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First Quantum Minerals Ltd. (FM.CA)

Q1 2026 Earnings Call

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A. Tristan Pascall

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by. My name is Carly and I will be your conference operator today. At this time, I would like to welcome everyone to the First Quantum Minerals Q1 2026 Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions]

Thank you. I would now like to turn the call over to Bonita To, Director Investor Relations and Capital Markets. Please go ahead.

Bonita To

Director-Investor Relations, First Quantum Minerals Ltd.

Thank you, operator and thank you, everyone, for joining us today to discuss our first quarter results. During the call, we will be making forward-looking statements. And as such, I encourage you to read the cautionary notes that accompany this presentation, our MD&A and the related news release. As a reminder, the presentation is available on our website and that all dollar references are in US dollars unless otherwise noted.

On today's call are Tristan Pascall, our Chief Executive Officer; Ryan MacWilliam, our Chief Financial Officer; and Rudi Badenhorst, our Chief Operating Officer.

And with that, I will turn the call over to Tristan for opening remarks.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Thank you, Bonita, and thank you, everybody, for joining us today to discuss our first quarter results. 2026 has begun with important progress milestones at First Quantum, including strong performance above design capacity at the new Kansanshi S3 sulfide processing circuit, as Rudi will later discuss in more detail. However, this is against a backdrop of heightened global macroeconomic uncertainty driven by ongoing conflict in the Middle East and its implications for critical global supply chains.

We are seeing the impact of direct and indirect pressures on our cost structures as a result, particularly in relation to prices for some of our major inputs, such as fuel, but also from the kwacha exchange rate in Zambia. Ryan will speak more on these cost impacts later. As fuel supply from the Middle East has become increasingly uncertain, our priority is to safeguard the continuity of our operations in this challenging environment. This has required rigorous monitoring and planning, and the team has been proactive in enhancing our fuel sourcing strategies. These actions include securing alternative supply routes, building contingency inventories, and site initiatives to identify and implement fuel savings.

Our operations consume approximately 320 million liters of diesel annually and we currently have sufficient diesel at sites to support at least two months of operations. And through active monitoring and careful supply management, we expect to extend coverage beyond this timeframe. Based on these precautions, we believe fuel supply can be actively managed to avoid any impact on production. At our operations, we are prioritizing measures that can be readily deployed without compromising future production. These initiatives include stricter operational disciplines on truck haul routes, on idle or fuel burn rates and on rationalizing non-frontline equipment. For example, we are addressing placements of input fuel browsers to reduce travel distances to refuel.

These actions complement the existing innovations that have been applied across our operations that not only drive tangible improvement in costs, safety and productivity, but also fuel efficiency. These are not pilots or concepts. They are technologies operating at scale and delivering measurable outcomes. We have highlighted a number of them in our quarterly presentation, including in-pit crushing and conveying, the recently commissioned rail run conveyor, as well as the electrification of our fleet and the extensive use of Trolley assist, which put all together greatly reduce the fuel intensity of our operations. Sulphur supply has also been directly impacted by the Middle East tensions and further exacerbated with export restrictions from sulfur-originating countries, including Zambia. The current environment underscores the strategic value of our smelter at Kansanshi, which is a significant regional producer and generated approximately 1.1 million tonnes of sulfuric acid in 2025, almost all of which was consumed onsite in our leaching circuits for cathode production.

We are currently self-sufficient on sulfuric acid. However, we expect to be potentially in surplus position by the end of the second quarter when the smelter expansion is fully ramped up. And depending on the geology in the mine at that time, we will evaluate additional revenue opportunities for our potential surplus sulfuric acid.

There is heightened risk in today's environment, however, with the balance sheet actions taken over the last two years, our focus on safe and productive operations and building resilience ahead of potential challenges, First Quantum is in a strengthened position today and I'm confident in our ability to manage through this period of market volatility. Thank you and I will now pass the call to Rudi to discuss our operational results.

Rudi Badenhorst

Chief Operating Officer, First Quantum Minerals Ltd.

Thank you Tristan. During the first quarter of 2026, both Zambian operations effectively managed the above normal seasonal rainfall. However, total copper production declined 4% quarter-over-quarter to 96,000 tonnes due to lower production at Sentinel and Kansanshi, reflecting lower grades in line with the mine plan. Copper sales totaled 90,000 tonnes, approximately 6,000 tonnes below production due to the timing of shipments and the restocking of inventory at Kansanshi following strong sales volumes in the fourth quarter of last year.

Turning first to Kansanshi, copper production in the quarter was 45,000 tonnes, down 2,000 tonnes from the previous quarter, driven by lower feed grades and recoveries, partially offset by higher throughput levels attributable to the S3 concentrator circuit. It is pleasing to report that S3 throughput increased steadily during the quarter and mining rates stabilized approximately 25% above design capacity. This supported increased processing of long-term, lower grade stockpiles, which lowered overall feed grade compared to the prior quarter. We expect this grade impact to diminish as stripping activity increases at Southeast Dome, exposing fresh ore for direct feed to the S3 circuit.

At Sentinel, copper production also totaled 45,000 tonnes, a reduction of nearly 3,000 tonnes from the previous quarter. This decrease was due to lower grades and recoveries, although partially offset by improved throughput, which benefited from improved reliability of the primary crushers and higher tailings thickener throughput. During the quarter, two new upgraded tailings thickener feed wells were installed and commissioned, with a third expected early in the second quarter. Input crusher 4 was decommissioned for relocation. The rail run conveyor transitioned from commissioning to full operations, and expansion of the trolley assist network continued.

Enterprise continued to deliver excellent performance, with record quarterly production of 12,000 tonnes of nickel, a 41% increase from the previous quarter, driven by higher grades and recovery. Milling rates in the quarter were moderated to sustain these recoveries. Our priorities at enterprise remain focused on improving ore quality, grade control and mining productivity. At Guelb Moghrein, copper production was 2,900 tonnes and gold production was 7,700 ounces. With a timing change in the transition to CIL processing, Guelb will continue sulfide processing for the remainder of this year, and the transition to a primary gold operation has been deferred to 2027. As a result, we have revised 2026 copper guidance to approximately 7,000 tonnes and gold guidance to between 30,000 ounces and 40,000 ounces.

Thank you and with that, I will turn the call over to Ryan for the financial review.

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

Thank you, Rudi. I'll start with the copper entered 2026 with strong momentum, peaking at a record price of \$6.28 per pound. Amid the macro uncertainty created by the situation in the Middle East, copper prices then bottomed at \$5.36 per pound towards the end of the quarter, but have since recovered and remain well above historical averages. It was notable to see buying pickup in China as industrial players there took advantage of lower prices to build copper stocks, thereby cushioning the impact of the macro uncertainty.

On the nickel side, we continue to see positive signs of the Indonesian government pursuing policy to restrict supply growth, which has resulted in a strong start to the year for the nickel price. This, combined with a strong operational performance which Rudi described, meant that enterprise had the best margins of all our assets in the first quarter.

Turning to the first quarter financial performance. Revenue was down 5%. This was primarily due to lower copper and gold sales volumes. This lower revenue, together with increased hedge losses, drove a 30% reduction in EBITDA for the quarter. Adjusted loss per share of \$0.18 reflects this lower EBITDA. Copper C1 cash costs rose

14%, driven by lower Zambian production and higher labor costs. The continued strength of the Zambian kwacha is a key driver of these costs. This was partly offset by stronger gold prices, which delivered \$0.12 per pound by product credit and continue to provide valuable cost support in a volatile environment. Nickel C1 cash costs improved by \$0.60 per pound due to strong production.

Turning to cost guidance, we generally update our guidance later in the year in respect to the performance of our assets and any changes in key input prices. We've continued to take this approach this year. We have not made any changes to guidance for the recent movements in oil, gold and copper prices, nor the kwacha exchange rates. We have, however, adjusted our guidance to reflect three structural changes in our business in the first quarter. The first and largest change is the inclusion of low grade stockpile processing in Panama. Secondly, as Rudi discussed, Guelb Moghrein switched to a copper focused production strategy for 2026, which results in increased byproduct credits as gold is now treated as a byproduct rather than a primary product.

And thirdly, we've updated guidance for the sale of Çayeli. As a result of these changes, we've updated our C1 cash costs range to \$2.15 to \$2.40 per pound, up \$0.20 from prior growth guidance. This revised guidance continues to be based on commodity assumptions used at the start of the year for initial guidance, namely, a Brent crude oil price of \$70 per barrel, a gold price of \$4,000 per ounce, and a kwacha-US dollar exchange rate of ZMW 25. Clearly, the impact of the conflict in the Middle East represents a risk to our cost guidance due to the impact of higher fuel prices. Fuel accounts for roughly 15% of our cost base, including about 8% direct exposure, with the balance coming directly through contractors, freights and other costs.

The current gasoil futures would equate to a potential \$0.20 increase on unit costs relative to our revised guidance based on our direct exposure to fuel and our estimate of the indirect impact on things such as freight costs. Further to that, a sustained Zambian kwacha would increase costs by around another \$0.10. Lastly, higher consensus gold prices are estimated to provide a partial offset of approximately \$0.05, meaning the combined impact of all these changes would be a potential increase of approximately \$0.25 per pound to our copper cost guidance.

A lot of this would come through in the second half of the year as we see costs impacts typically lagged commodity prices. Fuel generally reflects gasoil with a two-month lag. Contractors and freight costs respond almost immediately, while other costs follow over three to six months. For capital expenditure, we've increased full year 2026 CapEx guidance to reflect a \$75 million to \$100 million in project-specific capital associated with Cobre Panamá stockpile processing.

In addition to the CapEx, we also expect to incur approximately \$100 million in operating costs and \$50 million in working capital, resulting in a total of about \$250 million for the three months of pre-commissioning ahead of stockpile processing. Any proceeds from the copper concentrate sales will be reinvested directly into the P&SM program, supporting community engagement and regional supply chains.

Now turning to the balance sheet. Following strong bank support and the improvement in our credit outlook after establishing the new syndicated term loan in RCF in February, we successfully issued an upsized \$1.5 billion, 10-year unsecured bond due 2036. This is our longest bond tenor to date and lowest coupon, which reflects the strong market confidence in our balance sheet and long-term copper exposure.

Proceeds were used to repay a portion of the RCF and repurchase the remaining \$1.35 billion on 2029 secured notes. This simplifies our debt structure and returns bond portfolio to a fully unsecured profile. And the other bond maturity is now 2031 and our final bond maturity is extended to 2036. We also announced the sale of Çayeli in

Turkey, further simplifying the portfolio and unlocking \$340 million of cash proceeds, including a \$50 million advance received in Q1.

On to hedging, the collars settled in Q1 resulted in a \$144 million loss. We have some remaining hedges in the second quarter and on these remaining positions, we estimate potential losses of approximately \$154 million on copper and \$8 million on gold at current spot prices. We have no hedges beyond Q2 and we'll have full exposure to spot prices starting in the second half of the year. Given that margins remain healthy at prevailing copper prices, we're comfortable having this exposure and do not plan to enter any new hedges for the time being. And lastly, net debt increased by \$92 million to \$5.3 billion, reflecting client CapEx, interest and tax outflows, partially offset by EBITDA generation for Çayeli advance and favorable working capital movements.

To wrap up, although copper fundamentals continue to be supportive, elevated Middle East tensions have created headwinds for our cost profile outlook. Against that backdrop, our focus remains firmly on cost and capital discipline, controlling what we can to protect margins and keep the business well positioned.

With that, I will now hand the call back to Tristan.

A. Tristan Pascal

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Thank you, Ryan. As Ryan noted, we have updated our 2026 guidance to reflect the processing of stockpiled ore at Cobre Panamá. We were pleased to receive a formal approval to proceed with the removal and processing of stockpiled ore on April 7, 2026, with the passing of Resolution number 27, which also confirms that this material was mined while the concession was in force, and is therefore, the property of First Quantum. This is also an important step in the responsible environmental management at Cobre Panamá.

Our updated guidance includes 30,000 tonnes to 40,000 tonnes of copper production from Cobre Panamá. With much of the site under preservation and safe management since November 2023, we will be taking a conservative and measured approach to recommissioning the processing facilities in order to ensure the highest quality of operations that is practically achievable after a long period of shutdown. While we have made solid progress in the first quarter on the work required to prepare for stockpile processing, there is still a significant amount of work ahead of us as we prepare the facilities for the introduction of first ore in the third quarter.

At site, our operational readiness program is well underway, with maintenance and refurbishment activities progressing across the process plant, the mine fleet and supporting infrastructure in preparation for commissioning. Initial inspections indicate that overall, the asset integrity remains strong, albeit minor repairs will be required, primarily related to the second cleaner column flotation and concentrate handling circuits. Once in operation, we expect to run the processing facilities at approximately one-third of nameplate capacity and we'll follow a program that will allow us to test all three circuits.

With the creation of 1,000 new positions required for stockpile processing, we have launched the Suma tu Talento recruitment campaign and received over 60,000 applications and expressions of interest for employment, demonstrating a strong talent pipeline to support the stockpile processing operations.

We have also commenced contract reactivation for the procurement of supplies. Our local procurement activities are expected to generate further employment through local Panamanian contractors and indirect jobs across local industries. These jobs are being created at an important moment for Panama, especially for nearby communities that are facing elevated levels of unemployment.

We continue to await Report 6 and the Final Report 7 of the comprehensive environmental audit being undertaken by SGS, both of which are expected imminently, and we remain ready to find a resolution for the situation at the mine with the government of Panama. When Cobre Panamá was operational between 2019 and 2023, the mine created over 38,000 direct and indirect jobs and received goods and services from over 2,000 Panamanian companies. Cobre Panamá has always operated at the highest environmental standards and has the potential to be a meaningful contributor to the country's economy and provide tangible benefits to the people of Panama.

In the meantime, public support for a resolution is critical and we continue our outreach efforts. During the first quarter of 2026 a total of 214 events reached approximately 82,000 people directly in face to face interactions and over 2,000 direct community engagements were recorded that aided in strengthening our local relationships.

While Panama remains our immediate priority, First Quantum remains a growth oriented company. We continue to progress our growth projects to maintain optionality and position ourselves to move decisively when the balance sheet is ready.

The Taca Taca project in Argentina is our most advanced greenfield project and one of the largest, highest quality undeveloped copper assets globally. During the quarter, it was pleasing to deliver the 43-101 technical report for Taca Taca, which confirmed the scale and quality of the asset. Additionally, the technical report represented an important step in the ongoing preparation of our RIGI application and the evaluation of future funding options. Taca Taca is expected to follow First Quantum's tried and tested design of large scale SAG mill processing trains. The project will initially be developed with a processing capacity of 40 million tonnes per annum that will self-fund with an eventual expansion to 60 million tonnes per annum. Average annual copper production is expected to be approximately 291,000 tonnes over the first 10 years of operation, and approximately 200,000 tonnes over the life of mine per year.

The project economics are compelling with an 8% after tax NPV of \$5.9 billion and an IRR of 19.3% at conservative commodity price assumptions. During the quarter, we signed an agreement with the IFC to align Taca Taca with IFC's performance standards, which are globally recognized benchmarks to ensure the project is developed in line with international best practices while creating sustainable benefits for communities and the economy. This agreement is a strong endorsement of Taca Taca and strengthens the project's position for potential funding options, whilst promoting responsible and sustainable mining practices.

Having been part of the teams that developed and constructed both Sentinel and Cobre Panamá, I'm greatly excited about the opportunity at Taca Taca and the benefits our in-house project planning and development team can bring to the project. This team has built the two largest greenfield projects by throughput capacity in the last two decades and more importantly, these projects were delivered according to plan and at low capital intensities. We envisage Taca Taca will be built in a similar profile to Sentinel and Cobre Panamá. With an initial mine life of 35 years and a large resource base, Taca Taca has great potential to be First Quantum's next cornerstone project.

There remains further work to de-risk the project and position it for construction readiness. We will continue to advance the ESIA and prepare for submission of the RIGI application. In parallel, we are evaluating optimal financing structure and ensuring the balance sheet is well positioned to support growth. Any future decision to sanction Taca Taca will be taken in a disciplined manner, taking into account the financing plan, balance sheet capacity and the status of our other operations.

In closing then, while recent tensions in the Middle East and the resulting volatility have created challenges, they have reinforced the appropriateness of our priorities. These priorities allow us to navigate near-term uncertainty while protecting our long-term growth plan. First and foremost, our priority is to progress towards a durable resolution at Cobre Panamá. Second, we wish to maintain safe and productive performance across our operations. And thirdly, we will continue to strengthen the balance sheet to ensure the company is well positioned to support future growth. Together, these priorities provide resilience through the current environment while positioning the company for sustainable shareholder value creation over the long-term. Thank you.

And with that operator, I'm happy to open the lines for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question is from Ralph Profiti with Stifel Financial Corporation.

Ralph M. Profiti

Analyst, Stifel Nicolaus Canada, Inc.

Q

Thank you, operator and good morning, everyone. Tristan, thank you for the thorough review of supply chain issues. My question is whether your team has done some work on sort of the absolute order of magnitude of that 320 million liters annually that's consumed, and what could be a realistic target for savings? Is sort of 10% the number that's too conservative, or do you think you get higher efficiencies?

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Hi, Ralph. Thanks for that. Yeah, there's a lot of initiatives underway. And yes, we definitely – I mean, just in terms haul distances, particularly an interim measure on short-dumping because we expect, ultimately the Middle East situation will resolve, but we definitely going to live with something that's going to be here for, even if it's fixed today for, probably six months or so in duration, that does present the opportunity for short-dumping on waste dumps. But then in sort of longer term behavioral patterns in our – adjusting our idle around shovels. So, in particular, in hang time our shovels currently were switched on a higher idle and makes them more ready. But there is the opportunity with the OEM to switch that to a lower idle without impacting cycle time. And we're taking those kind of opportunities to adjust elsewhere within the maintenance shop in seeking to get those idle right on the trucking fleet. So 10% is definitely a realistic target in that. And we would seek to put into place those long-term practices that we would then hold on to as part of our ongoing operations into the future.

Operator: Your next question comes from Orest Wowkodaw with Scotiabank.

Orest Wowkodaw

Analyst, Scotiabank

Q

Hi. Good morning. Nice to see the progress at Cobre Panamá. I'm curious whether is it fair to say that you've been given permission to operate everything at Cobre Panamá outside of fresh ore mining?

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Hi, Orest. Thank you. Yes, look, the stockpile approval to remove and process that surface material and plus material in the mine is very important. It has an environmental impact, but also that we get the assets running and

very definitely, our focus is on building a sustainable platform, and preparing the operation and getting in a good state. But we need to move into the phase of official discussions, formal conversations around what happens next. Yes, in its entirety, we will be moving material and it's pretty much everything that would be involved, but not drill and blast and obviously, not load and haul in the mine, but we will be doing some of that activity. We need to get at least 12 trucks running as the initial estimates to haul from the stockpile and then, all the way through the process plant, everything through to the Port.

At this stage, we'll be starting up one train at a time and working through. So for example, starting with train 3, we've got a few months left on a set of liners in there. We want to run those out before we would change those liners and then move through and trial each processing circuit. But yeah, overall, it's pretty much all the operations except that front-end drill and blast.

Orest Wowkodaw*Analyst, Scotiabank*

Q

Okay. And thank you for that. And do you still think you need sort of six to nine months to ramp up once you – assuming there is a deal to restart fresh mining? I'm just wondering if there's a big pre strip that needs to be caught up on, or whether that six to nine months could be quicker now just given you've got the soft start in terms of operating the plant ahead of that.

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

A

Thank, Orest. Yeah. Look, we don't have a full approval to restart and if and when that comes through, but this is an important step, both environmentally and ensuring the assets are well maintained. Look, there's a lot of focus. The main challenges now are on people; hiring, onboarding, making sure that people are retrained and have re-induction training so that the muscle memory comes back. We don't want people rushing in. We want to make sure that things are done sensibly and safely as we start. Yes, that would be part of moving towards full operations, if and when that comes through. But the full restart will depend on mining rates catching up with processing rates and that would take time. So we still think we need sort of six to nine months to get ready for the operations. It's less about pre-strip Orest, but more just getting those rates in the mine up and running. Probably the bottleneck is going to be in mine fleets and bringing all of those back on line. It's a substantial piece of work, so we still think six to nine months is appropriate.

Operator: Your next question is from Ioannis Masvoulas with Morgan Stanley.

Ioannis Masvoulas*Analyst, Morgan Stanley Securities Ltd.*

Q

Good morning and good afternoon. Thank you for the presentation. First question on Cobre Panamá, again. Could you talk about public opinion and how it's shaping up across the country going into the completion of the audit, and also the expected update from the President, because we've seen conflicting headlines? So interested to hear what you are seeing based on your engagement with people around the country and also with your own polls that you might be running. Thank you.

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

A

Hi. Ioannis. Yes, sure. Look, public perception around the mine is critical and we have done detailed work in polling and trying to understand that across the country. There's been a lot of science applied to that. We've been using Gallup, which is an organization authorized by the Electoral Tribunal of Panama. And in order to obtain that

status, they have high standards and a proven methodology by which they go about compiling their polling data. Their last survey was in April, and we saw 55% support for reopening the mine, ensuring that there was a transparent process in place and that the tangible benefits from the mine do come through to people. So majority see the reopening as positive and support for resuming operations is growing.

Gallup, at that time, said, there is indication towards reactivation as long as it's under those conditions of transparency and tangible benefits flowing through. So, 61% of people believe that the reopening would have a positive impact on the economy. There are other polls out there and you'll see commentary around that. As far as we know, Gallup is the only polling authority being publicized at the moment that is authorized by the Tribunal Electoral, the election tribunal there and is of that standard and of that quality.

Ioannis Masvoulas

Analyst, Morgan Stanley Securities Ltd.

Q

Thanks very much. Very clear and just one clarification. You mentioned that the proceeds from the processing of the stockpiles will go towards the cost of the P&SM program. From a financials' point of view, when we look at your EBITDA and cash flow for the coming quarters, as eventually the mill restart, how do we think about it? Is it a function of the proceeds just offsetting that \$15 million per month of costs, or is there an incremental financial benefit? Thank you.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Thanks, Ioannis. Yeah, so the way we look at is that the processing of the stockpiles and using that material, for example, to take that feed through the facility and the corrective actions at the tailings dam, repair of erosion, and so on, all of that's been costing and that's a \$15 million per month number. That increases as we start up because of more people and more activity, that cost is increasing. And the way we look at it is over the stockpiles, which is about 70,000 tonnes of copper contained, it's roughly neutral on a cash basis. So we put the money in upfront and Ryan talked through the capital elements, the operating costs and the working capital elements and basically, over the period of that stockpile, it's basically on a neutral basis.

Operator: Your next question comes from Anita Soni with CIBC World Markets.

Anita Soni

Analyst, CIBC World Markets, Inc.

Q

Hi, guys. Thanks for taking my question. First question, just the commissioning costs. I think you talked about \$90 million to \$100 million. Okay, is that included in the cost guide that you just – that you increased the cost per processing of stockpiled ore, is that over and above and where would that kind of show up, if that's the case?

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Yeah. Thanks, Anita. Ryan, do you want to comment on that?

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

A

Yeah. Hi, Anita. So, there're three elements to the cash outflows we'll incur. The first is a \$75 million to \$100 million in CapEx and getting the plant ready for processing and that's the reason for our change in CapEx guidance for the year. The second is around \$100 million in operating costs, which is included in the guidance you

see for our revised C1. And then the third is a incremental \$50 million working capital build, which we expect as part of getting that plant back online. So, a total of \$250 million cash outflows, of which \$200 million are included in, firstly, that CapEx guidance and then secondly, that increase in our C1 cost guidance for the year.

Anita Soni*Analyst, CIBC World Markets, Inc.*

Okay. Thanks. That's clear. Secondly, I just wanted to understand at Kansanshi, how, on the mixed ore grades and recoveries, they were – you mentioned, they were negatively impacted. How long do you expect that to persist? Is that all year or just half year, as, I guess you get through some of the stripping that you're doing there.

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

Yeah. Rudi, do you want to take that question?

Rudi Badenhorst*Chief Operating Officer, First Quantum Minerals Ltd.*

Hi, Anita. We're currently progressing quite well with the Southeast Dome stripping and as we move towards the back-end of the year, we'll expose fresher ore for direct feed to the S3 circuit. And that obviously allows for both improved recovery as well because we transitioned from a mixed-tonnage oxidized type of material that is prevalent in the long-term stockpiles to fresher sulfide product and we will definitely see some improvements in recoveries there. Currently, on the stockpiled material and on some mineralized waste material going through the S3 circuit, the rougher recoveries are actually quite good at 90%. But as we progress through the rest of the plant, we do lose some recovery. Once we're on fresh sulfide, that changes dramatically, and we will see that in the backend of – or the second half of this year.

Operator: Your next question is from Cody Hayden with Deutsche Bank.

Cody Hayden*Analyst, Deutsche Bank AG*

Good morning and thank you for taking my questions. First, and this was kind of touched upon already, but you mentioned numerous fuel reduction initiatives. And I was wondering if you could maybe speak about where you expect to get the greatest benefits and how quickly you expect those to see those flow through? And then second, are you able to provide a bit of an update around some of the work streams at Taca Taca and how you see that project progressing throughout the remainder of the year? Thank you.

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

Hi, Cody. Well, perhaps, Rudi, do you want to take the question on fuel and I can just – a couple of questions on Taca Taca.

Rudi Badenhorst*Chief Operating Officer, First Quantum Minerals Ltd.*

Hi Cody. As Tristan mentioned, there's various initiatives in play already and planned for the remainder of this year. Our biggest asset that we've always employed at both our sites and at Cobre Panamá is the use of our trolley assist network that is rapidly being expanded at both Kansanshi and Sentinel. And obviously, the measures around short-dumping on waste dumps and really parking unnecessary equipment where it's not

needed is our greatest short-term benefit, but the employment of those initiatives on all of our sites will continue because that clearly makes a lot of sense as far as fuel consumption is concerned.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

And Cody, sorry, your question on Taca Taca was on the work plans, is that right? Okay. Well, sorry, might have missed there. But yeah, as I understood your question was on the work plans and the milestones [indiscernible] (00:39:28) and the timing around that. So our process at the moment, we released the 43-101 technical report during the year – during the quarter and that basically underlines the scope and scale of the project. And I think that we talked around the NPV and the economic scale of the project and certainly stacks up well. From here, that flows into the RIGI application. We currently are still working on and expect imminently the ESIA approval to come through from provincial government and that includes a public consultation period and then the water permits shortly behind that. The RIGI, I think we need to hold for that public consultation to occur. And we've also seen the extension by 12 months for RIGI application.

So our focus at the moment is to make sure we can compile the highest quality application that we can. And we've seen that well-constructed applications are positive – have met with positive receivable in the federal government, but it's around a four- to seven-month process for the approval of RIGI, as it seems. So as I said, we'll make sure that we have the highest quality application and then expect sort of four to seven months for approval of that. In the meantime, we're making progress and have commenced on the financing plan and that includes the agreement with IFC around structuring that, but we'll look across all our options for that financing plan. And together, all of those elements build up towards providing a pathway for Taca Taca, but very importantly, as we've been clear, we'll make sure that the balance sheet is in the right position to proceed and also our other operations are in the right position to proceed.

Operator: Your next question comes from Lawson Winder with Bank of America.

Lawson Winder

Analyst, Bank of America

Q

Thank you very much operator. And hello, Tristan. Hello, Rudi and Ryan. Thank you for today's update. Can I ask about some of the other bottlenecks that have been kind of referred to on this call and in the release and things that we've heard about in the press? So, one, for example, is, we've heard about shipping backlogs at some of the ports in Africa, particularly Dar es Salaam. What about some of the other ports like Walvis Bay and Durban, are you seeing any disruptions there? And then, if I could just ask a follow-up after you address that question on the import availability.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Sure Lawson. So yeah, we – so certainly, the situation in Middle East has had an impact on shipping. I mean, I don't think it's the same level as what we saw in the Suez Canal with the Ever Given, the ship that ran aground or indeed during COVID with the situation in Shanghai. But certainly, when you have a situation anywhere in the globe where ships are contained, the global availability of shipping is affected and that affects the transport time. There just aren't enough ships remaining to cover the normal cycle time between the major ports and that can have a knock-on effect.

We haven't seen that significantly yet in African ports. Dar es Salaam, we do ship material out there, typically cathodes and anodes. We also ship from Walvis Bay. And Walvis Bay, there's been sort of more and more traffic

heading towards Walvis Bay. I think just as a comparison to the previous destination in South Africa through Durban port, so less about the situation in the Middle East right now and just more of that regional story. And so there has been congestion in Walvis Bay and we're accommodating that in terms of the direction of where we're sending our product out from.

In terms of supplies coming in, we use all of those ports and the overland routes, but just as it was during COVID times, some of that's a little bit unpredictable. So, definitely in the Middle East, chemical precursors, so everything from HDPE has been impacted. Certainly, the ammonium nitrate supply chain has been impacted to some degree and those are the ones we're watching closely. But we're also just monitoring as we did during COVID because you can end up with a widget that's unforeseen that has an issue. So, we're just in a heightened mode around – and it's very difficult to predict, but you might end up with a widget that just doesn't get from the original manufacturer to your supply chain and then come through and that's what we're focused on. We lived through that experience in COVID and I'm certainly – those experiences will see us well as we look to mitigate and make sure that we have adequate redundancy and capability in the system.

Lawson Winder*Analyst, Bank of America*

Q

Okay. Yeah, that's very helpful. And then just thinking about some of the variable cost inputs that you guys would have, explosives, grinding media, other processing chemicals, are you seeing any issues accessing those, or are those just more a function of price?

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

A

Yeah. Thanks Lawson. No, we haven't seen that knock-on into availability, it's mostly on price. We haven't seen the big moves yet. It's just that given the situation – so for example, fuel takes two months to get to our site in Zambia and other supply chains are longer or shorter on that time. So it hasn't really happened yet, but it will come through on the cost side. We haven't seen anything on the availability. And as I said, we're just preparing the ground to make sure that we got the contingency in place and we're monitoring closely those – each of those major inputs.

Operator: Your next question is from Matt Murphy with BMO Capital Markets.

Matthew Murphy*Analyst, BMO Capital Markets Corp. (Canada)*

Q

Hi. Can I just ask another one on Cobre costs? Because the \$0.20 a pound increase across firm guidance, to me, I get, like a mid-4s cash cost for Panama. So does that sound right? And like, how quick do you see that coming off as the year progresses?

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

A

Hi Matt, sure. Ryan, could you take that question?

Ryan MacWilliam*Chief Financial Officer, First Quantum Minerals Ltd.*

A

Yeah, Matt, that's spot on. So, we expect C1 from stockpile to be around \$4.50, as one – as fully ramps that up and you get into the stockpile processing next year, falls closer to \$3.50, but certainly you incur higher costs, particularly at the getting when you're running for lower-throughput as you ramp up production.

Matthew Murphy

Analyst, BMO Capital Markets Corp. (Canada)

Q

Okay. All right. Thanks. And then, can I just ask a follow-up on Zambia. So, interestingly on your chart with the diesel price, it looks like it dropped a bit in March. What are you seeing in April in terms of your diesel price? And how should we think about the increasing cost at Sentinel versus Kansanshi? Looks like Sentinel has been increasing a bit more.

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

A

Sure. Hi Matt. Firstly, we didn't see the impact of high diesel prices through the quarter. As we noted, there's around a two-month lag and you see in that chart that pre the Iran conflict, diesel prices were around \$0.85 per liter. Currently, we're seeing around \$1.60 per liter, as high as \$2. And then in the forward curve, that's coming off to around the \$1.40 to \$1.60 through the second half of the year. That's obviously changing a lot day-to-day, but as we sit here today, I think broadly, you can think about it as double the price what we saw two months ago and that will start flowing through later in the quarter. Just remind me of your second question, Matt?

Oh, Sentinel, so Sentinel costs. The difference there, Matt, clearly, Kansanshi, we have the tailwind from gold prices. So at Sentinel, it's a double whammy of lower grades, stronger kwacha and then no byproduct credits. We do expect some of that to change in the second half of the year, particularly as we get better grades, you will see – we do expect the Sentinel cost to come down. Therefore, we're comfortable with the overall cost guidance, with the exception of some of those market-related costs.

Operator: Your next question is from Myles Allsop with UBS.

Myles Allsop

Analyst, UBS AG (London Branch)

Q

Yeah, thanks. A couple of questions. Maybe first of all, with Cobre Panamá and the more permanent agreement that you'll be looking to strike with the government. Have any discussions started yet? I mean, how is your kind of thought process evolving around the type of structure you could agree to with the government on a look-forward basis? That's the first question. I'll come back with the second after.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

A

Thanks, Myles. Hi. So yeah, look, it's just too early to say. All we can say is that it will be a new agreement. I mean, the Law 9 situation and Law 406 is quite clear that it will be different from that setup and the government has said that publicly. We have not engaged on formal conversations, official discussions around that, but we're keeping an open mind on the structure. We've certainly done our homework in terms of what that could look like. It needs to be durable. It needs to make sense for all stakeholders. It needs to make sense for shareholders, but also for Panamanians.

Myles Allsop

Analyst, UBS AG (London Branch)

Q

Okay. And on Kansanshi and the smelter expansion, what's the incremental sulfuric acid that you'll be producing? Is it kind of meaningful and what sort of revenue could that be generating?

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Sure. Ryan, could you take that one?

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

Sure. So at the moment we're selling around 10,000 tonnes per month in acid. There's potential to increase that to 20,000 tonnes. That's contingent on the grades we see in the pit as Rudi really noted. But if we did sell that incremental amount at the current spot price for sulfur – that sulfuric acid, we're seeing at Zambia around \$250 per tonne, that'd be around \$3 million incremental revenue per month, with the caveat being it's a fast evolving situation. Let's see how we go through Q2.

Operator: Your next question is from Craig Hutchison with TD Cowen.

Craig Hutchison

Analyst, TD Cowen

Hi, guys. Good morning. Most of my questions have been answered. So, maybe I'll just ask a question on Guelb. The deferral of production this year of, I think, 35,000 to 40,000 ounces, how should we think about that being spread out over the next few years? Should we assume it gets spread out over 2027, 2028, and 2029 – or I did see you guys update your guidance going forward there. Thanks.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Hi Craig. Will you take that one Rudi please?

Rudi Badenhorst

Chief Operating Officer, First Quantum Minerals Ltd.

Yeah. Hi Craig. The main reason for the change at Guelb Moghrein for this year is driven by the procurement and delayed deliveries and construction of a treatment plant that we need to build at the back-end of the CIL circuit in order to reduce the weak acid dissociable cyanide levels reporting to the tailings. So, as a result, Guelb will continue to process sulfide ore with intermittent oxide treatment during the course of this year, every month or two months to support the transition to full dore production next year.

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

And maybe just to note, then for the balance of our guidance period, what you should assume is the Guelb, we expect to produce this year, will move to year two and three of the guidance period and the incremental copper production that we're showing this year will move out the two years of the guidance. We'll update that three-year guidance in January of next year to account for that.

Craig Hutchison

Analyst, TD Cowen

Perfect. Thanks, guys.

Operator: Your next question is from Ian Rossouw with Barclays.

Ian Rossouw

Analyst, Barclays Capital Securities Ltd.

Thank you. Just a quick question on the Cobre Panamá side, you obviously gave us some – an idea of the CapEx, the OpEx spend and the working capital build, but just wanted to get a sense of the funding situation at Panama. How much cash is at the sort of asset level and will there need to be some loans or, I guess, funding from First Quantum and KPMC to fund some of this sort of, I guess, processing of the stockpiles?

And then just second question or a follow-up question on the cost side, I guess, from what Matt was saying as well, I mean, it seems like the incremental cost seems to be a lot more than the \$100 million OpEx you've mentioned within that and that's – if you sort of try to back calculate it from the C1 cost. So, just trying to understand what else sort of contributes to that \$0.20 increase in the C1 costs other than the Cobre Panamá side?

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Thanks Ian. I'll ask Ryan to take those two questions.

Ryan MacWilliam

Chief Financial Officer, First Quantum Minerals Ltd.

Sure. And from a cash perspective, at all our assets, we predominantly hold cash at a group-level and then fund down into the business as required. So you should assume that we will be funding that \$250 million of cash flow needed to restart of the stockpile and obviously, that will then be refunded as we move into production and producing cash there.

The second question, Ian, so yeah, the C1 costs, we expect for the stockpile to around \$4.50. And then incremental to that, you have the – around \$100 million of CapEx, plus another \$50 million of working capital build.

Operator: Your next question is from Anita Soni with CIBC World Markets.

Anita Soni

Analyst, CIBC World Markets, Inc.

My follow-up, I think, has been asked. So I'm just going to ask one last one on enterprise. The grades were fairly strong and I think you delivered, like a pretty solid first quarter. How does the enterprise look over the course of the year? Because you're tracking very well to your guidance, 30,000 to 40,000 ounces.

A. Tristan Pascall

Chief Executive Officer & Director, First Quantum Minerals Ltd.

Hi, again, Anita. Rudi, can you answer that one.

Rudi Badenhorst

Chief Operating Officer, First Quantum Minerals Ltd.

Hi Anita. Yeah, spot on, We're tracking well to our guidance. We're seeing the start of the second quarter very strongly again. And as the nickel price also has responded favorably, we will further reevaluate some stripping activity at enterprise probably in the second half of this year depending on the fuel situation. But enterprise is very nicely set up on the bottom of the pit and in its developmental work in the next stages to deliver a strong year and we don't foresee any changes to the guidance.

Bonita To*Director-Investor Relations, First Quantum Minerals Ltd.*

A

Operator, we're coming up to the hour. So we'll take one more question. Thank you.

Operator: Your next question is from Orest Wowkodaw with Scotiabank.

Orest Wowkodaw*Analyst, Scotiabank*

Q

Hi. Thanks for the follow-up. Again, just coming back to Cobre Panamá. Outside of the completion of the environmental audit, which I assume now is due. Yeah, I think, you said imminently here over the next couple of weeks. Is there anything else outstanding from your perspective that may be required to start the engagement with the government on a new agreement?

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

A

Hi, again, Orest. Yeah, so the comprehensive audit, we believe, is pretty imminent. So, the 5th report came out in early April, and that was sort of – they say 88.84% progress. So the 147 of the 371 total commitments have been analyzed, 223 remains to be closed out. And – but the overriding finding was of no environmental damage. Certainly, there were areas of focus on reforestation on reporting and so on. The next interim audit, audit 6 – the Report 6 is due out imminently and then the final report with Report 7. We see that as being an important part of the process. It's not necessary that things have to be completely sequential. But certainly, I think the answers that come from the audit are an important baseline to frame conversations, but we're not aware of any other elements, major elements that would be impacting on that.

The three constructs that will be required to answer it on that environmental side, on the legal structure, and on the commercial arrangements. And we just need to get into those formal conversations to understand the government's view across those areas and obviously, critically continue to focus on public perception. And the team in Panama has done a fantastic job in direct engagement and talking to people around the mine, and we need to keep moving that forward. Very clearly, Panamanians are asking to see transparency and asking to understand how the benefit from the mine will impact ordinary Panamanians in the country.

Operator: There are no further questions at this time. I'd like to turn the call back over to Mr. Pascall for any closing remarks.

A. Tristan Pascall*Chief Executive Officer & Director, First Quantum Minerals Ltd.*

Thank you operator, and I'd like to thank everybody for joining the call today. For all our analysts, investors in Toronto, I'm looking forward to seeing you with our annual dinner next week. Thanks, everybody, and have a great day.

Operator: Ladies and gentlemen, that concludes today's call. Thank you all for joining. You may now disconnect.

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