



FIRST QUANTUM  
MINERALS

Q2  
2021



# 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 Panama, Zambia, Peru, Mauritania, Finland, Spain, Turkey, Argentina and Australia, adverse weather conditions in Panama, Zambia, Finland, Spain, Turkey, Mauritania, and Australia, 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. For mineral resource and mineral reserve figures appearing or referred to herein, varying cut-off grades have been used depending on the mine, method of extraction and type of ore contained in the orebody.

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 as 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 made and information contained herein are qualified by this cautionary statement.



# Tristan Pascall

Chief Operating Officer



# Q2 2021 OPERATIONAL HIGHLIGHTS

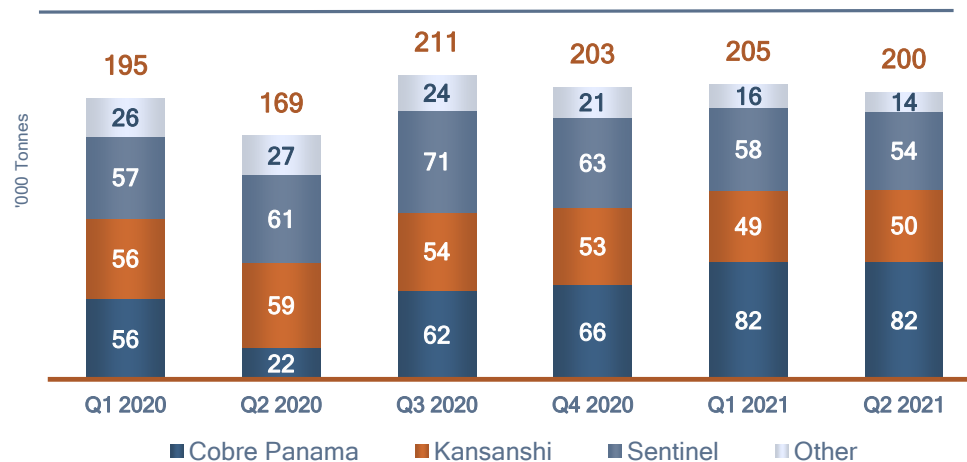
Total copper production<sup>1</sup>

**200k** tonnes

18% higher than Q2 2020

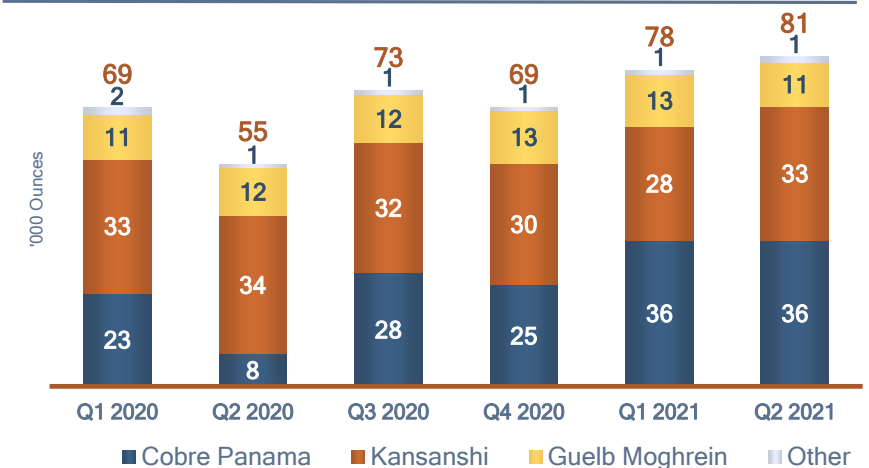
- ▶ Cobre Panama produced at ~4X the rate of COVID-19 impacted Q2 2020. Continued progress on ramp up to 85mtpa, with stronger throughput rates somewhat offset by higher maintenance in April and marginally lower grades compared to the previous quarter
- ▶ Sentinel experienced weaker grades; remains well within guidance. Installation of the 4<sup>th</sup> in-pit crusher continues as planned, expected completion in Q4 2021
- ▶ Kansanshi saw improved throughput, but lower grades. The lower grades are expected to persist through the balance of the year
- ▶ Total gold production for the quarter of 81koz was 49% higher than Q2 2020 (impacted by COVID-19) and 4% higher than Q1 2021
- ▶ Cobre Panama delivered record high gold production of 36,290oz

## QUARTERLY COPPER PRODUCTION BY SITE



<sup>1</sup> Copper production is presented on a copper contained basis.

## QUARTERLY GOLD PRODUCTION BY SITE





## Innovation driving sustainability

- Fourth annual ESSDR published recently highlighting the impact of Company's innovation programs:
  - An estimated 1.1 million tonnes CO2 emissions saved in 2020
  - The 2020 ESSDR is available on our website
- 2020 ESTMA tax transparency report published during the quarter:
  - ~\$1.1 billion in direct tax and economic contributions made in countries in which First Quantum operates
  - The 2020 ESTMA is available on our website
- Progress continues at projects towards delivering on 2021 commitments related to climate change:
  - Commencement of reporting aligned to the TCFD framework
  - Tangible & realistic targets for absolute emission levels and the carbon intensity of the Company's operations
  - Integration of a carbon price into project evaluation



# Hannes Meyer

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Chief Financial Officer





# FINANCIAL OVERVIEW

Financial performance in the quarter was driven by strong sales and increased metal prices, resulting in a significant increase in comparative EBITDA and net earnings, as well as a notable reduction in net debt.

**Gross profit** of \$625 million and **comparative EBITDA** of \$902 million in the quarter were significantly higher than the same period in 2020, attributable to increased sales volumes at Cobre Panama, as well as a 37% increase in the realized copper price.

**Net earnings attributable to shareholders of the Company** of \$140 million and **comparative earnings** of \$173 million represents a significant improvement on the same quarter of 2020.

The Company has entered into a binding agreement to sell **30% equity interest in Ravensthorpe** for cash consideration of \$240 million to POSCO. The Company will continue to be the operator.

**Net debt** decreased during the six month period by \$658 million to \$6,751 million as at June 30, 2021, including a \$311 million reduction in the second quarter. With the current strength in the copper price, a significant further reduction is expected in the second half of this year.

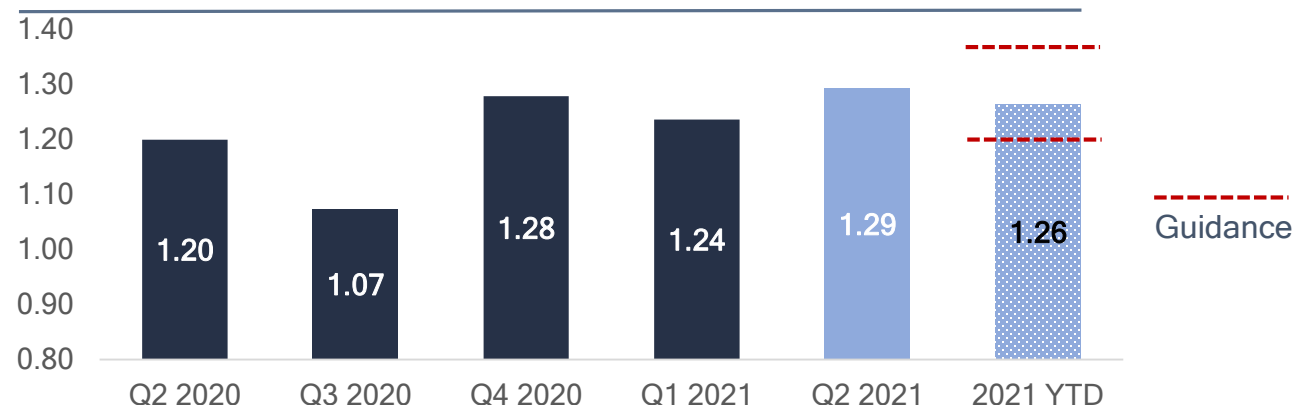
**C1 cash cost** of \$1.29/lb was \$0.09/lb higher than the second quarter of 2020, impacted by lower production at both Zambian operations and at Las Cruces.

**Capital expenditure** was \$264 million in the quarter, which includes the smelter shutdown at Kansanshi.

# QUARTERLY COPPER UNIT CASH COSTS

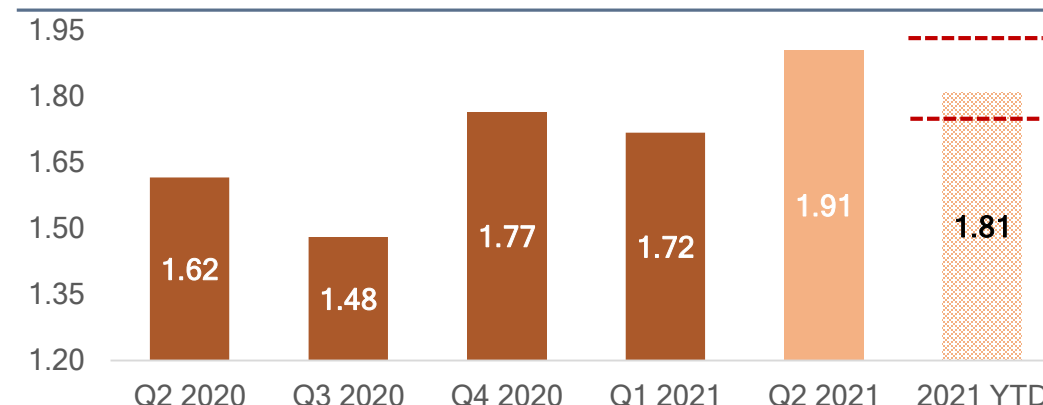
## YTD Copper C1 and AISC within full year guidance

### TOTAL C1 COST



- Copper total C1 cost for the quarter was \$0.09/lb higher than Q2 2020, impacted by lower production at both Zambian operations and cessation of open-pit mining at Las Cruces in August 2020.
- Cobre Panama C1 cash cost of \$1.25/lb was significantly lower than Q2 2020 and reflects increased production. Cobre Panama copper guidance range for 2021 has been increased 10,000 to 5,000 tonnes to between 310,000 and 335,000 tonnes.

### AISC



- Copper AISC for the quarter was \$0.29/lb higher than Q2 2020, impacted by the higher Zambian royalty rate following the higher copper price and higher sustaining capex which includes the planned smelter maintenance shutdown at Kansanshi.
- AISC guidance for 2021 has been increased by 10 cents to \$1.80/lb - \$1.95/lb to allow for higher royalty expense, with the year-to-date royalty expense exceeding prior year levels by \$0.11/lb, and for the quarter, by \$0.12/lb.



# Q2 SUMMARY FINANCIAL OVERVIEW

Basic earnings per share of \$0.20 and comparative earnings per share of \$0.25, \$0.43 and \$0.37 higher than Q2 2020 respectively

\$ Million (except per share numbers)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	1,847	1,678	1,601	1,402	1,014
Gross Profit	625	540	443	346	141
Comparative EBITDA <sup>1</sup>	902	811	725	641	352
Net earnings/ (loss) attributable to shareholders of the Company	140	142	9	29	(156)
Comparative Earnings <sup>1</sup>	173	150	53	64	(84)
Basic earnings/ (loss) per share \$	0.20	0.21	0.01	0.04	(0.23)
Comparative earnings/ (loss) per share \$	0.25	0.22	0.08	0.09	(0.12)
Net Debt	(6,751)	(7,062)	(7,409)	(7,545)	(7,658)

- Total comparative EBITDA of \$902 million was 156% higher than Q2 2020:
  - ▶ Increased sales volumes at Cobre Panama with near record quarterly production and record contained copper shipped. The comparative period sales were also significantly affected by COVID-19 related restrictions.
  - ▶ 37% increase in the realized copper price<sup>2</sup>

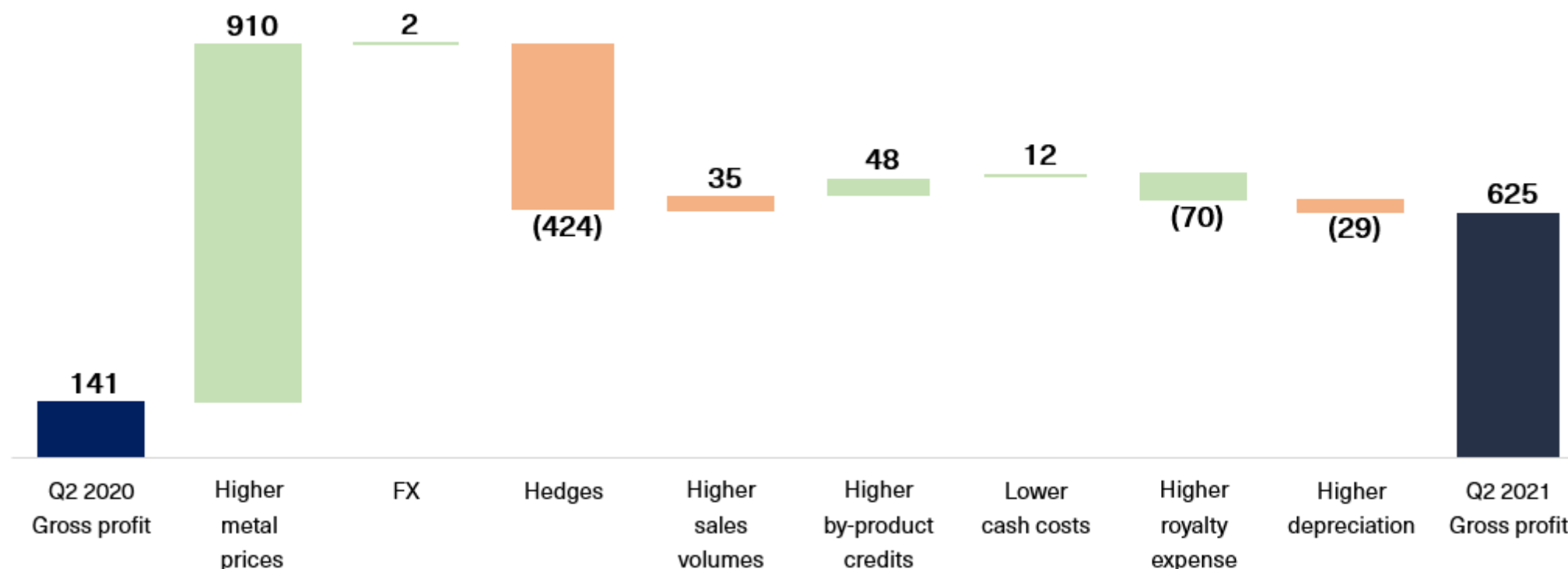
- Comparative earnings for the second quarter of \$173 million is an increase of \$257million compared to Q2 2020.
- Net debt reduced by \$311 million in the quarter and by \$658 million in the six month period to \$6,751 million as at June 30, 2021.

<sup>1</sup> Earnings attributable to shareholders of the Company and EBITDA have been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings and comparative EBITDA. For further detail on comparative EBITDA and earnings refer to the appendix.

<sup>2</sup> Realised copper price reflects hedges in place during the quarter and copper hedge loss of \$337m.

# SIGNIFICANT INCREASE IN GROSS PROFIT

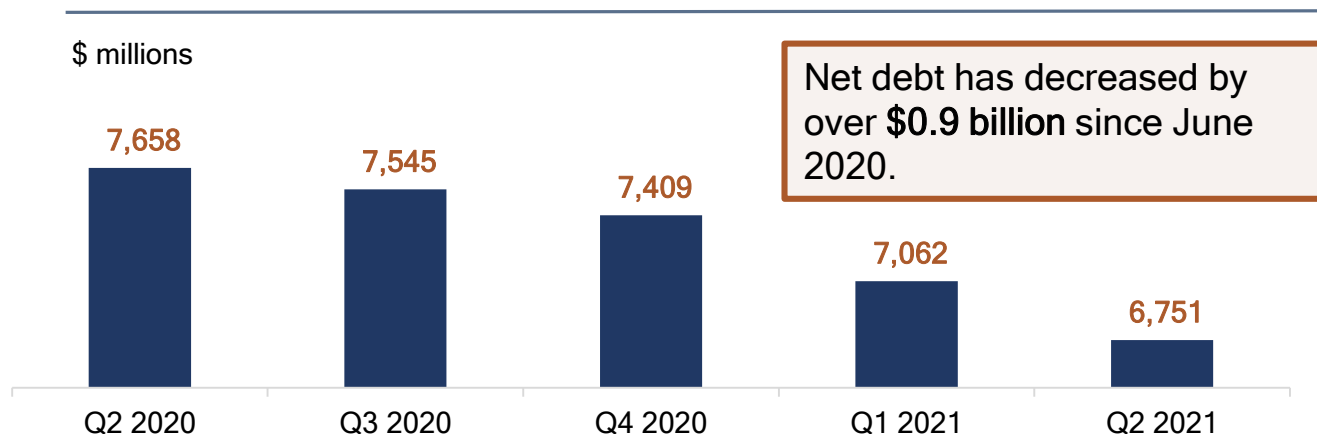
Gross profit for the quarter of \$625 million was \$484 million higher than Q2 2020, based on improved metal prices and higher contribution from Cobre Panama.





# DEBT AND LIQUIDITY PROFILE

## NET DEBT

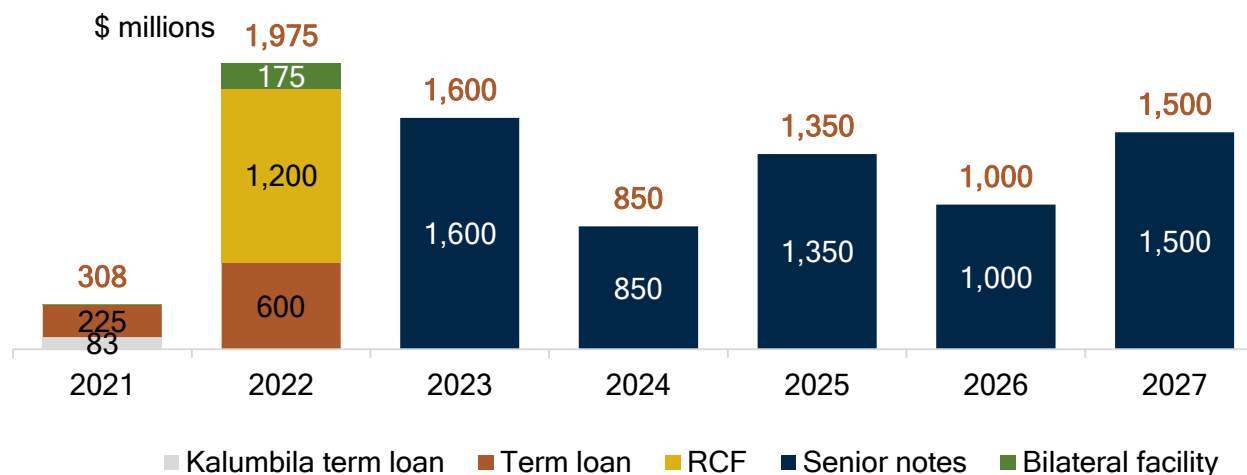


### Liquidity update:

- The Company signed a bilateral borrowing facility for \$175 million on April 15, 2021, available for 12 months from the date of signing.

Following the upgrades by S&P Global Ratings and Fitch Ratings in April to a B credit rating, the Company outlook remains stable. Copper prices and demand continue to be robust.

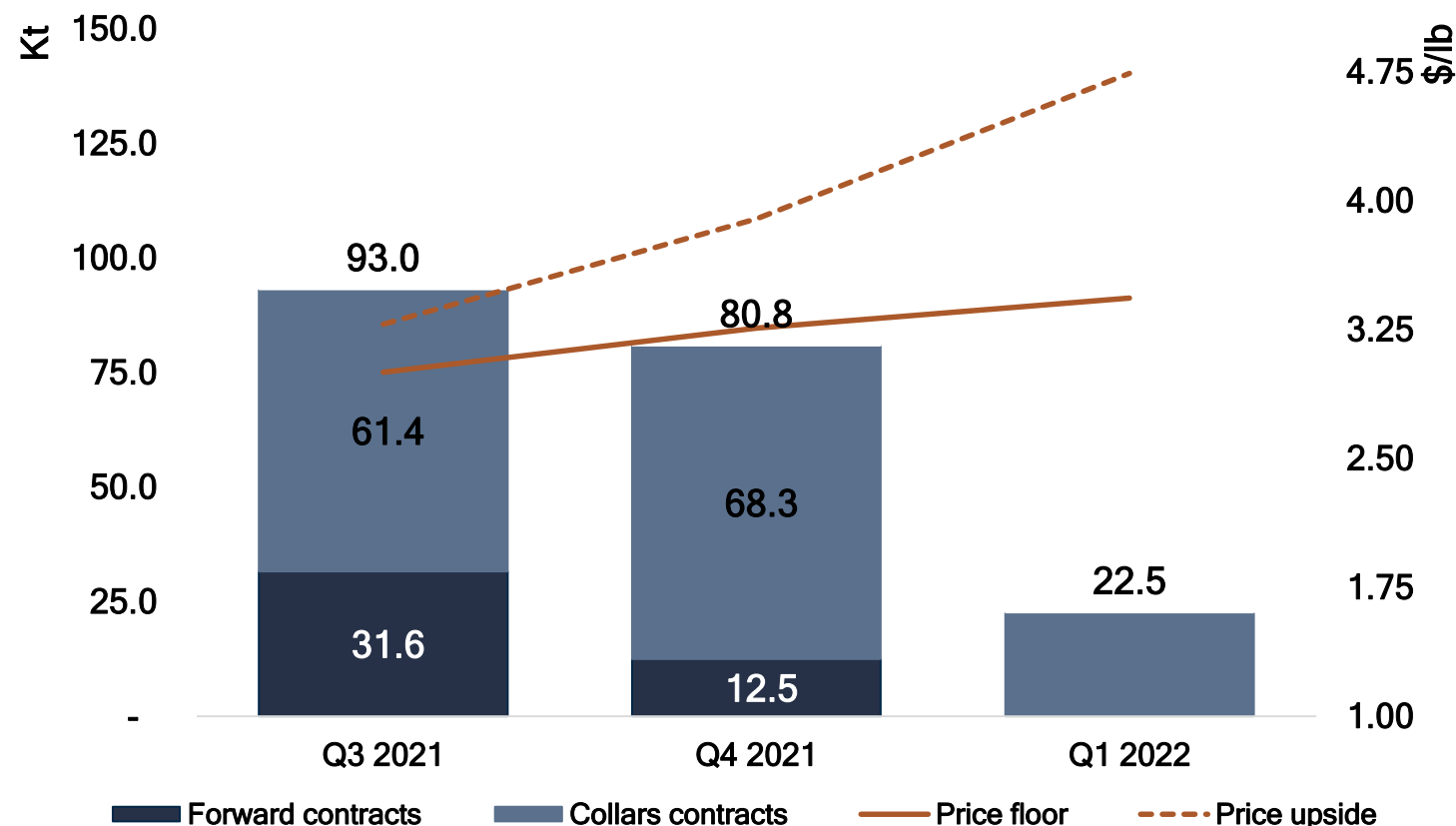
## DEBT MATURITY AS AT JUNE 30, 2021



### Covenant Ratios:

- Net debt/EBITDA covenant ratio at June 30, 2021 of 2.15x, significantly below covenant requirement of 4.75x.
- Debt Service Cover covenant ratio at June 30, 2021 of 2.24x, significantly above covenant requirement of 1.10x.

# COPPER HEDGING PROGRAM OUTLOOK<sup>1,2</sup>



Approximately one quarter of expected copper sales for the next 12 months are hedged to unmargined forward and zero cost collar sales contracts, at an average floor price and average ceiling price of \$3.16/lb and \$3.70/lb, respectively.

This compares to approximately 35% at the end of the first quarter of 2021, with an average floor price and average ceiling price of \$3.04/lb and \$3.44/lb, respectively.

<sup>1</sup> Hedging outlook as at July 27, 2021.

<sup>2</sup> The Company has unmargined nickel forward sales contracts and collars for 1,110 tonnes at an average price of \$7.74 per lb outstanding with maturities to December 2021. The Company also has zero cost nickel collar unmargined nickel sales contracts for 1,299 tonnes at weighted average prices of \$7.68 per lb to \$8.58 per lb outstanding with maturities to May 2022.



# Tristan Pascall

Chief Operating Officer





## The Path Forward

### 1. Capital Allocation

#### Debt Reduction

- Top priority for 2021
- Plan to reduce gross debt by \$2 billion by next year
- Net Debt/EBITDA below 2x

#### Dividend Policy

- Update in early 2022
- Cautious approach but expect increase on current nominal dividend
- Will not sacrifice growth options for dividend

### 2. Brownfield

#### Cobre Panama Ramp-up

- Progressing toward 85mtpa
- On track for 100mtpa by 2024

#### Enterprise

- Decision by end of 2021
- Potential to add 30ktpa of Ni

#### S3 Expansion

- Decision pending at Kansanshi
- Seeking more fiscal certainty in Zambia

#### Cobre Las Cruces Underground

- Provides further optionality

### 3. Greenfield

Cautious approach to Greenfield until debt reduction achieved

#### Taca Taca in Argentina

- 7.7M tonnes of contained Cu in NI 43-1010 maiden mineral reserve
- Seeking improved fiscal environment before a go-ahead decision

#### Haquira in Peru

- Primary focus is to continue work with local communities



# APPENDIX



# QUARTERLY NET DEBT MOVEMENT

	Quarterly movement from March 31, 2021	Year-to-date movement from December 31, 2020
<b>Opening Net Debt (\$ million)</b>	<b>(7,062)</b>	<b>(7,409)</b>
Comparative EBITDA	902	1,713
Working capital	(1)	51
Capital expenditure	(264)	(444)
Interest paid	(68)	(261)
Net payments to joint venture (KPMC)	(19)	(34)
Taxes paid	(165)	(240)
Other	(74)	(127)
<b>Closing Net Debt at June 30, 2021 (\$ million)</b>	<b>(6,751)</b>	<b>(6,751)</b>
<b>Net Debt at June 30, 2021 is comprised of:</b>		
Cash & cash equivalents <sup>1</sup>	1,792	
Total debt and overdraft	(8,543)	

<sup>1</sup> Excludes \$45m restricted cash.



# 2021 GUIDANCE UPDATES

Market guidance for nickel production and nickel cash costs updated. Total copper, total gold, copper cash costs and total capital expenditure guidance remains unchanged.

Production Guidance <sup>1</sup>	Previous guidance 2021	Updated guidance 2021
Copper ('000 tonnes)	785 - 850	785 - 850
Gold ('000 ounces)	280 - 300	280 - 300
Nickel ('000 tonnes)	23 - 27	20 - 24
Copper Cost Guidance (\$ per lb)	2021	2021
Copper C1	1.20 - 1.40	1.20 - 1.40
Copper AISC	1.70 - 1.85	1.80 - 1.95
Nickel Cost Guidance (\$ per lb)	2021	2021
Nickel C1	5.00 - 5.50	6.50 - 7.00
Nickel AISC	5.50 - 6.00	7.75 - 8.50
Capital Expenditure Guidance (\$ million)	2021	2021
Sustaining capital and other projects	700	740
Capitalized stripping	250	210
Total	950	950

Ravensthorpe nickel production has been reduced to between 20,000 - 24,000 tonnes, as a result of delays experienced for supply of key components for the Shoemaker Levy crushing and conveyor project.

Whilst copper C1 costs for the second quarter and for the first six months of the year have been in the middle of the guidance range, AISC has been under pressure, particularly in the second quarter, from higher Zambian royalty rates due to higher copper prices. Accordingly, AISC guidance has been increased by 10 cents to allow for higher royalty expense, which for the year-to-date has exceeded prior year levels by 11 cents, and for the quarter, by 12 cents.

Cash costs guidance for nickel has been increased, with C1 cost range increasing to between \$6.50 per lb and \$7.00 per lb and AISC range increasing to between \$7.75 per lb and \$8.50 per lb. The update to guidance reflects the lower production guidance, the appreciation of the Australian dollar against the US dollar since the beginning of the year, the increase in market price of sulphur, and higher freight charges resulting from global shipping congestion.

<sup>1</sup> Production is presented on a contained basis.



# 2021 COPPER AND GOLD PRODUCTION GUIDANCE UPDATE BY SITE

Copper Production Guidance ('000 tonnes) <sup>1</sup>	Previous guidance 2021	Updated guidance 2021
Cobre Panama	300 - 330	310 - 335
Kansanshi	210 - 225	200 - 215
Sentinel	230 - 250	230 - 250
Other sites	45	45 - 50
Gold Production Guidance ('000 ounces)	Previous guidance 2021	Updated guidance 2021
Cobre Panama	120 - 130	125 - 135
Kansanshi	120 - 130	115 - 125
Other sites	40	40

Total copper production guidance remains unchanged, with Cobre Panama guidance range increasing 10,000 to 5,000 tonnes to between 310,000 and 335,000 tonnes, while Kansanshi guidance range has been reduced 10,000 tonnes to between 200,000 and 215,000 tonnes. Other sites guidance incorporates a range with the upper level increasing 5,000 tonnes.

Total gold production guidance remains unchanged, with Cobre Panama guidance range increasing 5,000 ounces to between 125,000 and 135,000 ounces, while Kansanshi guidance range has been reduced 5,000 ounces to between 115,000 to 125,000 ounces.

<sup>1</sup> Production is presented on a contained basis.

## Interest

Interest expense for the quarter ended June 30, 2021 was \$186 million and for the first six months of the year was \$373 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 three and six months ended June 30, 2021 was \$68 million and \$261 million, respectively, 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 the quarter ended June 30, 2021 was 31%, and for the first six months of the year was 30%. Excluding the impact of interest expense, the effective tax rate for the full year 2021 is expected to be approximately 30%.

## Depreciation

Depreciation expense for the quarter ended June 30, 2021 was \$286 million and for the first six months of the year was \$572 million. The full year 2021 depreciation expense is expected to be between \$1,125 million and \$1,150 million.

# PRECIOUS METAL STREAM ARRANGEMENT

- Cobre Panama gold and silver revenues consist of revenues derived from the sale of metals produced by the mine, and also revenues recognized from the amortization of the precious metal stream arrangement.
- Stream gold and silver revenues are indexed to copper sold from the Cobre Panama mine, and not gold or silver production.
- Stream gold and silver revenues comprise two principal elements;
  - Non-cash amortization of the deferred revenue balance,
  - Ongoing cash payments received.
- Streaming arrangement obligations are satisfied with the purchase of refinery-backed gold and silver credits, the cost of which is recognized within cost of sales.
- C1 and AISC include the net by-product credit, inclusive of the above.

Revenues (\$ millions)	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Gold and silver revenue - cash	14	5	29	14
Gold and silver revenue - non cash amortization	27	7	50	26
Total gold and silver revenues - precious metal stream	41	12	79	40
Refinery-backed credits for precious metal stream included in cost of sales	(65)	(15)	(121)	(52)



# NON-GAAP MEASURES RECONCILIATION

## COMPARATIVE EBITDA AND COMPARATIVE EARNINGS

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Operating profit	588	77	1,101	81
Depreciation	286	257	572	568
Foreign exchange loss	23	10	34	133
Other expense	4	4	4	6
Revisions in estimates of restoration provisions at closed sites	1	4	2	(2)
<b>Comparative EBITDA (\$ million)</b>	<b>902</b>	<b>352</b>	<b>1,713</b>	<b>786</b>

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
<b>Net earnings/(loss) attributable to shareholders of the Company</b>	<b>140</b>	<b>(156)</b>	<b>282</b>	<b>(218)</b>
Movement in Zambian VAT discount	22	(22)	14	(59)
Other, including loss on debt instruments	-	-	-	2
Total adjustments to comparative EBITDA excluding depreciation	28	18	40	137
Reversal of tax effect of unrealized hedge position recognized in other comprehensive income	-	67	-	-
Tax and minority interest comparative adjustments	(17)	9	(13)	(25)
<b>Comparative earnings (\$ million)</b>	<b>173</b>	<b>(84)</b>	<b>323</b>	<b>(163)</b>
Earnings (loss) per share as reported	\$0.20	(\$0.23)	\$0.41	(\$0.32)
Comparative earnings (loss) per share	\$0.25	(\$0.12)	\$0.47	(\$0.24)

# NON-GAAP MEASURES RECONCILIATION: C1 and AISC

\$ million	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Cost of sales	(1,222)	(873)	(2,360)	(1,908)
Depreciation	286	257	572	568
By-product credits	224	122	419	287
Royalties	120	50	227	102
Treatment and refining charges	(52)	(33)	(106)	(84)
Freight costs	(17)	(18)	(26)	(28)
Finished goods	33	20	33	11
Other	16	20	33	57
<b>C1 Cost</b>	<b>(612)</b>	<b>(455)</b>	<b>(1,208)</b>	<b>(995)</b>
General and administrative expenses	(31)	(24)	(58)	(46)
Sustaining capital expenditure and deferred stripping	(125)	(75)	(210)	(138)
Royalties	(120)	(50)	(227)	(102)
Lease payments	(4)	(3)	(5)	(6)
Other	-	1	-	(2)
<b>AISC</b>	<b>(892)</b>	<b>(606)</b>	<b>(1,708)</b>	<b>(1,289)</b>
Total copper C1 Cost \$ per lb	\$1.29	\$1.20	\$1.26	\$1.25
Total copper AISC \$ per lb	\$1.91	\$1.62	\$1.81	\$1.63
Total nickel C1 Cost \$ per lb	\$8.01	\$6.26	\$7.26	\$6.26
Total nickel AISC \$ per lb	\$9.52	\$7.30	\$8.57	\$7.30

# EBITDA SENSITIVITY

Assumption	Actual price/rate YTD June 2021	Impact on YTD EBITDA of a 10% change in price/ rate
Copper (includes hedge impact)	\$4.12/lb	\$138 million
Gold	\$1,806/oz	\$26 million
Nickel (includes hedge impact)	\$7.92/lb	\$11 million
Zambian kwacha	22.01 ZMW/USD	\$10 million





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