

# NEWS RELEASE

21-04

February 16, 2021



**FIRST QUANTUM**  
MINERALS LTD.

[www.first-quantum.com](http://www.first-quantum.com)

---

## FIRST QUANTUM MINERALS REPORTS FOURTH QUARTER AND FULL YEAR 2020 RESULTS

(In United States dollars, except where noted otherwise)

TORONTO, Ontario (February 16, 2021) - **First Quantum Minerals Ltd. ("First Quantum" or the "Company") (TSX:FM)** today reported for the three months ended December 31, 2020 ("Q4") comparative earnings<sup>1</sup> of \$53 million (\$0.08 per share<sup>1</sup>), net earnings attributable to shareholders of the Company<sup>1</sup> of \$9 million (\$0.01 per share<sup>1</sup>) and cash flows from operating activities of \$533 million (\$0.77 per share<sup>1</sup>). For the full year 2020, the Company reports a comparative loss<sup>1</sup> of \$46 million (\$0.07 per share<sup>1</sup>), a net loss attributable to shareholders of the Company<sup>1</sup> of \$180 million (\$0.26 per share<sup>1</sup>) and cash flows from operating activities of \$1,613 million (\$2.34 per share<sup>1</sup>).

### CEO'S COMMENTS

"2020 was a very challenging and unprecedented year as a result of the COVID-19 pandemic. Despite the challenges, the Company achieved its highest ever annual copper production. Sentinel performed exceptionally well and was a big contributor to that record production. Cobre Panama experienced a period of preservation and safe maintenance related to the virus, but still performed very well, ramping back up to full production in early August. We expect our 2021 copper production to grow this year to more than 785,000 tonnes. This makes First Quantum one of the top global copper producers with one of the largest Mineral Reserve bases," said Philip Pascall, Chairman and CEO. "Our success in meeting the challenges of the year was directly attributable to the dedication and resilience of our workforce and their adaptability to the new way of working."

"We continue to prioritize the health and safety of our workforce and extend all efforts to protect our operations from COVID-19 and help mitigate the spread through the communities. I am very proud of the efforts of our entire First Quantum team in this regard. In addition, we recently published our policy on climate change which formalizes and further demonstrates our commitment to the environment and reducing emissions across the business," he said. "Our focus in 2021 continues to be on debt reduction to enable us to plan for returns to shareholders and future growth."

### FOURTH QUARTER AND FULL YEAR 2020 SUMMARY:

- **Operational Highlights:**

- Total copper production<sup>2</sup> was 203,171 tonnes in Q4 and 778,911 tonnes for the full year, annual production increased 11% from 2019.
  - Sentinel produced 251,216 tonnes of copper for the year, a record for annual production and a 14% increase from 2019 as a result of a significant increase in annual throughput to 57 million tonnes.
  - Cobre Panama copper produced<sup>5</sup> 65,520 tonnes in Q4 and 205,548 tonnes for the full year, a significant increase from Q4 and full year 2019, despite the mine operating for most of 2020 under strict protocols related to COVID-19, and the planned 7-day shutdown of the SAG mills during Q4.
- Q4 copper production<sup>3</sup> costs: cash cost ("C1") of \$1.28 per lb, total cost ("C3") of \$2.20 per lb, and all-in sustaining cost ("AISC") of \$1.77 per lb. Costs slightly increased from Q4 2019.
  - Q4 costs benefitted from lower C1 costs at Kansanshi and Sentinel of \$1.01 and \$1.44 per lb, respectively, resulting from favourable foreign exchange rates and lower fuel costs. C1 costs at Cobre Panama were \$1.34 per lb inclusive of approximately \$10 million in costs for increased health and safety protocols.

- 2020 copper production<sup>3</sup> costs: C1 of \$1.21 per lb, C3 of \$2.11 per lb and AISC of \$1.63 per lb.
  - C1 costs for the year were the lowest in four years and \$0.10 per lb lower than 2019 driven by record low C1 costs at Sentinel of \$1.40 per lb and C1 cost of \$1.09 per lb at Kansanshi, both better than the previous year. C1 costs at Cobre Panama across the year were in line with expectation despite the impact of COVID-19 disruptions and additional costs.
- Realized copper price<sup>8</sup> was \$2.97 per lb for Q4 and \$2.74 per lb for the full year.
- Gold production of 68,747 ounces in Q4 and 265,112 ounces for the full year including 84,667 ounces produced at Cobre Panama.
- Nickel production was 5,603 tonnes in Q4 and 12,695 tonnes for the full year as Ravensthorpe continued to ramp up through the year after the re-start of operations in Q1 2020.

<i>(U.S. dollars where applicable)</i>	Three months ended December 31		Full year ended December 31	
	2020	2019	2020	2019
<b>COPPER</b>				
- Production <sup>2, 5</sup> (tonnes)	203,171	204,270	778,911	702,148
- Sales <sup>4, 5</sup> (tonnes)	217,041	205,964	764,471	689,386
- Cost of production <sup>3, 5</sup> :				
o AISC (per lb)	\$1.77	\$1.73	\$1.63	\$1.78
o C1 (per lb)	\$1.28	\$1.24	\$1.21	\$1.31
o C3 (per lb)	\$2.20	\$2.07	\$2.11	\$2.16
- Realized price (per lb) <sup>8</sup>	\$2.97	\$2.62	\$2.74	\$2.70
<b>GOLD</b>				
- Production (ounces)	68,747	77,789	265,112	256,913
- Sales (ounces) <sup>5, 6</sup>	70,905	79,409	277,291	254,785
<b>NICKEL</b>				
- Production (tonnes)	5,603	-	12,695	-
- Sales (tonnes)	5,343	-	12,120	-

#### • Financial Highlights

- Net debt decreased by \$266 million in 2020 with \$136 million of that reduction in Q4.
- \$1,613 million of cash flows from operating activities (\$2.34 per share<sup>1</sup>) generated for the full year of 2020, a \$724 million increase from 2019, with \$533 million of cash flows from operating activities (\$0.77 per share<sup>1</sup>) generated in Q4.
- \$5,199 million of sales revenues for the full year, including Q4 sales revenues of \$1,601 million, were 28% higher than 2019 as a result of higher sales volumes and higher realized copper and gold prices.
- Gross profit of \$443 million for Q4 and \$1,077 million for the full year.
- Comparative EBITDA<sup>1</sup> for Q4 of \$725 million and \$2,152 million for the year.
- Comparative earnings<sup>1</sup> of \$53 million (\$0.08 per share<sup>1</sup>) in Q4, an increase of \$0.03 from Q4 2019 and net earnings attributable to shareholders<sup>1</sup> of \$9 million (\$0.01 per share<sup>1</sup>).
- Comparative *loss*<sup>1</sup> of \$46 million (\$0.07 per share<sup>1</sup>) for the full year and net *loss* attributable to shareholders<sup>1</sup> of \$180 million (\$0.26 per share<sup>1</sup>).

- Capital expenditure was \$610 million in 2020, significantly below 2019 levels and \$65 million below guidance.
- Ended the quarter and year with \$914 million in net unrestricted cash and cash equivalents, \$600 million of committed undrawn senior debt facilities and in full compliance with all financial covenants.
- Final dividend declared of CDN \$0.005 per share in respect of the 2020 year-end; total dividends for the year totaled CDN \$0.01.
- At February 16, 2021, the Company had unmargined copper forward sales contracts for 128,625 tonnes at an average price of \$2.86 per lb outstanding with periods of maturity to December 2021. In addition, the Company has zero cost copper collar unmargined sales contracts for 198,500 tonnes at weighted average prices of \$2.93 per lb to \$3.25 per lb outstanding with maturities to December 2021. This represents approximately 40% of the Company's expected sales for the next 12 months. In January 2021, the Company realized unmargined copper forward sales contracts for 23,500 tonnes and zero cost copper collar unmargined sales contracts for 15,900 tonnes, at an average price of \$2.91 per lb.

	Three months ended December 31		Full year ended December 31	
	2020	2019	2020	2019
<i>(U.S. dollars millions, except where noted otherwise)</i>				
Sales revenues	1,601	1,284	5,199	4,067
Gross profit	443	259	1,077	790
Net earnings (loss) attributable to shareholders of the Company	9	(115)	(180)	(57)
Basic and diluted earnings (loss) per share	\$0.01	(\$0.17)	(\$0.26)	(\$0.08)
Comparative EBITDA <sup>1, 7</sup>	725	511	2,152	1,609
Comparative earnings (loss) <sup>1</sup>	53	35	(46)	249
Comparative earnings (loss) per share <sup>1</sup>	\$0.08	\$0.05	(\$0.07)	\$0.36
Cash flow from operating activities	533	400	1,613	889
Cash flow from operating activities per share <sup>1</sup>	\$0.77	\$0.58	\$2.34	\$1.29

<sup>1</sup>Comparative earnings (loss) have been adjusted to exclude items from the corresponding IFRS measure, net earnings (loss) attributable to shareholders of the Company, which are not considered by management to be not reflective of underlying performance. Comparative earnings (loss), comparative earnings (loss) per share, comparative EBITDA and cash flows per share are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. The Company has disclosed these measures to assist with the understanding of results and to provide further financial information about the results to investors. Refer to the "Regulatory Disclosures" section in the MD&A for the year ended December 31, 2020 for further information. The use of comparative earnings (loss) and comparative EBITDA represents the Company's adjusted earnings (loss) metrics.

<sup>2</sup>Production is presented on a copper contained basis and is presented prior to processing through the Kansanshi smelter.

<sup>3</sup>AISC, C1 and C3 costs per pound are not recognized under IFRS. Refer to the "Regulatory Disclosures" section in the MD&A for the year ended December 31, 2020 for further information. C1, C3 and AISC costs exclude third-party concentrate purchased at Kansanshi.

<sup>4</sup>Copper sales exclude the sale of copper anode produced from third-party concentrate purchased at Kansanshi. Sales of copper anode attributable to third-party concentrate purchases were nil for year ended December 31, 2020 (nil and 1,182 tonnes for the three months and year ended December 31, 2019, respectively).

<sup>5</sup>Cobre Panama declared commercial production effective September 1, 2019. Copper production volumes includes pre-commercial production from Cobre Panama of nil and 67,704 tonnes for the three months and year ended December 31, 2019, respectively. Copper sales volumes include pre-commercial sales from Cobre Panama of nil and 48,967 tonnes for the three months and year ended December 31, 2019, respectively. Gold production volumes includes pre-commercial production from Cobre Panama of nil and 24,120 ounces for the three months and year ended December 31, 2019, respectively. Gold sales volumes include pre-commercial sales from Cobre Panama of nil and 18,659 ounces for the three months and year ended December 31, 2019, respectively. Pre-commercial production and sales volumes at Cobre Panama are not included in earnings, C1, C3 and AISC calculations.

<sup>6</sup>Excludes refinery-backed gold credits purchased and delivered under the precious metal streaming arrangement refer to page 35 of MD&A.

<sup>7</sup>Adjustments to comparative EBITDA in 2020 relate principally to foreign exchange revaluations (foreign exchange revaluations and impairment of assets in 2019).

<sup>8</sup>Realized metal prices are not recognized under IFRS and defined within the "Regulatory Disclosures" section from page 40 of MD&A.

## OTHER

On October 1, 2020, the Company completed the offering of \$1.5 billion of Senior Notes due 2027, and the proceeds of the offering were used towards the partial repayment of the Company's existing revolving credit facility, and the redemption in full of the Company's outstanding Senior Notes due 2022. On October 19, 2020, the redemption of the notes, at par, was completed.

## COVID-19 UPDATE

The Company continues to maintain defensive health and sanitary protocols and to support the government health authorities in each jurisdiction according to the needs across all of its sites and operations to combat the spread of COVID-19. As the pandemic has worsened globally, the Company has identified cases amongst the workforce. All of the cases have been effectively contained and isolated, according to the established protocols and in coordination with local health authorities, with limited impact to operations. The Company will continue to employ measures to ensure minimal spread of the contagion and the health and wellbeing of our workforce continues to be a priority.

The Company is working to manage the logistical challenges presented by the closure of trade borders, using alternative routes where feasible. Some sales shipments were delayed in the fourth quarter due to COVID-19 related port restrictions and similar delays have also been experienced to date in 2021. The Company has also experienced some disruption and additional costs on freight shipments out of Asia. The Company has not experienced any other major disruptions to supply chains and product shipments since the onset of the pandemic and has no immediate expectation of further disruption other than port delays and additional shipping costs noted above.

## CLIMATE CHANGE POLICY

The Company has always been committed to extracting resources responsibly and our sustainability strategy is an intrinsic part of everything we do. Recently, to formalize this commitment we have published our approach to climate change. The approach includes the integration of climate change and energy issues and impacts into our decision making and strategic planning. Over the next years, we will be setting progressive and realistic targets with an identified pathway to achievement.

Full details of our climate change approach, our commitments to climate change, and other ESG related programs, policies and data can be found at <https://www.first-quantum.com/English/sustainability/default.aspx>.

## 2021 – 2023 GUIDANCE

Guidance provided below is based on a number of assumptions and estimates as of December 31, 2020, including among other things, assumptions about metal prices and anticipated costs and expenditures. Guidance involves estimates of known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different. The unprecedented challenges presented by COVID-19 pose some additional risk to the accuracy of forward looking information. Production guidance and cost guidance includes current assumptions on the impact of COVID-19 on operations. *(Please see the Company's release dated January 26, 2021 and the December 31, 2020 Management Discussion and Analysis for additional detail.)*

### Production Guidance

000's	2021	2022	2023
Copper (tonnes)	785 – 850	805 – 860	820 – 880
Gold (ounces)	280 – 300	280 – 300	290 – 310
Nickel (contained tonnes)	23 – 27	25 – 30	27 – 32

## Production guidance by operation

### Copper

000's tonnes	2021	2022	2023
Cobre Panama	300 – 330	310 – 340	330 – 360
Kansanshi	210 – 225	200 – 210	210 – 220
Sentinel	230 – 250	265 – 280	270 – 290
Other sites	45	30	10

### Gold

000's ounces	2021	2022	2023
Cobre Panama	120 – 130	135 – 145	145 – 155
Kansanshi	120 – 130	115 – 125	115 – 125
Other sites	40	30	30

### Nickel

000's tonnes (contained)	2021	2022	2023
Ravensthorpe	23 – 27	25 – 30	27 – 32

## Cash cost and all-in sustaining cost

### Copper

	2021	2022	2023
C1 (per lb)	\$1.20 – \$1.40	\$1.20 – \$1.40	\$1.20 – \$1.40
AISC (per lb)	\$1.70 – \$1.85	\$1.70 – \$1.85	\$1.70 – \$1.85

### Nickel

	2021	2022	2023
C1 (per lb)	\$5.00 - \$5.50	\$4.40 - \$4.90	\$4.20 - \$4.70
AISC (per lb)	\$5.50 - \$6.00	\$4.90 - \$5.40	\$4.70 - \$5.20

## Capital expenditure

	2021	2022	2023
Capitalized stripping	250	250	250
Sustaining capital and other projects	700	700	800
Total capital expenditure	950	950	1,050

Capital expenditure of \$950 million is expected in 2021 and 2022, which includes \$40 million in each year on the smelter expansion at Kansanshi. 2021 and 2022 also includes a total of approximately \$100 million in capital expenditures deferred from 2020. Other projects in 2021 include Shoemaker Levy development at Ravensthorpe and some spend on the fourth crusher at Sentinel.

In 2023, capital expenditure is expected to be \$1,050 million and includes \$270 million for the proposed S3 expansion at Kansanshi. This project is subject to board approval and the timing could be accelerated or delayed depending on capital availability, commodity prices and the Zambian fiscal regime.

Project capital expenditure across the three years also provides for the expansion to 100 million tonnes per annum at Cobre Panama. The majority of this capital is for pre-strip and mine fleet for Colina pit and process plant upgrades including the secondary crushing screening plant and the sixth ball mill.

Sustaining capital expenditure is on average approximately \$250 million per year, but is expected to be up to \$40 million higher in 2021 with planned maintenance of the Kansanshi smelter.

### **Interest**

Net interest expense for the year ended December 31, 2020, was \$738 million. A significant proportion of the Company's interest expense is incurred in jurisdictions where no tax credit is recognized. Interest expense for the full year 2021 is expected to range between \$740 million and \$780 million. This includes interest accrued on related party loans to Cobre Panama and a finance cost accreted on the precious metal streaming arrangement.

Cash outflow on interest paid for the year ended December 31, 2020 was \$574 million and is expected to be approximately \$525 million for the full year 2021. This figure excludes interest paid on related party loans to Cobre Panama.

### **Tax**

Excluding the impact of interest expense, the effective tax rate for 2020 was 33%. Excluding the impact of interest expense, the effective tax rate for 2021 is expected to be approximately 30%.

### **Depreciation**

Depreciation expense for the year ended December 31, 2020 was \$1,217 million. The full year 2021 depreciation expense is expected to be approximately \$1,125 million.

## **CONFERENCE CALL AND WEBCAST**

The Company will host a call and webcast to discuss the results on Wednesday, February 17, 2021 at 9:00 am (ET).

### **Conference call and webcast details:**

Toll-free North America:	1-800-952-5114
Toronto Local and International:	416-406-0743
Toll-free UK:	00-80042228835
<b>Passcode:</b>	<b>8775774#</b>

Webcast: [www.first-quantum.com](http://www.first-quantum.com)

### **Conference call replay:**

Toll-free North America:	1-800-408-3053
Toronto Local and International:	905-694-9451
Passcode:	8666906#

The conference call replay will be available from February 17, 2021 until 11:59pm ET on March 3, 2021.

## **COMPLETE FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

The complete Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2020 are available at [www.first-quantum.com](http://www.first-quantum.com) and at [www.Sedar.com](http://www.Sedar.com) and should be read in conjunction with this news release.

For further information visit our website at [www.first-quantum.com](http://www.first-quantum.com)

Contact: Lisa Doddridge, Director, Investor Relations  
Tel: (416) 361-3400 Toll free: 1 (888) 688-6577  
E-Mail: info@fqml.com

#### **CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION**

Certain statements and information herein, including all statements that are not historical facts, contain forward-looking statements and forward-looking information within the meaning of applicable securities laws. The forward-looking statements include estimates, forecasts and statements as to the Company's expectations of production and sales volumes, and expected timing of completion of project development at Enterprise and post-completion construction activity at Cobre Panama and are subject to the impact of ore grades on future production, the potential of production disruptions, potential production, operational, labour or marketing disruptions as a result of the COVID-19 global pandemic (including but not limited to the temporary suspension of labour activities at Cobre Panama implemented in April 2020), capital expenditure and mine production costs, the outcome of mine permitting, other required permitting, the outcome of legal proceedings which involve the Company, information with respect to the future price of copper, gold, nickel, silver, iron, cobalt, pyrite, zinc and sulphuric acid, estimated mineral reserves and mineral resources, First Quantum's exploration and development program, estimated future expenses, exploration and development capital requirements, the Company's hedging policy, and goals and strategies. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

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

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