

12-Feb-2025

# First Quantum Minerals Ltd. (FM.CA)

Q4 2024 Earnings Call

## CORPORATE PARTICIPANTS

**Bonita To**

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

**A. Tristan Pascall**

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

**Rudi Badenhorst**

*Chief Operating Officer, First Quantum Minerals Ltd.*

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

## OTHER PARTICIPANTS

**Orest Wowkodaw**

*Analyst, Scotiabank*

**Edward Goldsmith**

*Analyst, Deutsche Bank AG*

**Marcio Farid**

*Analyst, Goldman Sachs do Brasil CTVM SA*

**Christopher LaFemina**

*Analyst, Jefferies LLC*

**Lawson Winder**

*Analyst, Bank of America*

**Ioannis Masvoulas**

*Analyst, Morgan Stanley Securities Ltd.*

**Ian Rossouw**

*Analyst, Barclays Capital Securities Ltd.*

**Anita Soni**

*Analyst, CIBC World Markets, Inc.*

**Craig Hutchison**

*Analyst, TD Cowen*

## MANAGEMENT DISCUSSION SECTION

**Operator:** Thank you for standing by. This is your conference operator. Welcome to the First Quantum Minerals Fourth Quarter 2024 Results Conference Call. As a reminder, all participants are in a listen-only mode, and the conference is being recorded. After the presentation, there will be an opportunity to ask questions. [Operator Instructions]

I would now like to turn the conference over to Ms. Bonita To, Director in Investor Relations. Please go ahead, ma'am.

**Bonita To**

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

Thank you, operator. Good morning and thank you, everyone, for joining us today to discuss our fourth quarter results. During the call, we will be making forward-looking statements. 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 for our fourth quarter and year-end 2024 update. Whilst 2024 began with several challenges brought about from the suspension at Cobre Panamá, we reacted swiftly with the implementation of our comprehensive refinancing transactions at the start of the year. These actions greatly stabilized the business, and we remain thankful to our investors for their ongoing support through this period and the remainder of the year.

Through the 2024 year, our financial stability allowed investment into the Kansanshi S3 Expansion, which has delivered strong, tangible progress on the project. And in addition, we were able to realize the commercial production milestone at Enterprise. Nonetheless, it was also essential that Kansanshi and Trident deliver strong operating performance, and it is pleasing to report that we exceeded on our copper and gold production guidance for 2024, to which Rudi will cover shortly in his remarks.

More importantly, the initiatives that we took to improve operational performance have set us up well for 2025 for continued safe productivity in Zambia. Beyond continuing this operational performance, our priorities for this year are very clear; number one, to deliver on the Kansanshi S3 Expansion. On this, I will provide more detail when I review our outlook at the back-end of today's call. Number two, to continue additional initiatives to further strengthen the balance sheet, to which Ryan will speak on. And number three, to make progress towards resolution in Panama. I will provide a brief update on this topic and the power situation in Zambia, as well as a corporate update before I hand the call over to Rudi.

I was in Panama with the board of directors at the end of January. We continue to engage with the industry and ministerial officials, including hosting a tour at Cobre Panamá for the Minister of Environment and Minister of Public Security in January. We continue to await approval of the Preservation and Safe Management program that will allow the export of concentrate that remains on site. We have not yet met with President Mulino. The President remains focused on advancing social security legislation in the country but has made public comments that he intends to address the issue of the mine in early 2025 once social security is resolved.

In the meantime, Panama initiated an environmental audit with the release of the Terms of Reference on January 6. The purpose of the audit will focus on assessing the current state of the facilities, potential environmental impacts and necessary mitigation and restoration measures, as well as determining the real cost of the restoration of the mining area and the means to fund these costs. The Terms of Reference acknowledges that environmental restoration of the mining area is a complex and long-term process, which will require years of effective implementation and rigorous monitoring to achieve sustainable results.

The public consultation period for the Terms of Reference concluded last week, and we await further instructions from the Ministry of Environment. We do welcome the environmental audit, and we are prepared to cooperate fully. The company has always operated its operations with transparency and in full compliance with international environmental standards, and we are confident the results of this environmental audit will demonstrate the world-class nature of Cobre Panamá.

With regards to our ICC arbitration, this was initiated under the previous government, which changed in July of last year following the elections. The new government brought in new counsel and requested for more time from the arbitration tribunal. Based on these circumstances, the tribunal unilaterally decided that final hearing should be held in February 2026. The company reiterates that arbitration is not the preferred outcome and that we prefer to sit down with the new president to discuss the mine, which he has indicated he will do in early

2025. We remain committed to open dialogue and to being part of the solution for the country and the Panamanian people.

On to Zambia, where the rainy season has started, and whilst the Kariba Lake water levels are replenishing, they do remain at low levels compared to previous years. As such, the company is not planning for the hydroelectricity power generation sources within the country to return to normal output levels this year. To address the probable shortfall, the company has put sourcing plans in place for 2025 to ensure that reliable electricity supply is available for our operations, including the start-up of the Kansanshi S3 Expansion project. With these sourcing plans for power imports, at this stage, we expect that 2025 will be similar to 2024, whereby our Zambian operations should experience minimal material interruptions from power restrictions.

With our fourth quarter results, we also announced that Bob Harding will retire at the upcoming AGM in May, and Kevin McArthur will take over as the company's new Independent Chair of the board. I'd like to offer my sincere and personal thanks to Bob for his guidance, knowledge, and impact on the board over the years, including the last two years as Chair during a period of challenge and change for First Quantum. I certainly wish Bob a happy retirement. Kevin has been an invaluable director of the board since 2021, and I look forward to working with him more closely in his new role as Chair.

With that, I would like to now hand the call over to Rudi to review the operations.

---

## Rudi Badenhorst

*Chief Operating Officer, First Quantum Minerals Ltd.*

Thank you, Tristan. Thank you, everybody, for joining our call. As a result of several operational initiatives last year, Kansanshi and Sentinel demonstrated strong results in 2024, and we'll be maintaining this operational focus to deliver on our guidance for 2025. Kansanshi benefited from improved grade control practices, allowing it to achieve its highest annual copper production since 2021, and several initiatives at Sentinel allowed the mine to achieve record ex-pit mining volumes in 2024.

For the year, total copper production, excluding Cobre Panamá, was 431,000 tonnes, approximately 14% higher than the prior year and exceeded the upper end of our guidance of 420,000 tonnes. Gold production for the year was 139,000 ounces, also exceeding the upper end of our guidance of 135,000 ounces, whilst 2024 nickel production of 24,000 tonnes fell comfortably within our guidance range.

For the fourth quarter, total copper production was 112,000 tonnes, a modest decline quarter-over-quarter after an exceptional performance in quarter three. Zambia's energy situation remained challenging through the fourth quarter. However, the company's proactive strategy of securing supplementary power, primarily via the Southern African power pool, allowed the company to maintain all operations with minimal power interruptions, albeit at slightly higher cost.

At Kansanshi, we had another solid quarter, recording copper production of 48,000 tonnes. Feed grades remained high as we continue to exit a higher volume of mixed ore from Main 15 cutback that allowed for the mixed and sulfide mills to remain swapped during the quarter. This was mitigated by lower throughput as both circuits underwent planned maintenance shutdowns in the quarter and returned to its normal circuit configuration in January 2025.

Sentinel reported copper production of 57,000 tonnes in the fourth quarter, down 3% from previous quarter, mainly due to lower grades. We, however, continue to make good progress reaching design throughput capacity at Sentinel, with December reporting the highest monthly throughput since October 2022. The development of Stage 3

Western cutback and the re-commissioning of in-pit crusher 1 two months ahead of schedule allowed for increased availability of softer material, improved availability of the primary crushers, and improved fragmentation of the ore.

At Enterprise, nickel production was down quarter-over-quarter, producing approximately 3,700 tonnes of nickel. During the quarter, sources of nickel sulfide ore was impacted by weathering and alteration in the fault line in the Southern Wall of the pit. As such, the Enterprise flotation circuit was switched to treat copper ores in December, while the fault area was mined through, and the altered material was stockpiled separately for blending with fresh nickel sulfide ore. Nickel feed resumed in January after the impacted area was mined out.

At Cobre Panamá, we continue with the necessary maintenance work for asset preservation, along with environmental work to ensure compliance with the environmental and social impact study for the project. We continue to have 1,300 workers on site, and we'll adjust the level of employment in accordance to the conditions on the ground in Panama.

Thank you, and I will now hand the call over to Ryan to review the financials.

---

## Ryan MacWilliam

*Chief Financial Officer, First Quantum Minerals Ltd.*

Thank you, Rudi. On the market side, the copper price was strong early in the fourth quarter, supported by anticipated US Fed rate cuts and Chinese stimulus measures. Copper prices pulled back in early November, reaching a low of \$3.95 per pound, following the US elections and concerns around the potential tariffs. Overall, realized prices were 2% lower than in Q3. While demand remains strong, we expect continued price volatility as the market tries to get a feel for how broad and extended the potential tariffs and associated trade wars might be.

Quarter-over-quarter, revenue and EBITDA were down 2% and 13%, respectively. This was due to lower copper and gold sales, coupled with higher unit costs at Sentinel and Enterprise. Q4 net earnings attributable to shareholders was \$99 million dollars, with adjusted earnings per share of \$0.14. This was the second consecutive quarter in the green since Cobre Panamá entered Preservation and Safe Management.

On to costs, where performance continues to be strong. Copper C1 costs were up 7% at \$1.68 per pound due to slightly lower production volumes and increased tolling costs at Sentinel. This was mitigated by reduced drawdown of stockpiles at Kansanshi and lower Zambian fuel costs, which lags behind crude oil prices by about two months. Remaining input prices were stable. This includes Zambian power rates, which were in line with Q3, as our Zambian team continues to effectively manage the power restrictions in the country. On a full-year basis, it was pleasing to see copper C1 costs of \$1.74 per pound, coming in below the bottom end of revised guidance. It is worth noting that excluding Cobre Panamá, the full-year copper unit cost was at its lowest level since 2021. This cost performance was driven by strong copper and gold production, along with elevated gold prices, which more than offset the \$0.06 impact of third-party power rates in Zambia.

Moving on to guidance, while cash cost guidance for 2025 and 2026 benefited from increased gold volume and price assumptions, this was offset by the impact of Zambian input and power costs of approximately \$0.07 per pound, as well as expected higher labor and maintenance costs. With respect to capital expenditures, 2025 CapEx increased from \$1.3 billion to \$1.45 billion. This includes \$100 million of expenditures carried over from 2024. In addition, the guidance reflects some cost pressures. Also within the three-year guidance is approximately \$400 million in capital expenditures related to the S3 Expansion and \$325 million related to mining fleet replacements at Kansanshi.

On to the balance sheet. Net debt decreased in the fourth quarter by \$61 million to \$5.5 billion. It was very pleasing to see the consistent operational performance lead to this reduction in net debt even as we continue to fund a major capital expansion project and Cobre Panamá P&SM costs. Net debt also benefited from reduced working capital levels with cash received from previous quarters' late sales, increased Zambian VAT receipts, and the timing of payables. Liquidity increased during the quarter and remained strong at \$1.6 billion. This comprises of \$112 million in cash and \$750 million of undrawn revolver.

During the quarter, some of the hedges that we previously put in place rolled off, resulting in a quarterly and full-year realized hedge gain of \$13 million and \$34 million, respectively. We've maintained our hedging approach from last year as protection from downside copper prices during the period of expenditures and ramp-up of the S3 Expansion. We now have roughly 50% of our copper sales hedged via collars through to the end of 2025, with new hedges recently added for 2026. However, over 90% of our 2026 production remains exposed to spot prices.

It is now a year since we concluded the comprehensive refinancing, and it is pleasing to say that we've stuck to the plan of maintaining internal cost discipline de-risking via a hedging program and extending the Trident facility. As Tristan noted in his opening remarks, we continue to look at additional initiatives to further strengthen our liquidity and balance sheet, with a range of options in front of us, which includes the potential minority stake in the Zambian business. This process is ongoing, and as such, we won't be making further comments in this regard.

That concludes the finance section. I'll now hand the call back to Tristan.

---

## A. Tristan Pascal

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

Thank you, Ryan. Before handing the call over for Q&A, I would like to review the guidance we provided in January. At Kansanshi, guidance reflects the conservative ramp-up profile for the new 25 million tonne per annum concentrator at the S3 Expansion project. Our presentation has several pictures of the progress on the build and commissioning process at site. The project remains on schedule for completion by midyear, such as training of workforce, is focused on ensuring a smooth ramp-up of the new concentrator.

The conservatism that is applied to forecast production from the Kansanshi S3 Expansion is, however, related to the grade profile of the surface-level stockpiles that would be initially fed through the plant. As these stockpiles have been sitting on surface for several years with a potential impact of weathering, we have prudently applied a conservative grade profile to this material. And whilst lower grade, the cost of moving this material will be reduced as it is already blasted and at surface elevations. We remain on schedule for pre-stripping on the South East Dome, and the higher grade ore from this section of the deposit will be fed into the plant starting in 2027.

At Sentinel, we have accelerated mining in Stages 3 and 4 in order to smooth out the production profile and de-risk future ore supply. These actions are responsible as they will assist in achieving an optimal and sustainable balance of grades and volumes during the life of the mine. However, there will initially be some higher volumes of oxidized and transition material to work our way through.

At Enterprise, the focus for 2025 will be on optimizing the development of the pit to supply feed volumes to the plant. We have mined through the highly weathered area on the Southern Wall, and additional and deeper reverse circulation drilling is under way to broaden our geological understanding of the working areas in front of us.

I would like to end my prepared remarks by directing my thanks to the team at First Quantum for their hard work this past year and also to our shareholders for their ongoing support. 2024 was a challenging year, but I'm optimistic about the outlook for 2025. We are focused on our main priorities for this year. Firstly, towards resolving the situation in Panama. We continue on our public outreach programs to educate the Panamanian public about the benefits of Cobre Panamá and that mining of natural resources in an environmentally and socially responsible manner is a necessity for the country in our modern lives. We also look forward to constructive discussions with the government for a resolution of the situation.

Secondly, as Ryan mentioned, we will continue with the proactive management of our balance sheet and liquidity position. Thirdly, as Rudi mentioned, we will continue our focus on safe and productive operational performance. And finally, in Zambia, delivery of the Kansanshi S3 Expansion project in mid-2025 will be an inflection point for the company that will enhance our financial resilience and support continued growth.

Thank you. This brings our prepared remarks to an end. Operator, we can open the call for Q&A.

## QUESTION AND ANSWER SECTION

**Operator:** Thank you. We will now begin the analyst question-and-answer session. Analysts are permitted to ask one question and one follow-up and are welcome to rejoin the queue if they have more. [Operator Instructions] And the first question will come from Orest Wowkodaw with Scotiabank. Please go ahead.

**Orest Wowkodaw**

*Analyst, Scotiabank*

Q

Hi. Good morning and thanks for the update. Questions around the Panama situation. I'm just curious, given that the social security issue isn't fully solved yet and now the Canal has become, I guess, a focal point as well, do you still anticipate sort of resuming or starting negotiations by the end of the first quarter, or could this timing now slip into later in the year?

**A. Tristan Pascall**

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

A

Hi, Orest. Thanks for the question. Yes, the President has been clear as he was at the end of last year and then into this year, that for him the social security matter comes first, and the mine topic would follow directly thereafter. Originally, the timing of that, the government had wanted to pass in December, and certainly their optimistic forecast in January, we're now into February. As far as I understand, the current status at the moment, the 200 articles of the draft bill were passed at the end of last week in the first committee, the first round, and there's two subsequent rounds of debate. So they're somewhat through that. The next stage of that debate happens in the National Assembly, and if the legislation passes it there, then it goes for the final third round.

So, the President has been clear in telegraphing that, that needed to happen first, and then on to the mine.

I think in regards noise around the Canal, we would just say we're absolutely focused on making progress towards resolution and to work constructively with the government, and the mine provides a lot of opportunity in terms of underlying the economy, employment, and so on in the country. So, at this stage, we see progress, and we see it moving forward. We continue to hold to our expectations around reaching resolution as soon as possible.



**Orest Wowkodaw**

*Analyst, Scotiabank*

Q

And just as a quick follow-up, if I may, does the five-month delay on the ICC final arbitration hearing, I guess, to February of next year, do you think that impacts the pace of negotiations this year, just given it would seem to ease the pressure short term?

**A. Tristan Pascall**

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

A

Orest, no, look, I think what's happened there is the new government is coming in July, and there's been a change in management. There's also been a change in the legal advisors, and so they approached the panel. I think the panel was very clear in handing that back, that they accepted that but would hold to a tight resolution timeframe now, and that was the move to February 2026. In terms of the work that needs to happen for each party submission and so on, that continues to be held. So I don't see that shifting the ground very much.

**Orest Wowkodaw**

*Analyst, Scotiabank*

Q

Okay. Thank you very much.

**Operator:** The next question will come from Edward Goldsmith with Deutsche Bank. Please go ahead.

**Edward Goldsmith**

*Analyst, Deutsche Bank AG*

Q

Thanks Tristan, two questions from my side. Firstly, on Cobre Panamá, how should we think about the timeframe for approval of the Preservation and Safe Management program and the environmental audit to begin? And, secondly, can you give an update on how you're thinking about the balance between financing options versus partnering and sale options going forward?

**A. Tristan Pascall**

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

A

Sure, Edward. I'll hand the second question to Ryan. But on the first one, look, the P&SM plan we submitted early last year and our understanding it's been well reviewed, but really, the situation with timing is that it's in line with the President's policy to get through social security first. We would point out the importance of that program. There's urgency around ensuring the ongoing environmental stewardship of the site and asset integrity. We were able to show that to the Minister of Environment and the Minister of Public Security when they came to the site at the end of last month, and that is important beyond the status of the mine. Those interim measures do need to pass so that we can be sure of the spending.

Beyond that, as Rudi said, we have 1,300 people on site, and that cost needs to be borne. We cannot do that indefinitely without those interim measures, the export of the concentrate and the P&SM coming in place and being approved. So we would say that those do need to be considered now and approved imminently so there's clarity on that, resolution and so on can then step-board logically.

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

A



Hi, Edward. In terms of your second question on the balance sheet, the first point to make is that we come from a very strong starting position. We ended Q4 with \$1.6 billion in liquidity, and even more pleasingly, we actually saw net debt go down through the course of Q4, and liquidity increased through the course of Q4.

As we look ahead to 2025, we have a range of options ahead of us. You alluded to the minority stake sale in Zambia, and certainly serious engagements continues in that respect. We'll weigh that up against a range of other options. You saw us last year access the bond market. You saw us last year enter into prepaids. Those same options continue to be there for us, together with a range of other financing options. That's really about progressing a variety of initiatives. And as they come to fruition, considering the pros and cons of each from both a financial perspective and also strategic perspective, and we'll work hard on that through the course of this year.

**Operator:** The next question will come from Marcio Farid with Goldman Sachs. Please go ahead.

**Marcio Farid**

*Analyst, Goldman Sachs do Brasil CTVM SA*

Q

Thank you. Good morning, everyone. Just in terms of Zambia, I think in the last call, you mentioned that you'd expect to have a final resolution or a potential deal by the end of December. Just trying to understand if there is any potential timeline issues like you're not in a rush, you have other options, but if you have a certain timeline to when you decide to go ahead or not with the minority stake sale, please. Thank you.

**A. Tristan Pascall**

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

A

Thanks, Marcio. Ryan, will you take that question?

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

A

Yeah, Marcio, I think we've been consistent throughout that any arrangements we enter into in Zambia will be for the next 25 years. So rather than rushing to a specific timeline, we have to take the time and engage with counterparties on what is a large and complex business, so it does take time, but see that there's an alignment of what the right sort of agreements are that work for us, that work for a counterparty, that work for the government of Zambia, and really, that's how we're approaching it. If and when we get to that point, then we'll announce that to the market. But we're not putting specific timing and dates to make sure it has to be done by X or Y date. It's really about getting to the right agreement rather than a quick agreement.

**Marcio Farid**

*Analyst, Goldman Sachs do Brasil CTVM SA*

Q

Okay. Thank you. And just a follow-up to Zambia, it seems like you're still – I mean, the rainy season is still ongoing. It has been relatively okay. But you also guided for a continuation of imports of energy from especially Zimbabwe and South Africa. Just trying to understand what is the risk that you actually have to go above the 40% threshold that you have in terms of total import and how confident you are you can keep operation running with [ph] all those disruptors (00:37:34) like you did in the last few quarters. Thank you.

**A. Tristan Pascall**

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

A

Thanks, Marcio. I can take that one. So, look, we've been proactive in securing supplementary power as we were through the course of 2024. And, yes, we're only halfway through the rainy season. So far, it seems relatively on

track. It was a little bit dry at early January, and then wet to late January. The rainy season will last through sort of till March, April, and then you only really see the big inflows into Kariba following that as that rainfall comes down from Angola. So, I'm not here to predict that rainfall, we just put in place a responsible strategy in order to ensure that we have the power available and we have upside from that in terms of additional hydroelectric supply, then that's great. We've taken conservative line, and that would include making sure we've got power for the S3 Expansion at Kansanshi.

**Operator:** The next question will come from Chris LaFemina with Jefferies. Please go ahead.

**Christopher LaFemina**

*Analyst, Jefferies LLC*

Q

Thanks, operator. Hi, guys. Thanks for taking my question. Maybe just a follow-up on the power situation in Zambia. So, you say in the release today that anticipating low water levels over the course of the year, you have enough supplementary power to meet the demand that you have, including with the ramp-up of the S3 Expansion in the second half of the year. But then, if we think about 2026, in your operating cost, in your C1 cash cost guidance, what are you assuming about power availability, and how should we think about kind of the potential variability around that, depending on the hydropower levels in 2026? Thanks.

**A. Tristan Pascall**

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

A

Thanks, Chris. Ryan, do you want to take that one?

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

A

Yeah, Chris. So just as Tristan touched on our conservative approach to sourcing power, we've also taken a conservative approach to forecasting cost in respect to power. So our cost guidance assumes the same 2025 cost profile for 2026, that through the course of 2026, we continue to have that \$0.07 per higher per pound of copper impact on our costs. As Tristan noted, if we see stronger rains and we're drawing on more hydroelectric power through the course of 2026, you'll see that reduced, and that will then be upside on the cost guidance that you currently sit with.

**Christopher LaFemina**

*Analyst, Jefferies LLC*

Q

Okay. Thanks for that. And then secondly, on the hedging strategy, I would assume that if Cobre Panamá comes back online or when it comes back online, the strategy will then shift back to spot market exposure, or will you continue to hedge after the mine is restarted? Thanks.

**A. Tristan Pascall**

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

A

Ryan, can you take that one?

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

A

Sure, Chris. And just to comment in general how we think about hedging, I mean, our goal as a company is to un-hedge for the long term to offer our investors copper exposure. But we also want to take the conservative approach in terms of how we manage the balance sheet. So the timing of the hedges that we've got

in place is not so much driven by Cobre Panamá, but really, the delivery of the S3 project. As that really ramps up through the second half of this year and then we start to get the benefits of the higher grade ore into next year, that's how we shape the hedging book.

I'd say we've put in place hedges at reasonable rates, and really, it's that management of the balance sheet while we deliver a capital project that's driving that timing rather than Cobre Panamá specifically. Our goal remains to get back to an unhedged position in time.

---

**Christopher LaFemina**

*Analyst, Jefferies LLC*

Q

Great. Thank you for that. I appreciate that. Have a good day.

---

**Operator:** The next question will come from Lawson Winder with Bank of America Securities. Please go ahead.

---

**Lawson Winder**

*Analyst, Bank of America*

Q

Yeah. Thank you, operator. Hello, Tristan, Ryan and team. Thanks for the update today. So, was wondering about the Cobre Panamá public outreach that you guys have been doing. I think it's a great initiative. And I was just curious if that's turned out any areas of weakness on which you think either First Quantum or the government of Panama could improve in terms of communicating the benefits of the mine to the public, whether it's operating, hiring, or otherwise. Thanks.

---

**A. Tristan Pascall**

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

A

Sure, Lawson. Thanks. So, absolutely, we acknowledge around the condition that led to the suspension; communications to broader society in Panama were low and missing and not where they should be, and that's beyond the communities around the mine and really into the city, but also into different demographics, young people at university and so on. So, we've really stepped up that effort. And included in that \$12 million, \$13 million a month spend is a lot of effort going out into those communities.

So we've had some 40,000 people come through in various interactions, either direct visits to the site or through public affairs and engagements in universities, at social events, in work with our people on the ground, not just on the mine but in broader society. Beyond that, we've had some 300,000 engagements with our virtual tour on the website, and those are just steps in a pathway. We need to continue the education, continue the engagement as we go through the process towards resolution.

From where we are now, I think we are seeing a bit of a shift in the narrative, not just on economy and unemployment and the impact that that's having on Panama and the role that the mine can play, but beyond that, also actually having natural resources available and the opportunity that responsible mining can provide to an economy, to society, is gathering. But we need to keep working hard on it, we need to keep reinforcing the messages, and also speaking with detractors. We've been reaching out to them so that they have a technical basis for understanding, and that's also helping on some of the fake news, some of the misrepresentation that were there previously in order that at least there's a technical and a factual basis to a discussion.

---

**Lawson Winder**

*Analyst, Bank of America*

Q

Okay. Thanks for that color. That's helpful. And for my follow-up, can I ask about the streaming financing option that, Ryan, you mentioned on your slide on potential third-party sources of financing? So just, first of all, to clarify, I assume that means a precious metal by-product stream. And then, secondly, at what stage are these discussions, and how would you say that type of financing ranks versus the others highlighted on that slide? And then I would note, obviously, I mean, I think you have an existing by-product precious metal streaming arrangement that I think would be fairly described as quite successful. So your thoughts there would be very helpful. Thanks.

---

**A. Tristan Pascall**

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

Sure. Please go ahead, Ryan.

---

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

Yeah. Hi, Lawson. So, yes, you're correct. We do have a large by-product credit in the form of gold at Kansanshi. So I think what it means is, as we look at the full list of available options, we're fortunate to be one of those companies that has a wide range of options. And because of that gold, that includes streaming. That being said, I wouldn't read into that, that we're going to do a stream or that's number one on the list. That slide, it just highlights there's a range of options. We consider all of those options. We'll advance some of them. Some of those will just remain kind of backups. We'll advance a variety of them. And when you get to the finish line on each of them, it's really about putting them up against other alternatives and seeing which is the most attractive for capital and how does that align with what our strategic goals are.

---

**Lawson Winder**

*Analyst, Bank of America*

Great. Thank you.

---

**Operator:** The next question will come from Ioannis Masvoulas with Morgan Stanley. Please go ahead.

---

**Ioannis Masvoulas**

*Analyst, Morgan Stanley Securities Ltd.*

Thanks very much for the presentation. The first question is on the S3 project where you reiterated commissioning in H2 of this year. Can you remind us how long it's going to take to get to full nameplate capacity? And related to that, when do you expect to be outside the low-grade stockpile zone, in which case you get both higher throughput and higher grades? Thank you.

---

**A. Tristan Pascall**

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

Thanks, Ioannis. So we will complete construction by mid-2025 and be commissioning and ramping up through the second half of the year, as you say. Look, I think we expect by the end of the year to sort of be at 80%, 90% level, that kind of level in terms of our ambitions, and we're putting a lot of effort into the operational readiness that is training of the workforce and artisans to be ready to receive the plant. I was there at the end of January walking around, and it's in a very good state of progression. We were commissioning the major substation and then several substations behind that. Really, the main work is on piping and electrical in terms of man hours left, but there was a good allocation of resourcing towards that. We've got all the major equipment on site,

yes, a couple of pumps here and there, they're coming. So we feel very good about that pathway and also about the ramp-up thereafter.

In terms of the grade profile that would deliver, yeah, those stockpiles are at surface and available on the whole, they're just on the flats across from the other side of the pit. And so that's an opportunity to take low-cost feed to add to the bulk material that we're pushing through, the 25 million tonnes of additional sulfide material that we're seeking to pour into the new concentrator. And then, over time, as we continue the pre-strip at South East Dome, we will expose high-grade ore there in South East Dome, but continuing to take feed from main pit, which continues through the life of the mine to be an important source of ore. So the grade profile we expect to improve from the sort of second half, back-end of 2026, as that comes through and the stripping is complete in South East Dome, and then 2027, as we've put into our guidance that we really start to see the benefit of that.

---

**Ioannis Masvoulas**

*Analyst, Morgan Stanley Securities Ltd.*

**Q**

Okay. That's very clear. Thank you very much. And just a follow-up, it seems the hydropower situation in Zambia remains challenged, at least for one more year. You have been pursuing options on power sourcing via PPAs. How is that progressing? And if you were to sign 10- or 15-year PPA agreements, how should we think about the cost of power? Is it comparable to what you're baking into the guidance for 2025, or could it be potentially another step-up? Thank you.

---

**A. Tristan Pascall**

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

**A**

Thanks, Ioannis. Yeah, look, so I think what we would say is, given that we're only halfway through to the rainy season, that we plan conservatively, and so that's why we put that forward. Lake Kariba was held low last year because of the drawdown, and also because they were doing work on the plunge pool behind the wall. That work is now complete, but they'll probably need a good couple of seasons of rainfall to really recharge Kariba in the absence of record years.

So we plan for that conservative basis. We are working with third-party power suppliers, those agreements that are in place, and these are extensions thereof, plugged into the Southern African Power Pool across various sources in the region. And then beyond that, we're working with, for example, TotalEnergies and also Chariot Energy on a longer term project to install solar and wind power. That project we expect to be commissioned and running around 2027-2028 in terms of when we would see the outflow, which is around 430 megawatts.

---

**Operator:** The next question will come from Ian Rossouw with Barclays. Please go ahead.

---

**Ian Rossouw**

*Analyst, Barclays Capital Securities Ltd.*

**Q**

Thanks, team. Yeah, two questions for me. Just on Enterprise, looking at your all-in sustaining cost guidance, it currently seems like the nickel price is below the bottom end of that range, so it suggests that the mine will be cash negative. Can you maybe talk about what options you have? I mean, would you consider slowing that down and treating more copper ore? Obviously, it seems like you're opening the pit in later years to bring costs down materially where you will most likely be generating cash. But just trying to get a sense of what the options are there if prices stay low. And then, secondly, just on this export duty on gold doré, how confident are you that, that will be reinstated or that suspension will be reinstated so that you can actually start selling gold again?

**A. Tristan Pascall**

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

Sure. Thanks, Ian. Ryan, do you want to take that question, the first one?

A

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

Sure. Hi, Ian. So just the nickel cost guidance is \$5 to \$6.50 per pound for this year. That's on a C1 basis. And you're right, the all-in cost, \$7.50 to \$9.25, is above where the nickel price is currently. But what we'd note is you then see that fall quite materially in 2026 and 2027 where the midpoint is around \$6, so below where current nickel prices are. And what that is, is that's the effort to open up the pit this year, to work through some of the more oxidized material, and we'll continue then to see the cost profile step down as we work through that and also open up better grades. And so, that cost profile, once we're in that 2026-2027 period, is strong. So, at this stage, no plans to change the operational approach and planning approach around Enterprise.

A

**A. Tristan Pascall**

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

Yeah. And on the gold export levy, so we've had the conversations with the government. I was in Zambia in January speaking with the President. We feel comfortable with that. It's not just Kansanshi that was affected, it was also the gem producers there, and so, it's a broader perspective, but the conversations around that were pretty clear. So we do expect the suspension to be reinstated, Ian.

A

**Ian Rossouw**

*Analyst, Barclays Capital Securities Ltd.*

Thanks. Do you think that still happens in Q1 so you can sell gold in Q1?

Q

**A. Tristan Pascall**

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

Ryan, do you want to take...?

A

**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

Yeah. Ian, I think we'd be confident that happen in Q1. I mean, we would note, actually, as it's currently set up, we sell most of our gold doré to the Bank of Zambia. So we are not exporting it, but certainly we think it's important that, that is removed, and the interactions we've had with government so far suggest that will get moved in the near term.

A

**Ian Rossouw**

*Analyst, Barclays Capital Securities Ltd.*

Okay. All right. Thank you.

Q

**Operator:** The next question will come from Anita Soni with CIBC World Markets. Please go ahead.

**Anita Soni**

*Analyst, CIBC World Markets, Inc.*

Q



Good morning, Tristan, Ryan and team. So just a couple of quick questions. The first one, a follow-up on the extension for the ICC arbitration hearing. Is that the final date which it could be pushed to, or could you see that pushed further?

---

**A. Tristan Pascall**

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

Hi, Anita. Yeah, that's the final date.

---

**Anita Soni**

*Analyst, CIBC World Markets, Inc.*

Okay. And then the second question, a little bit more big picture, with the comments coming out from the US President around the Panama Canal, have you seen any change in the government's sentiment towards the mine? And what I'm thinking about is either trying to find alternative sources of revenue and also how they think about critical minerals, considering other countries are pushing to get their critical minerals developed at this stage. So if you could just provide any color, that would be appreciated. I'm just trying to see if there's any read-through to Cobre Panamá.

---

**A. Tristan Pascall**

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

Sure, Anita. Thanks. Look, what we would say is that we're absolutely focused on making progress towards resolution in Panama. We continue to work very constructively with the government, and we continue with our responsible stewardship of Cobre Panamá towards reaching a solution that is in the best interest of the company and its people. That's really our focus.

---

**Anita Soni**

*Analyst, CIBC World Markets, Inc.*

All right. Thank you. That's it for my question.

---

**Operator:** The next question will come from Craig Hutchison with TD Cowen. Please go ahead.

---

**Craig Hutchison**

*Analyst, TD Cowen*

Hi. Good morning. My question is actually on Guelb Moghrein. The production profile for the gold is more elevated than I would expect for next few years, just given the limited reserves. I'm just curious whether the production profile extends much beyond 2027 with the reprocessing of tailings. And I guess as a second question, would you guys consider a gold prepay [indiscernible] (00:54:54) potential to be a material amount to you guys? Thanks.

---

**A. Tristan Pascall**

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

Thanks, Craig. It's good to get questions on Guelb Moghrein. And, yeah, we're very enthused there. Look, copper production is coming to an end and will cease, we expect, in the second half of this year, but gold production will move on. So we've just commissioned a carbon-in-leach plant there, and we received approval for mining of the Oriental Hill at the end of last year. So that activity will get under way. And we don't have a full reserve state there just because of location and drilling and so on, but we do expect it to be ongoing and contribute to production this year and to next year. Beyond 2027, I think it starts to look more cloudy. So that's really our timeframe at the moment.



**Ryan MacWilliam**

*Chief Financial Officer, First Quantum Minerals Ltd.*

A

And in terms of the prepay, you're right, that is an option to us, and we talk in the slide about one of the options available to us being copper prepays, like we did last year, but absolutely there's demand in the market for all prepays. But again, it just comes back to looking at each opportunity for financing, and then just weighing up the cost of capital of each.

**Craig Hutchison**

*Analyst, TD Cowen*

Q

Okay. Great. Thank you.

**Operator:** This concludes the question-and-answer session. I would like to turn the conference back over to Mr. Tristan Pascall for any closing remarks. Please go ahead, sir.

**A. Tristan Pascall**

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

Thanks, operator, and thank you to everybody for joining the call. Thanks for your time and your interest, and we look forward to speaking to you again at the next opportunity.

**Operator:** This brings to a close today's conference call. You may disconnect your lines. Thank you for your participation, and have a pleasant day.

**Disclaimer**

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.