance at the end of the year	1,420	1,455
Less: current portion (included within provisions and other liabilities)	–	(118)
Non-current deferred revenue	1,420	1,337

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 \$457.35 per oz gold and \$6.86 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 \$457.35 per oz for gold and \$6.86 per oz for silver, subject to an annual 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 by Cobre Panamá. The Company uses refinery-backed credits as the mechanism for satisfying its delivery obligations under the arrangement. In the year ended December 31, 2023, \$240 million was delivered under the stream the cost of which are presented net within sales revenues (year ended December 31, 2022: \$229 million).

Notes to the Consolidated Financial Statements

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



13. INCOME TAX EXPENSES

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

	December 31, 2023	December 31, 2022
Current income tax expense	605	243
Deferred income tax expense	152	77
	757	320

Taxes paid of \$625 million includes \$9 million of VAT receivables that were offset in settlement of Zambian income taxes payable.

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

	2023		2022	
	Amount \$	%	Amount \$	%
Earnings (Loss) before income taxes	(486)		1,469	
Income tax expense at Canadian statutory rates	(131)	27	397	27
Difference in foreign tax rates	(99)	20	(227)	(15)
Resource and depletion allowances ¹	(65)	13	—	—
Non-deductible expenses	41	(8)	30	2
Losses not recognized ²	399	(82)	111	8
Recognition and de-recognition of deferred tax assets ³	179	(37)	—	—
Prior year taxes relating to Panama ⁴	277	(57)	—	—
Mining taxes ⁵	156	(32)	—	—
Impact of foreign exchange	—	—	9	—
Income tax expense	757	(156)	320	22

¹ Certain allowances, incentives and tax deductions applicable only to the extractive industry.

² Consists of financing cost that were incurred in Canada and mining losses incurred in Australia where it is not probable that sufficient taxable income will be generated.

³ In the current year, the Company derecognized \$160 million of deferred tax assets in Ravensthorpe and \$19 million in Panama.

⁴ Pursuant to Law 406 in Panama, the Company paid income taxes, withholding tax and mining taxes relating to 2021 and 2022 years. (December 31, 2022 - \$nil million).

⁵ Pursuant to Law 406 in Panama, when applicable the Company paid mining taxes based on adjusted gross profits at a rate between 12-16%.

In March 2023, the Company and the Government of Panama ("GOP") agreed to a Refreshed Concession Agreement contract that provided for an initial 20-year term with a 20-year extension option and possible additional extension for life of mine. The agreement included an annual minimum contribution of \$375 million in Government income, comprised of corporate taxes, withholding taxes and a profit-based mineral royalty of 12 to 16 percent, with downside protections. Following due public consultation and regulatory signoff, the National Assembly in Panama approved Bill 1100, being the proposal for approval of the Refreshed Concession Contract for the Cobre Panamá mine on October 20, 2023. On the same day, President Laurentino Cortizo sanctioned Bill 1100 into Law 406, which was subsequently published in the Official Gazette. Law 406 approved the concession contract for the Cobre Panamá mine on October 20, 2023. On November 16, 2023, in accordance with its contractual obligations to the Republic of Panama under Law 406, the Company made tax and royalty payments of \$567 million in respect of the period from December 2021 to October 2023. On November 28, 2023, the Supreme Court of Justice of Panama announced that it declared Law 406 unconstitutional. The ruling was subsequently published in the Official Gazette on December 2, 2023.

As the ruling on unconstitutionality is not retroactive, the Company has recorded all payments of taxes and royalties that were calculated based on a taxable margin as current tax expense as per Law 406 up to December 2, 2023. Subsequent to December 2, 2023, the Company has recorded all taxes and royalties as per the general income tax and mining code.

Notes to the Consolidated Financial Statements

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



Of the \$567 million payment, \$20 million relates to 2021, \$375 million relates to 2022 and \$172 million relates to 2023. Payments for 2023 include corporate taxes, withholding taxes and a profit-based mineral royalty of 12 to 16 percent. Taxes not calculated based on a taxable margin, which includes a top-up of \$76 million to \$375 million for the year 2022, are included in cost of sales and not in tax expense.

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

	December 31, 2023	December 31, 2022
Deferred income tax assets	50	163
Deferred income tax liabilities	(874)	(857)
	(824)	(694)

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

	2023	2022
Temporary differences relating to property, plant and equipment	(1,036)	(1,140)
Unused operating losses	78	279
Temporary differences relating to non-current liabilities (including restoration provisions)	54	99
Temporary differences relating to inventory	7	7
Unrealized foreign exchange loss and phasing of Zambian VAT receivable	42	45
Other	31	16
Net deferred income tax liabilities	(824)	(694)

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 \$6,263 million (December 31, 2022: \$5,794 million) expiring between 2025 and 2043, and in Australia totalling \$683 million (December 31, 2022: \$nil) with no expiry date.

The Company has derecognized \$160 million of deferred tax assets in Ravensthorpe and \$19 million in Panama (December 31, 2022 - \$nil).

The Company has unrecognized investment tax credits of \$750 million in Panama that was approved as part of Law 406 (December 31, 2022 - \$nil).

The Company has non-Canadian resident subsidiaries that have undistributed earnings of \$3,145 million (December 31, 2022: \$3,853 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.

In August 2023, Finance Canada released, for public consultation, the draft legislation to implement the OECD's Pillar Two global minimum tax regime with an effective start date of January 1, 2024. The Company operates in a number of tax jurisdictions. Since the Pillar Two legislation was not effective at the reporting date in any of the jurisdictions that the Company operates in, the Company has no related current tax exposure. The Company applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the proposed legislation, the Company is liable to pay a top-up tax for the difference between the Pillar Two effective tax rate for each jurisdiction and the 15% minimum rate. All entities within the Company have a Pillar Two effective tax rate that exceeds 15%, except for one subsidiary that operates in Switzerland where the average effective tax rate is 12%. If the top-up tax had applied in 2023, then the profits relating to the Company's operations in Switzerland for the year ended 31 December 2023 would have been subject to a top-up tax amount that is less than \$5 million.

Notes to the Consolidated Financial Statements

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



14. SHARE CAPITAL

a) Common shares

Authorized

Unlimited common shares without par value Issued

	Number of shares (000's)
Balance as at December 31, 2022	692,505
Shares issued through Dividend Reinvestment Plan	586
Shares issued through Share Option Plan	508
Balance as at December 31, 2023	693,599

The balance of share capital at December 31, 2023 was \$5,668 million (December 31, 2022: \$5,653 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.

	Number of shares (000's)
Balance as at December 31, 2021	5,001
Shares purchased	4,235
Shares vested	(2,979)
Balance as at December 31, 2022	6,257
Shares purchased	4,495
Shares vested	(3,939)
Balance as at December 31, 2023	6,813

The balance of shares held in the trust as at December 31, 2023 was \$56 million (December 31, 2022: \$130 million).

c) Dividends

On July 25, 2023, the Company declared an interim dividend of CDN\$0.08 per share, in respect of the financial year ended December 31, 2023 (July 26, 2022: CDN\$0.16 per share), paid on September 19, 2023 to shareholders of record on August 28, 2023.

On January 15, 2024, the Company announced that it had suspended its final dividend in respect of the financial year ended December 31, 2023 (February 14, 2023: CDN\$0.13 per share) as a result of Cobre Panamá being in a phase of Preservation and Safe Management.

Notes to the Consolidated Financial Statements

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



15. EARNINGS (LOSS) PER SHARE

	2023	2022
Basic and diluted earnings (loss) attributable to shareholders of the Company	(954)	1,034
Basic weighted average number of shares outstanding (000's of shares)	690,876	690,516
Potential dilutive securities	–	2,471
Diluted weighted average number of shares outstanding (000's of shares)	690,876	692,987
Earnings (loss) per common share – basic (expressed in \$ per share)	(1.38)	1.50
Earnings (loss) per common share – diluted (expressed in \$ per share)	(1.38)	1.49

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 \$43 million (December 31, 2022: \$36 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 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, 2022: 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, 2022: \$7 million) related to this Plan.

Notes to the Consolidated Financial Statements

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



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

	2023	2022
	Number of units (000's)	Number of units (000's)
Performance stock units		
Outstanding - beginning of year	3,112	3,403
Granted	1,404	1,632
Vested	(2,472)	(1,848)
Forfeited	(92)	(75)
Outstanding - end of year	1,952	3,112
Restricted stock units		
Outstanding - beginning of year	6,090	5,150
Granted	1,154	2,851
Vested	(2,483)	(1,651)
Forfeited	(413)	(260)
Outstanding - end of year	4,348	6,090
Key restricted stock units		
Outstanding – beginning of year	6,010	6,320
Granted	—	280
Vested	(1,208)	—
Forfeited	(310)	(590)
Outstanding - end of year	4,492	6,010

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:

	2023	2022
Risk-free interest rate	4.49 %	2.99 %
Vesting period	3 years	3 years
Expected volatility	50.10 %	35.90 %
Expected forfeiture per annum	4.00 %	4.00 %
Weighted average probability of vesting	56.06 %	44.85 %

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.

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

Notes to the Consolidated Financial Statements

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



	2023 Number of units (000's)	2022 Number of units (000's)
Share options		
Outstanding - beginning of year	1,307	2,453
Exercised	(508)	(750)
Forfeited	(58)	(371)
Expired	—	(25)
Outstanding - end of year	741	1,307
Exercisable - end of year	—	1,307

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 \$nil (December 31, 2022: \$4 million) related to equity-settled share-based payments on share options issued under the above plan for the year ended December 31, 2023.

c) Key management compensation

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

	2023	2022
Salaries, fees and other benefits	5	3
Bonus payments	1	2
Share based compensation	6	5
Total compensation paid to key management	12	10

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, \$6 million (December 31, 2022: \$10 million) was paid to parties related to key management for chartering aircraft, accommodation, machinery and services. As at December 31, 2023, \$1 million (December 31, 2022: \$nil) was included in trade and other payables concerning related party amounts payable.

17. SALES REVENUES

	2023	2022
Copper	5,641	6,555
Gold	319	382
Nickel	341	441
Silver	42	48
Other	113	200
	6,456	7,626

Notes to the Consolidated Financial Statements

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



18. COST OF SALES

	2023	2022
Costs of production	(4,081)	(4,229)
Depreciation	(1,143)	(1,229)
Movement in inventory	38	33
Movement in depreciation in inventory	22	(1)
	(5,164)	(5,426)

19. EXPENSES BY NATURE¹

	2023	2022
Depreciation	(1,121)	(1,230)
Employment costs, benefits and contractor	(1,135)	(1,150)
Raw materials and consumables	(1,027)	(1,081)
Royalties ²	(345)	(414)
Repairs and maintenance	(379)	(380)
Fuel	(398)	(477)
Freight	(231)	(292)
Utilities	(219)	(237)
Change in inventories	38	33
Other	(519)	(360)
	(5,336)	(5,588)

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

² Taxes not calculated based on a taxable margin, which includes a top-up of \$76 million to \$375 million for the year 2022 at Cobre Panamá, are included in cost of sales and not in tax expense.

20. IMPAIRMENT AND RELATED CHARGES

	2023	2022
Ravensthorpe	(854)	–
Other exploration assets	(46)	–
	(900)	–

Impairment of Ravensthorpe

At Ravensthorpe, weak nickel prices, lower payabilities and high operating costs have resulted in significant margin pressure. A full impairment test was performed using a fair value less costs of disposal method utilizing a discounted cashflow model based on estimated future cashflows, a discount rate of 7.9%, short-term nickel and long-term consensus nickel prices of \$7.75 and \$8.50 per lb respectively, and sulphur price of \$150 per tonne. An impairment charge of \$854 million was recognized against property, plant and equipment and other assets due to the recoverable amount being lower than the carrying amount. The remaining carrying value of non-current assets is disclosed in note 23. An increase in the assumed nickel price by approximately 50 cents per pound or reduction in sulphur price of approximately \$50 per tonne would not result in any change in the level of impairment, if all other model inputs remained the same.

On January 15, 2024, the Company announced the decision to scale back operations, preserving the higher-grade Shoemaker Levy orebody until nickel prices recover and operating margins improve.

Notes to the Consolidated Financial Statements

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



21. FINANCE COSTS

	2023	2022
Interest expense on debt	(556)	(476)
Interest expense on other financial liabilities	(19)	(18)
Interest expense on financial liabilities measured at amortized cost	(575)	(494)
Related party interest (note 11b)	(92)	(114)
Finance cost accretion on deferred revenue (note 12)	(61)	(63)
Accretion on restoration provision	(17)	(15)
Total finance costs	(745)	(686)
Less: interest capitalized (note 6)	26	24
	(719)	(662)

22. OTHER INCOME (EXPENSE)

	2023	2022
Foreign exchange gains (losses)	(67)	184
Change in restoration provision for closed properties (note 11c)	(4)	17
Share in profit (loss) in joint venture (note 9)	(18)	44
Restructuring expense ¹	(49)	—
Other expenses	(4)	(42)
	(142)	203

¹ During the year ended December 31, 2023, the Company recognized an \$18 million restructuring expense for severance payments at Cobre Panamá and a \$31 million restructuring expense in relation to a corporate reorganization within the Kansanshi segment.

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.

Notes to the Consolidated Financial Statements

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



Earnings (Loss) by segment

For the year ended December 31, 2023, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ^{2,8}	Income tax (expense) credit
Cobre Panamá ³	2,513	(1,115)	(531)	(35)	832	(499)
Kansanshi ⁴	1,598	(1,245)	(221)	(72)	60	(7)
Trident ⁵	1,665	(955)	(278)	(40)	392	(106)
Ravensthorpe ⁶	332	(398)	(58)	(855)	(979)	(110)
Corporate & other ⁷	348	(330)	(33)	(212)	(227)	(35)
Total	6,456	(4,043)	(1,121)	(1,214)	78	(757)

¹ Refinery-backed credits presented net within revenue – see note 12.

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

³ Cobre Panamá is 20% owned by KPMC, a joint venture. In the fourth quarter of 2023, the Company made a payment of \$567 million of which \$20 million relates to 2021, \$375 million relates to 2022 and \$172 million relates to 2023. Taxes and royalties calculated based on a taxable margin of \$479 million is included in tax expense as per Law 406 up to December 2, 2023. See note 13, Income Tax Expenses, for further information.

⁴ On April 4, 2023 the Company's subsidiary, KMP and ZCCM-IH completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in KMP. Refer to note 20.

⁵ Trident includes Sentinel copper mine and the Enterprise Nickel development project. \$21m of Enterprise Nickel pre-commercial production revenues are included in the year ended December 31, 2023.

⁶ Ravensthorpe is 24.3% owned by POSCO Holdings – see note 11d.

⁷ Corporate & other includes Guelb Moghrein, Las Cruces, Çayeli and Pyhäsalmi.

⁸ Finance costs of \$719 million, including interest expense on debt, are not included within operating profit, refer to note 21, Finance costs

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

	Revenue ¹	Cost of sales (excluding depreciation)	Depreciation	Other	Operating profit (loss) ^{2,7}	Income tax (expense) credit
Cobre Panamá ³	2,959	(1,286)	(608)	(11)	1,054	–
Kansanshi	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 ⁶	505	(415)	(36)	(81)	(27)	(92)
Total	7,626	(4,196)	(1,230)	41	2,241	(320)

¹ Refinery-backed credits presented net within revenue – see note 12.

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

³ Cobre Panamá is 20% owned by KPMC, a joint venture. In the fourth quarter of 2023, the Company made a payment of \$567 million of which \$20 million relates to 2021, \$375 million relates to 2022 and \$172 million relates to 2023. Taxes and royalties calculated based on a taxable margin is included in tax expense as per Law 406 up to December 2, 2023. See note 13, Income Tax Expenses, for further information.

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

⁵ Ravensthorpe is 24.3% owned by POSCO Holdings (2022: 30%) – see note 11d.

⁶ Corporate & other includes Guelb Moghrein, Las Cruces, Çayeli and Pyhäsalmi, which were previously reported separately.

⁷ Finance costs of \$662 million, including interest expense on debt, are not included within operating profit, refer to note 21, Finance costs

Notes to the Consolidated Financial Statements

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



Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	December 31, 2023			December 31, 2022		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Cobre Panamá ²	11,533	12,322	2,923	11,637	12,339	3,127
Kansanshi ³	2,611	3,853	798	2,435	3,907	725
Trident ⁴	2,896	3,669	1,072	2,885	3,599	1,053
Ravensthorpe ⁵	20	128	465	784	1,033	361
Corporate & other ^{6,7}	1,737	3,786	7,722	1,560	4,202	7,577
Total	18,797	23,758	12,980	19,301	25,080	12,843

¹ Non-current assets include \$18,583 million of property plant and equipment (December 31, 2022: \$19,053 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

³ On April 4, 2023 the Company's subsidiary, KMP and ZCCM-IH completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in KMP. 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 they are received by KMP from the ZRA. Refer to note 25.

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

⁵ Ravensthorpe is 24.3% owned by POSCO Holdings (2022: 30%)

⁶ Included within the corporate segment are assets relating to the Haquira project, \$711 million (December 31, 2022: \$702 million), to the Taca Taca project, \$485 million (December 31, 2022: \$474 million), and to the La Granja project, \$207 million (December 31, 2022: nil).

⁷ Corporate & other includes Guelb Moghrein, Las Cruces, Çayeli and Pyhäsalmi.

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:

	2023	2022
Cobre Panamá	421	587
Kansanshi	426	214
Trident ¹	328	274
Ravensthorpe	46	37
Corporate & other ²	79	55
Total	1,300	1,167

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

² Corporate & Other additions exclude the asset acquisition of La Granja recorded as an addition of \$105 million to mineral properties in the three and nine months ended September 30 2023 (See note 6).

Geographical information

	2023	2022
Revenue by destination ^{1,2,3}		
Asia & Oceania	5,156	5,569
Europe	678	967
Africa	332	557
Americas	290	533
Total	6,456	7,626

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 Revenue includes hedge losses recognized on forward sales and zero cost collar options. \$nil for the year ended December 31, 2023 (December 31, 2022: \$5m).

³ For the year ended December 31, 2023, the Company has one customer that individually accounts for more than 10% of the Company's total revenue. This customer represents approximately 12% of total revenue (2022: 14%).

Notes to the Consolidated Financial Statements

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



	2023	2022
Non-current assets by location		
Panama	11,533	11,637
Zambia	5,495	5,308
Peru	915	702
Argentina	483	474
Mauritania	48	39
Spain	40	31
Australia	27	795
Turkey	26	53
Finland	2	6
Other	228	256
	18,797	19,301
Investments, deferred income tax assets, goodwill, restricted cash, other deposits and VAT receivable	1,502	1,610
	20,299	20,911

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, 2023:

	Amortized cost ⁴	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	161	272	–	433
Due from KPMC (note 8)	188	–	–	188
Other derivative instruments ²	–	14	–	14
Investments ³	–	–	17	17
Financial liabilities				
Trade and other payables	831	–	–	831
Other derivative instruments ²	–	62	–	62
Leases	20	–	–	20
Liability to joint venture	1,156	–	–	1,156
Other loans owed to non-controlling interest	202	–	–	202
Debt ⁴	7,379	–	–	7,379

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, with the exception of debt, is comparable to the carrying value due to the short term to maturities or due to the rates of interest approximating market rates. The fair value of debt is \$6,842 million as at December 31, 2023.

Notes to the Consolidated Financial Statements

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



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.

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.

Notes to the Consolidated Financial Statements

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



The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2023:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	14	–	–	14
Derivative instruments – OTC contracts ²	–	–	–	–
Investments ³	1	–	16	17
Financial liabilities				
Derivative instruments – LME contracts ¹	57	–	–	57
Derivative instruments – OTC contracts ²	–	5	–	5

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 classified within Level 1 and Level 3 of the fair value hierarchy. The investments classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets. 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 investments in equity securities in non-public companies are classified within Level 3 of the fair value hierarchy as the valuation is based on unobservable inputs, supported by little or no market activity.

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

	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 classified within Level 1 and Level 3 of the fair value hierarchy. The investments classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets. 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 investments in equity securities in non-public companies are classified within Level 3 of the fair value hierarchy as the valuation is based on unobservable inputs, supported by little or no market activity.

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

Notes to the Consolidated Financial Statements

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



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.

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, 2023, 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. 51% of the Company's trade receivables are outstanding from three customers together representing 19% 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, Panama 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, 2023	December 31, 2022
Commodity traders and smelters (Trade and other receivables)	433	755
Government authorities (VAT receivable)	674	654
Total	1,107	1,409

The VAT receivable due from government authorities includes \$521 million at December 31, 2023, which is past due (December 31, 2022: \$639 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, 2023, 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, 2023. The current situation at Cobre Panamá has impacted the EBITDA generating potential of the Company, putting at risk the Company's ability to meet the net debt to EBITDA ratio covenant as defined in its current senior banking facilities. Current forecasts for 2024, before taking into account future balance sheet initiatives, indicate the Company may breach the prevailing net debt to EBITDA ratio covenant during the coming twelve months, which results in the existence of a material uncertainty that casts a significant doubt about the Company's ability to continue as a going concern. The Company is significantly advanced in discussions with its banking partners to renegotiate this covenant and extend its bank loan facilities. In addition, the Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, while also developing a range of portfolio-related options including exploring the sale of smaller mines and interests in its larger mining assets.

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

	December 31, 2023	December 31, 2022
Cash and cash equivalents and bank overdrafts – unrestricted cash	1,157	1,688
Working capital balance ¹	1,293	1,411
Undrawn debt facilities (note 10)	696	1,140

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).

Notes to the Consolidated Financial Statements

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



Contractual and other obligations as at December 31, 2023 are as follows:

	Carrying Value	Contractual Cashflows	<1 Year	1-3 years	3-5 years	Thereafter
Debt - principal	7,235	7,268	625	3,843	1,500	1,300
Debt - finance charges	–	1,821	544	670	327	280
Trading facilities	144	144	144	–	–	–
Trade and other payables	831	831	831	–	–	–
Derivative instruments	62	62	62	–	–	–
Liability to joint venture ¹	1,156	1,736	–	–	–	1,736
Other loans owed to non-controlling interest ²	202	251	–	28	223	–
Current taxes payable	27	27	27	–	–	–
Deferred payments	18	18	2	4	4	8
Leases	20	22	7	11	3	1
Commitments	–	347	347	–	–	–
Restoration provisions	647	1,267	6	22	42	1,197
	10,342	13,794	2,595	4,578	2,099	4,522

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 Holdings, an entity that holds a 24.3% 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, 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
Joint venture	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.

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.

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

Notes to the Consolidated Financial Statements

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



derivative financial instruments. As at December 31, 2023, and December 31, 2022, the Company had not entered into any derivatives or fuel forward contracts.

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, 2023 and December 31, 2022, the Company held no commodity contracts designated as hedged instruments.

Other derivatives

As at December 31, 2023, 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, 2023, 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	109,097	\$3.75/lb	\$3.84/lb	April, 2024
Gold	14,070	\$2,049/oz	\$2,078/oz	April 2024
Nickel	1,191	\$7.69/lb	\$7.39/lb	March 2024
Commodity contracts:				
Copper	109,175	\$3.75/lb	\$3.84/lb	April 2024
Gold	14,077	\$2,049/oz	\$2,078/oz	April 2024
Nickel	1,188	\$7.69/lb	\$7.39/lb	March 2024

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

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

	December 31, 2023	December 31, 2022
Commodity contracts:		
Asset position	14	15
Liability position	(62)	(117)

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, 2022. There is no impact of these

Notes to the Consolidated Financial Statements

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



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 (loss)	
	2023	2022	2023	2022
Copper	\$3.75/lb	\$3.73/lb	—	—
Gold	\$2,049/oz	\$1,792/oz	—	—
Nickel	\$10.59/lb	n/a	n/a	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, 2023, and December 31 2022, the Company held no floating-to-fixed interest rate swaps.

At December 31, 2023, the impact on cash interest payable of a 100 basis point change in interest rate would be as follows:

	December 31, 2023	Impact of interest rate change on net earnings (loss)	
		100 basis point increase	100 basis point
Interest-bearing deposits, cash at bank and bank overdrafts	959	13	(13)
Floating rate borrowings drawn	2,555	(21)	21

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 (loss)	
		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

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.

Notes to the Consolidated Financial Statements

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



As at December 31, 2023, 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	6
GBP	2	—	—	8
AUD	3	1	—	72
ZMW	25	1	—	22
EUR	50	7	—	36
TRY	—	—	—	9
ZAR	4	—	—	70
MRU	—	—	—	72
Others	2	—	—	(13)
Total	87	9	1	282

Based on the above net exposures as at December 31, 2023, a 10% change in all of the above currencies against the USD would result in a \$19 million increase or decrease in the Company's net earnings (loss) and would result in a \$nil million increase or decrease in the Company's other comprehensive income.

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 (loss) and would result in a \$nil million increase or decrease in the Company's other comprehensive income.

Capital management

The Company takes a balanced approach to capital management in order to safeguard its ability to continue operate as a going concern, ensuring sufficient liquidity is available for continued growth, cognizant of the requirements of shareholders and debt holders 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. The Company is significantly advanced in discussions with its banking partners to address the terms and extend the maturities of its bank loan facilities. The Company has undertaken a number of actions to reduce cash outflows, manage its debt and working capital, and increase EBITDA, while also developing a range of portfolio-related options including exploring the sale of smaller mines and interests in its larger mining assets. These actions include the suspension of the Company's dividend presently.

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 \$347 million (December 31, 2022: \$426 million) in capital expenditures, principally related to the S3 project at Kansanshi.

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, 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.

Panama

Introduction

On March 8, 2023, MPSA and the Republic of Panama announced they had reached agreement on the terms and conditions of a refreshed concession contract ("Refreshed Concession Contract"). MPSA and the GOP signed the Refreshed Concession Contract on June 26, 2023, and it was subsequently countersigned by the National Comptroller of Panama. The Refreshed Concession Contract was presented before the Commerce Committee of the National Assembly of Panama, who recommended the amendment of certain terms of the contract. The Company and GOP agreed to modifications to the agreement based on these recommendations after a brief period of negotiation. The GOP cabinet approved the amended terms of the Refreshed Concession Contract on October 10, 2023, and MPSA and the Republic entered into the agreement the next day. On October 20, 2023, the National Assembly in Panama approved Bill 1100, being the proposal for approval of the Refreshed Concession Contract for the Cobre Panamá mine. On the same day, President Laurentino Cortizo sanctioned Bill 1100 into Law 406 and this was subsequently published in the Official Gazette.

Panamá Constitutional Proceedings and Mining Moratorium.

On October 26, 2023, a claim was lodged with the Supreme Court of Justice of Panama asserting that Law 406 was unconstitutional. MPSA was not a party to that proceeding. The petitioner argued that Law 406, which gave legal effect to the Refreshed Concession Contract, was unconstitutional.

On November 3, 2023, the National Assembly of Panama approved Bill 1110, which President Cortizo sanctioned into Law 407 and which was published the same day in the Official Gazette. Law 407 declares a mining moratorium for an indefinite duration within Panama, including preventing any new mining concession from being granted or any existing mining concessions from being renewed or extended.

On November 28, 2023, the Supreme Court issued a ruling declaring Law 406 unconstitutional and stating that the effect of the ruling is that the Refreshed Concession Contract no longer exists. The ruling was subsequently published in the Official Gazette on December 2, 2023. The Supreme Court did not order the closure of the Cobre Panamá mine.

On December 19, 2023, the Minister for Commerce and Industry announced plans for Cobre Panamá following the ruling of the Supreme Court. The validity of Panama's mineral resource code which was established more than 50 years ago was reiterated by the Minister given the absence of retroactivity of the Supreme Court ruling. As part of these plans, a temporary phase of environmental Preservation and Safe Management would be established until June 2024, during which intervening period independent audits, review and planning activities would be undertaken. It was stated that Panama would be the first country in the world to implement a sudden mine closure of this magnitude, and therefore the planning is estimated by the GOP to take up to two years, and 10 years or more to implement. The Minister also announced plans to consider the economic impacts of the halt to operations of Cobre Panamá at both a national and local level. The Company is of the view, supported by the advice of legal counsel, that it has acquired rights with respect to the operation of the Cobre Panamá project, as well as rights under international law.

Presidential and national legislative elections will take place in May 2024, with a new president, GOP cabinet and National Assembly assuming office in July 2024.

Arbitration Proceedings

Steps towards two arbitration proceedings have been taken by the Company. One under the Canada-Panama Free Trade Agreement (FTA), and another one as per the arbitration clause of the Refreshed Concession Contract.

1. On November 29, 2023, MPSA initiated arbitration before the International Chamber of Commerce's International Court of Arbitration ("ICC") pursuant to the ICC's Rules of Arbitration and Clause 46 of the Refreshed Concession Contract, to protect its rights under Panamanian law and the Refreshed Concession Contract that the GOP agreed to in October 2023. The arbitration clause of the contract provides for arbitration in Miami, Florida.
2. On November 14, 2023, First Quantum submitted a notice of intent to the GOP initiating the consultation period required under the Canada-Panama Free Trade Agreement ("FTA"). Under the terms of the FTA, First Quantum may initiate arbitration after at least six months have elapsed since the events giving rise to a claim. First Quantum is entitled to seek any and all relief appropriate in arbitration, including but not limited to damages and reparation for Panama's breaches of the Canada-Panama FTA. These breaches include, among other things, the GOP's failure to permit MPSA to lawfully operate the Cobre Panamá mine prior to the Supreme Court's November 2023 decision, and the GOP's pronouncements and actions concerning closure plans and Preservation and Safe Management at Cobre Panamá.

Kansanshi Development Agreement

In May 2020, KMP filed a Request for Arbitration against the GRZ with the International Centre for Settlement of International Disputes. KMP's claims concerned breaches of certain contractual provisions of a development agreement between GRZ and KMP and international law. Pursuant to the wider reset arrangements concluded between the Company and GRZ in May 2022, these proceedings have now been settled.

Kansanshi – conversion of ZCCM dividend rights to royalty rights

On April 4, 2023 the Company's subsidiary, Kansanshi Mining Plc and ZCCM-IH completed the agreement to convert ZCCM-IH's dividend rights to a 3.1% royalty interest in Kansanshi Mining Plc. The 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 ZRA.

Accordingly, the non-controlling interest in the consolidated financial statements has been derecognized, with no gain or loss arising. An adjustment has been made against the book value of Kansanshi Mining Plc's mineral property within Property, Plant and Equipment (note 6) and ZCCM IH's right to VAT refunds has been recognized as a liability (note 11).

26. POST BALANCE SHEET EVENTS

Copper Prepayment Agreement

After the reporting period, the Company signed a \$500 million 3-year copper prepayment agreement with Jiangxi Copper at competitive market rates ("Prepayment Agreement"). The agreement provides for the delivery of 50kt of copper anode per annum from Kansanshi payable at market prices. The prepaid amount will reduce in line with deliveries over the second and third years of the Prepayment Agreement. Proceeds will be used towards general corporate purposes and to increase liquidity.