



FIRST QUANTUM
MINERALS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2022

(unaudited) (In U.S. dollars, tabular amounts in millions, except where indicated)

Interim Consolidated Statements of Earnings

(unaudited)

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



	Note	Three months ended June 30		Six months ended June 30	
		2022	2021 (revised- Note 10)	2022	2021 (revised- Note 10)
Sales revenues	13	1,904	1,782	4,067	3,404
Cost of sales	14	(1,275)	(1,157)	(2,530)	(2,239)
Gross profit		629	625	1,537	1,165
Exploration		(4)	(4)	(8)	(7)
General and administrative		(29)	(31)	(61)	(58)
Other income (expense)	17	260	(2)	170	1
Operating profit		856	588	1,638	1,101
Finance income		16	16	32	32
Finance costs	15	(161)	(186)	(330)	(373)
Adjustment for expected phasing of Zambian VAT	3c	(106)	(22)	(128)	(14)
Earnings before income taxes		605	396	1,212	746
Income tax expense	16	(137)	(182)	(292)	(338)
Net earnings		468	214	920	408
Net earnings attributable to:					
Non-controlling interests		49	74	116	126
Shareholders of the Company	12	419	140	804	282
Earnings per share attributable to the shareholders of the Company					
Net earnings \$ per share					
Basic	12	0.61	0.20	1.16	0.41
Diluted	12	0.60	0.20	1.16	0.41
Weighted average shares outstanding (000's)					
Basic	12	690,237	688,457	690,136	688,622
Diluted	12	692,783	692,025	692,708	691,851
Total shares issued and outstanding (000's)	11a	691,788	690,987	691,788	690,987

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

Interim Consolidated Statements of Comprehensive Income

(unaudited)

(expressed in millions of U.S. dollars)



	Note	Three months ended June 30		Six months ended June 30	
		2022	2021	2022	2021
Net earnings		468	214	920	408
Other comprehensive income					
Items that have been/may subsequently be reclassified to net earnings:					
Cash flow hedges reclassified to net earnings		6	(137)	11	(301)
Movements on unrealized cash flow hedge positions		6	292	-	394
Items that will not subsequently be reclassified to net earnings:					
Fair value gain (loss) on investments		(2)	-	5	(9)
Total comprehensive income for the period		478	369	936	492
Total comprehensive income for the period attributable to:					
Non-controlling interests		49	74	116	126
Shareholders of the Company		429	295	820	366
Total comprehensive income for the period		478	369	936	492

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

Interim Consolidated Statements of Cash Flows

(unaudited)

(expressed in millions of U.S. dollars)



		Three months ended June 30		Six months ended June 30	
	Note	2022	2021	2022	2021
Cash flows from operating activities					
Net earnings		468	214	920	408
Adjustments for					
Depreciation	14	288	286	583	572
Income tax expense	16	137	182	292	338
Share-based compensation expense		8	8	21	16
Net finance expense		145	170	298	341
Adjustment for expected phasing of Zambian VAT		106	22	128	14
Foreign exchange		(233)	2	(179)	11
Deferred revenue amortization	10	(27)	(27)	(49)	(50)
Share of profit in joint venture	17	(20)	(25)	(34)	(39)
Other		6	13	49	-
		878	845	2,029	1,611
Taxes paid		(224)	(165)	(432)	(240)
Movements in non-cash operating working capital		281	20	29	112
Long-term incentive plans		(31)	(21)	(56)	(61)
Net cash from operating activities		904	679	1,570	1,422
Cash flows used by investing activities					
Purchase and deposits on property, plant and equipment	5,18	(275)	(264)	(554)	(444)
Interest paid and capitalized to property, plant and equipment	5	(5)	-	(9)	-
Other		(2)	1	(2)	2
Net cash used by investing activities		(282)	(263)	(565)	(442)
Cash flows from (used by) financing activities					
Net movement in trading facility	8	(61)	(164)	116	(311)
Movement in restricted cash		5	(3)	41	(6)
Proceeds from debt	8	650	964	650	1,054
Repayments of debt	8	(1,193)	(312)	(1,523)	(532)
Net payments to joint venture (KPMC)	7, 9b	(16)	(19)	(27)	(34)
Transactions with non-controlling interests	9c	-	-	4	-
Dividends paid to shareholders of the Company		(3)	(3)	(3)	(3)
Dividends paid to non-controlling interests		(44)	(6)	(60)	(6)
Interest paid		(79)	(68)	(232)	(261)
Other		(2)	(1)	(3)	(3)
Net cash from (used by) financing activities		(743)	388	(1,037)	(102)
Increase (decrease) in cash and cash equivalents		(121)	804	(32)	878
Cash and cash equivalents – beginning of period		1,948	988	1,859	914
Exchange losses on cash and cash equivalents		(2)	-	(2)	-
Cash and cash equivalents - end of period		1,825	1,792	1,825	1,792

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

Interim Consolidated Balance Sheets

(unaudited)

(expressed in millions of U.S. dollars)



	Note	June 30, 2022	December 31, 2021 (audited)
Assets			
Current assets			
Cash and cash equivalents		1,825	1,859
Trade and other receivables	3	368	622
Inventories	4	1,447	1,314
Current portion of other assets	6	436	138
		4,076	3,933
Non-current assets			
Cash and cash equivalents - restricted cash		9	50
Non-current VAT receivable	3b	594	644
Property, plant and equipment	5	19,217	19,283
Goodwill		237	237
Investment in joint venture	7	653	619
Deferred income tax assets		164	182
Other assets	6	274	322
Total assets		25,224	25,270
Liabilities			
Current liabilities			
Trade and other payables		909	719
Current taxes payable		100	363
Current debt	8	630	313
Current portion of provisions and other liabilities	9	223	283
		1,862	1,678
Non-current liabilities			
Debt	8	6,534	7,599
Provisions and other liabilities	9	2,260	2,309
Deferred revenue	10	1,362	1,386
Deferred income tax liabilities		874	804
Total liabilities		12,892	13,776
Equity			
Share capital	11	5,533	5,568
Retained earnings		5,323	4,522
Accumulated other comprehensive loss		(56)	(72)
Total equity attributable to shareholders of the Company		10,800	10,018
Non-controlling interests		1,532	1,476
Total equity		12,332	11,494
Total liabilities and equity		25,224	25,270

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

Interim Consolidated Statements of Changes in Equity

(unaudited)

(expressed in millions of U.S. dollars)



	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance at December 31, 2021	5,568	4,522	(72)	10,018	1,476	11,494
Net earnings	-	804	-	804	116	920
Other comprehensive income	-	-	16	16	-	16
Total comprehensive income	-	804	16	820	116	936
Share-based compensation expense	21	-	-	21	-	21
Acquisition of treasury shares	(63)	-	-	(63)	-	(63)
Net cash from share awards	7	-	-	7	-	7
Dividends	-	(3)	-	(3)	(60)	(63)
Balance at June 30, 2022	5,533	5,323	(56)	10,800	1,532	12,332

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total equity attributable to shareholders of the Company	Non-controlling interests	Total Equity
Balance at December 31, 2020	5,629	3,695	(455)	8,869	1,166	10,035
Net earnings	-	282	-	282	126	408
Other comprehensive income	-	-	84	84	-	84
Total comprehensive income	-	282	84	366	126	492
Share-based compensation expense	16	-	-	16	-	16
Acquisition of treasury shares	(67)	-	-	(67)	-	(67)
Net cash from share awards	6	-	-	6	-	6
Dividends	-	(3)	-	(3)	(6)	(9)
Balance at June 30, 2021	5,584	3,974	(371)	9,187	1,286	10,473

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

1. NATURE OF OPERATIONS

First Quantum Minerals Ltd. ("First Quantum" or "the Company") is engaged in the production of copper, nickel, gold and silver, and related activities including exploration and development. The Company has operating mines located in Zambia, Panama, Finland, Turkey, Spain, Australia and Mauritania, and a development project in Zambia. The Company is progressing the Taca Taca copper-gold-molybdenum project in Argentina and is exploring the Haqira copper deposit in Peru.

The Company's shares are publicly listed for trading on the Toronto Stock Exchange.

The Company is registered and domiciled in Canada, and its registered office is Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, BC, Canada, V7X 1L3.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board have been condensed or omitted. The accounting policies applied in these condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2021.

These consolidated interim financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management has taken into account all available information about the future, which is at least, but is not limited to, twelve months from June 30, 2022.

Following the declaration on March 11, 2020, of a pandemic by the World Health Organisation, the restrictions imposed by governments around the world has had a significant impact on the global economy, which have impacted the Company. The Company's priority remains the health and safety of the workforce and surrounding communities as the Company continues to work to manage the impacts of the COVID-19 pandemic. Although some operations are still experiencing some restrictions on labor and resources due to the COVID-19 pandemic, the Company is not currently impacted in any significant manner. Expected credit losses on financial assets remain immaterial at June 30, 2022.

At June 30, 2022, the Company had \$600 million committed undrawn senior debt facilities and \$1,825 million of net unrestricted cash (inclusive of overdrafts), as well as future cash flows in order to meet all current obligations as they become due. The Company was in compliance with all existing facility covenants as at June 30, 2022.

3. TRADE RECEIVABLES

a) Trade and other receivables

	June 30, 2022	December 31, 2021
Trade receivables	163	466
VAT receivable (current)	151	17
Other receivables	54	139
	368	622

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)



b) VAT receivable

	June 30, 2022	December 31, 2021
Kansanshi Mining PLC	320	284
FQM Trident Limited (formerly Kalumbila Minerals Limited)	356	324
First Quantum Mining and Operations Limited (Zambia)	54	36
VAT receivable from the Company's Zambian operations	730	644
Other	15	17
Total VAT receivable	745	661
Less: current portion, included within trade and other receivables	(151)	(17)
Non-current VAT receivable	594	644

c) VAT receivable by the Company's Zambian operation

	June 30, 2022
Balance at beginning of the year	644
Movement in claims, net of foreign exchange movements	214
Adjustment for expected phasing for non-current portion	(128)
At June 30, 2022	730

Offsets received in the six months ended June 30, 2022 totalled \$38 million.

On May 8, 2022, the Company announced that agreement had been reached in respect of the outstanding Zambian value-added tax receivable sum including an approach for repayment based on offsets against future corporate income taxes and mineral royalties. This has resulted in adjustments to reflect the agreed receivable amount to be repaid, and the revised expected phasing of recoverability of that receivable amount. These adjustments have been presented in Other income and Adjustment for expected phasing of Zambian VAT in the Statement of Earnings, respectively. As at June 30, 2022, amounts totaling \$136 million are presented as current.

d) Aging analysis of VAT receivable for the Company's Zambian operations

	< 1 year	1-3 years	3-5 years	5-8 years	> 8 years	Total
Receivable at the period end	211	371	220	57	142	1,001
Adjustment for expected phasing	(49)	(134)	(46)	(18)	(24)	(271)
Total VAT receivable from Zambian operations	162	237	174	39	118	730

Notes to the Condensed Interim Consolidated Financial Statements

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(expressed in millions of U.S. dollars)



4. INVENTORIES

	June 30, 2022	December 31, 2021
Ore in stockpiles	180	179
Work-in-progress	48	44
Finished product	337	260
Total product inventory	565	483
Consumable stores	882	831
	1,447	1,314

5. PROPERTY, PLANT AND EQUIPMENT

			Mineral properties and mine development costs		
	Plant and equipment	Capital work- in-progress	Operating mines	Development projects	Total
Net book value, as at December 31, 2021	10,032	1,181	6,920	1,150	19,283
Additions	-	531	-	-	531
Disposals	(9)	-	-	-	(9)
Transfers between categories	212	(398)	175	11	-
Restoration provision	-	-	(10)	-	(10)
Impairments	-	-	-	-	-
Capitalized interest (note 15)	-	9	-	-	9
Depreciation charge (note 14)	(360)	-	(227)	-	(587)
Net book value, as at June 30, 2022	9,875	1,323	6,858	1,161	19,217
Cost	16,130	1,323	9,791	1,161	28,405
Accumulated depreciation	(6,255)	-	(2,933)	-	(9,188)

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)



	Plant and equipment	Capital work-in-progress	Mineral properties and mine development costs		Total
			Operating mines	Development projects	
Net book value, as at December 31, 2020	10,278	804	7,239	1,147	19,468
Additions	-	1,069	-	-	1,069
Disposals	(37)	-	-	-	(37)
Transfers between categories	476	(696)	205	15	-
Restoration provision	-	-	(36)	-	(36)
Impairments	(18)	-	(14)	(12)	(44)
Capitalized interest	-	4	-	-	4
Depreciation charge	(667)	-	(474)	-	(1,141)
Net book value, as at December 31, 2021	10,032	1,181	6,920	1,150	19,283
Cost	15,982	1,181	9,625	1,150	27,938
Accumulated depreciation	(5,950)	-	(2,705)	-	(8,655)

Included within capital work-in-progress and mineral properties – operating mines at June 30, 2022, is an amount of \$905 million related to capitalized deferred stripping costs (December 31, 2021: \$829 million).

6. OTHER ASSETS

	June 30, 2022	December 31, 2021
Prepaid expenses	124	129
KPMC shareholder loan	226	284
Other investments	17	9
Derivative instruments (note 19)	343	38
Total other assets	710	460
Less: current portion of other assets	(436)	(138)
	274	322

7. JOINT VENTURE

On November 8, 2017, the Company completed the purchase of a 50% interest in KPMC from LS-Nikko Copper Inc. KPMC is jointly owned and controlled with Korea Mine Rehabilitation and Mineral Resources Corporation (“KOMIR”) and holds a 20% interest in Cobre Panama. The purchase consideration of \$664 million comprised the acquisition consideration of \$635 million and the reimbursement of cash advances of \$29 million with \$179 million paid on closing. The final consideration of \$100 million was paid in November 2021.

A \$653 million investment in the joint venture representing the discounted consideration value and the Company’s proportionate share of the profit or loss in KPMC to date is recognized. For the six months ended June 30, 2022, the profit attributable to KPMC was \$68 million (June 30, 2021: \$78 million). The profit in KPMC relates to the 20% equity accounted share of profit reported by MPSA, a subsidiary of the Company. The material assets and liabilities of KPMC are an investment in MPSA of \$486 million, shareholder loans receivable of \$1,252 million from the Company (note 9b) and shareholder loans payable of \$1,254 million due to the Company and its joint venture partner KOMIR.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(expressed in millions of U.S. dollars)



8. DEBT

	June 30, 2022	December 31, 2021
Drawn debt		
Senior notes:		
First Quantum Minerals Ltd. 7.25% due April 2023	-	1,000
First Quantum Minerals Ltd. 6.50% due March 2024	847	846
First Quantum Minerals Ltd. 7.50% due April 2025	1,347	1,347
First Quantum Minerals Ltd. 6.875% due March 2026	995	994
First Quantum Minerals Ltd. 6.875% due October 2027	1,490	1,488
First Quantum Minerals Ltd. senior debt facility	2,310	2,151
FQM Trident term loan	28	55
Trading facilities	147	31
Total debt	7,164	7,912
Less: current maturities and short term debt	(630)	(313)
	6,534	7,599
Undrawn debt		
First Quantum Minerals Ltd. senior debt facility	600	755
Trading facilities	533	549

In the quarter the Company has redeemed at par an aggregate of \$1,000 million principal amount of the senior unsecured notes due in 2023. \$500 million was redeemed on each of April 5, 2022, and June 7, 2022. No senior unsecured notes due in 2023 remain outstanding post the redemptions.

9. PROVISIONS AND OTHER LIABILITIES

a) Provisions and other liabilities

	June 30, 2022	December 31, 2021
Amount owed to joint venture (note 9b) ¹	1,252	1,310
Restoration provisions	717	731
Derivative instruments (note 19)	-	57
Other loans owed to non-controlling interests (note 9c)	184	176
Liabilities directly associated with assets held for sale	27	28
Leases	25	26
Retirement provisions	41	50
Deferred revenue (note 10)	110	103
Other deferred revenue	13	29
Other	114	82
Total other liabilities	2,483	2,592
Less: current portion	(223)	(283)
	2,260	2,309

¹ The shareholder loan is due from the Company's Cobre Panama operation to KPMC, a 50:50 joint venture between the Company and KOMIR.

b) Amount owed to joint venture

	June 30, 2022	December 31, 2021
Balance at the beginning of the year	1,310	1,327
Interest accrued	57	119
Repayment	(115)	(136)
Balance at end of period due to KPMC	1,252	1,310

As at June 30, 2022, the accrual for interest payable is \$312 million (December 31, 2021: \$370 million) and is included in the carrying value of the amount owed to the joint venture, as this has been deferred under the loan agreement. Amounts due to KPMC are specifically excluded from the calculation of net debt as defined under the Company's banking covenant ratios.

c) Other loans owed to non-controlling interests

On September 30, 2021, the Company completed the sale of a 30% equity interest in Ravensthorpe. Consideration paid of \$240 million comprised cash for equity of \$90 million and loans acquired of \$150 million. Additional subsequent loans and accrued interest to date amounted to \$28 million and \$6 million respectively.

10. DEFERRED REVENUE

	June 30, 2022	December 31, 2021
Balance at the beginning of the year	1,489	1,524
Accretion of finance costs	32	64
Amortization of gold and silver revenue	(49)	(99)
Balance at the end of the period	1,472	1,489
Less: current portion (included within provisions and other liabilities)	(110)	(103)
Non-current deferred revenue	1,362	1,386

Franco-Nevada Precious Metal Stream Arrangement

The Company commenced the recognition of delivery obligations under the terms of the Franco Nevada precious metal stream arrangement in June 2019 following the first sale of copper concentrate. The Company uses refinery-backed credits as the mechanism for satisfying its delivery obligations under the arrangement. In the six months ended June 30, 2022, \$121 million was delivered under the stream (six months ended June 30, 2021: \$121 million).

In the year ended December 31, 2021, the Company amended its accounting in respect of the delivery of non-financial items (refinery-backed gold and silver credits) into its precious metal stream arrangement, from presenting as a cost of sale to net within sales revenues. The six months ended June 30, 2021 has been revised for this change. Sales revenues and cost of sales have both reduced by \$121 million compared to the previous reported values.

11. SHARE CAPITAL

a) Common shares

Authorized

Unlimited common shares without par value Issued

	Number of shares (000's)
Balance as at December 31, 2021	691,102
Shares issued through Dividend Reinvestment Plan	3
Shares issued through Share Option Plan	683
Balance as at June 30, 2022	691,788

b) Dividends

On February 15, 2022, the Company declared a final dividend of CDN\$0.005 per share, or \$3 million, in respect of the financial year ended December 31, 2021 (February 16, 2021: CDN\$0.005 per share or \$3 million) paid on May 6, 2022 to shareholders of record on April 14, 2022.

On July 26, 2022, the Company declared an interim dividend of CDN\$0.16 per share, in respect of the financial year ended December 31, 2022 (July 27, 2021: CDN\$0.005 per share or \$3 million), to be paid on September 20, 2022 to shareholders of record on August 29, 2022.

12. EARNINGS PER SHARE

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Basic and diluted earnings attributable to shareholders of the Company	419	140	804	282
Basic weighted average number of shares outstanding (000's of shares)	690,237	688,457	690,136	688,622
Potential dilutive securities:	2,546	3,568	2,572	3,229
Diluted weighted average number of shares outstanding (000's of shares)	692,783	692,025	692,708	691,851
Earnings per common share – basic (expressed in \$ per share)	0.61	0.20	1.16	0.41
Earnings per common share – diluted (expressed in \$ per share)	0.60	0.20	1.16	0.41

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)
(expressed in millions of U.S. dollars)



13. SALES REVENUE¹

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Copper	1,670	1,525	3,532	2,970
Gold	101	123	218	236
Nickel	55	99	175	128
Silver	12	13	25	25
Other	66	22	117	45
	1,904	1,782	4,067	3,404

¹ Refinery-backed credits presented net within revenue - see note 10

14. COST OF SALES

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Costs of production ¹	(1,064)	(829)	(2,026)	(1,627)
Depreciation	(302)	(277)	(587)	(545)
Movement in inventory	77	(42)	79	(40)
Movement in depreciation in inventory	14	(9)	4	(27)
	(1,275)	(1,157)	(2,530)	(2,239)

¹ Refinery-backed credits presented net within revenue - see note 10

15. FINANCE COSTS

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Interest expense on debt	(115)	(135)	(236)	(272)
Interest expense on other financial liabilities	(4)	(3)	(8)	(5)
Interest expense on financial liabilities measured at amortized cost	(119)	(138)	(244)	(277)
Related party interest	(28)	(30)	(57)	(59)
Finance cost accretion on deferred revenue	(16)	(16)	(32)	(32)
Accretion on restoration provision	(3)	(2)	(6)	(5)
Total finance costs	(166)	(186)	(339)	(373)
Less: interest capitalized (note 5)	5	-	9	-
	(161)	(186)	(330)	(373)

16. INCOME TAX

A tax expense of \$292 million was recorded for the six months ended June 30, 2022, (six months ended June 30, 2021: \$338 million tax expense) reflecting statutory tax rates. The statutory tax rates for the Company's operations range from 20% to 30%.

(unaudited)

(expressed in millions of U.S. dollars)



17. OTHER INCOME (EXPENSE)

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Foreign exchange ¹	239	(23)	183	(34)
Change in restoration provision for closed properties	1	(1)	-	(2)
Share of profit in joint venture (note 7)	20	25	34	39
Other expenses	-	(3)	(47)	(2)
	260	(2)	170	1

¹ Foreign exchange movements include realized and unrealized gains and losses, and also include the impact of an agreement reached in respect of the outstanding value-added tax receivable sum and an approach for repayment based on offsets against future corporate income taxes and mineral royalties in Zambia. This agreement has resulted in a gain as a result of the receivable now being an agreed amount, included within Foreign exchange, and a charge representing the expected phasing of that receivable under the agreement, included within Adjustment for expected phasing of Zambian VAT in the Statement of Earnings. See Note 3c.

18. SEGMENTED INFORMATION

The Company's reportable operating segments are individual mine development projects or mine operations. Each of the mines and development projects report information separately to the CEO, the chief operating decision maker.

The Corporate & other segment is responsible for the evaluation and acquisition of new mineral properties, regulatory reporting, treasury and finance and corporate administration. Included in the Corporate & other segment is the Company's metal marketing division which purchases and sells third party material, and the exploration projects.

The Company's operations are subject to seasonal aspects, in particular the rain season in Zambia. The rain season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of January, February and March. As a result of the rain season, mine pit access and the ability to mine ore is lower in the first quarter of the year than other quarters and the cost of mining is higher.

Earnings by segment

For the three-month period ended June 30, 2022, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue ⁵	Cost of sales ⁵ (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Cobre Panama ²	837	(323)	(155)	(3)	356	-
Kansanshi ³	395	(226)	(48)	160	281	(56)
Sentinel	453	(227)	(66)	54	214	(48)
Guelb Moghrein	58	(45)	(3)	-	10	(3)
Ravensthorpe ⁴	63	(86)	(10)	2	(31)	9
Las Cruces	30	(30)	-	8	8	(1)
Çayeli	26	(9)	(4)	(2)	11	(8)
Pyhäsalmi	12	(6)	(1)	1	6	(1)
Corporate & other	30	(35)	(1)	7	1	(29)
Total	1,904	(987)	(288)	227	856	(137)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ Ravensthorpe is 30% owned by POSCO.

⁵ Refinery-backed credits presented net within revenue – see note 10

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For the three-month period ended June 30, 2021, segmented information for the statement of earnings (loss) is presented as follows:

	Revenue ^{4,5}	Cost of sales ⁵ (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Cobre Panama ²	838	(276)	(140)	(2)	420	-
Kansanshi ³	458	(193)	(46)	(10)	209	(65)
Sentinel	525	(211)	(68)	(16)	230	(87)
Las Cruces	28	(18)	-	(2)	8	(2)
Guelb Moghrein	112	(50)	(14)	-	48	(12)
Çayeli	39	(13)	(5)	-	21	(10)
Pyhäsalmi	14	(6)	(1)	(1)	6	(2)
Ravensthorpe	107	(104)	(12)	1	(8)	12
Corporate & other	(339)	-	-	(7)	(346)	(16)
Total	1,782	(871)	(286)	(37)	588	(182)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ Revenue includes hedge gains and losses recognized on forward sales and zero cost collar options.

⁵ Refinery-backed credits presented net within revenue – see note 10

For the six months ended June 30, 2022, segmented information for the statement of earnings is presented as follows:

	Revenue ⁵	Cost of sales ⁵ (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax expense
Cobre Panama ²	1,578	(621)	(297)	(6)	654	-
Kansanshi ³	991	(485)	(107)	128	527	(123)
Sentinel	1,008	(464)	(143)	19	420	(102)
Guelb Moghrein	104	(79)	(5)	(1)	19	(5)
Ravensthorpe ⁴	195	(157)	(18)	1	21	(2)
Las Cruces	49	(54)	-	11	6	(2)
Çayeli	79	(25)	(10)	(2)	42	(18)
Pyhäsalmi	24	(12)	(2)	-	10	(3)
Corporate & other	39	(50)	(1)	(49)	(61)	(37)
Total	4,067	(1,947)	(583)	101	1,638	(292)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings for the period on the consolidated statement of earnings.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ Ravensthorpe is 30% owned by POSCO.

⁵ Refinery-backed credits presented net within revenue – see note 10

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For the six months ended June 30, 2021, segmented information for the statement of earnings is presented as follows:

	Revenue ^{4,5}	Cost of sales ⁵ (excluding depreciation)	Depreciation	Other	Operating profit (loss) ¹	Income tax (expense) credit
Cobre Panama ²	1,562	(534)	(274)	(5)	749	-
Kansanshi ³	876	(388)	(95)	(23)	370	(130)
Sentinel	1,056	(436)	(137)	(21)	462	(162)
Las Cruces	72	(41)	(13)	4	22	(5)
Guelb Moghrein	189	(85)	(24)	(1)	79	(20)
Çayeli	63	(22)	(10)	(1)	30	(17)
Pyhäsalmi	27	(14)	(1)	1	13	(4)
Ravensthorpe	146	(143)	(17)	1	(13)	11
Corporate & other	(587)	(4)	(1)	(19)	(611)	(11)
Total	3,404	(1,667)	(572)	(64)	1,101	(338)

¹ Operating profit (loss) less net finance costs and taxes equals net earnings (loss) for the period on the consolidated statement of earnings.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity.

⁴ Revenue includes hedge gains and losses recognized on forward sales and zero cost collar options.

⁵ Refinery-backed credits presented net within revenue – see note 10

Balance sheet by segment

Segmented information on balance sheet items is presented as follows:

	June 30, 2022			December 31, 2021		
	Non-current assets ¹	Total assets	Total liabilities	Non-current assets ¹	Total assets	Total liabilities
Cobre Panama ²	11,718	12,380	3,176	11,735	12,364	3,232
Kansanshi ³	2,459	5,078	843	2,481	5,087	978
Sentinel	2,897	3,656	643	2,923	3,678	667
Las Cruces	30	74	104	30	85	117
Guelb Moghrein	37	135	43	33	123	53
Çayeli	51	83	38	56	91	52
Pyhäsalmi	7	34	45	9	33	45
Ravensthorpe ⁴	851	1,124	406	867	1,086	402
Corporate & other ⁵	1,424	2,660	7,594	1,463	2,723	8,230
Total	19,474	25,224	12,892	19,597	25,270	13,776

¹ Non-current assets include \$19,217 million of property plant and equipment (December 31, 2021: \$19,283 million) and exclude financial instruments, deferred tax assets, VAT receivable and goodwill.

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

³ Kansanshi Mining Plc, the most significant contributor to the Kansanshi segment, is 20% owned by ZCCM, a Zambian government owned entity. This segment includes the Kansanshi smelter.

⁴ Ravensthorpe is 30% owned by POSCO.

⁵ Included within the corporate segment are assets relating to the Haquira project, \$697 million (December 31, 2021: \$694 million), and to the Taca Taca project, \$464 million (December 31, 2021: \$454 million).

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Purchase and deposits on property, plant and equipment by segment

Additions to non-current assets other than financial instruments, deferred tax assets and goodwill represent additions to property, plant and equipment, for which capital expenditure is presented as follows:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Cobre Panama	139	83	298	136
Kansanshi	46	82	96	114
Sentinel	63	53	105	106
Las Cruces	-	1	-	2
Guelb Moghrein	4	1	8	1
Çayeli	2	1	3	2
Ravensthorpe	8	40	23	75
Corporate & other	13	3	21	8
Total	275	264	554	444

19. FINANCIAL INSTRUMENTS

The Company classifies its financial assets as amortized cost, FVOCI or FVTPL. Financial liabilities are measured at amortized cost or FVTPL.

The following provides the classification of financial instruments by category at June 30, 2022:

	Amortized cost ⁴	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	54	163	-	217
Due from KPMC (note 6)	226	-	-	226
Other derivative instruments ²	-	343	-	343
Investments ³	-	-	17	17
Financial liabilities				
Trade and other payables	909	-	-	909
Leases	25	-	-	25
Liability to joint venture	1,252	-	-	1,252
Other loans owed to non-controlling interest	184	-	-	184
Debt	7,164	-	-	7,164

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Other derivative instruments related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ Investments held by the Company are held at fair value through other comprehensive income.

⁴ The fair value of financial assets and liabilities measured at amortized cost is comparable to the carrying value due to the short term to maturities or due to the rates of interest approximating market rates.

Notes to the Condensed Interim Consolidated Financial Statements

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The following provides the classification of financial instruments by category at December 31, 2021:

	Amortized cost ⁴	Fair value through profit or loss	Fair value through OCI	Total
Financial assets				
Trade and other receivables ¹	139	466	-	605
Due from KPMC (note 6)	284	-	-	284
Other derivative instruments ²	-	38	-	38
Investments ³	-	-	9	9
Financial liabilities				
Trade and other payables	719	-	-	719
Derivative instruments in designated hedge relationships	-	-	9	9
Other derivative instruments ²	-	48	-	48
Leases	26	-	-	26
Liability to joint venture	1,310	-	-	1,310
Other loans owed to non-controlling interest	176	-	-	176
Debt	7,912	-	-	7,912

¹ Commodity products are sold under pricing arrangements where final prices are set at a specified future date based on market commodity prices. Changes between the prices recorded upon recognition of revenue and the final price due to fluctuations in commodity market prices give rise to an embedded derivative in the accounts receivable related to the provisionally priced sales contracts.

² Other derivative instruments related to provisionally priced sales contracts are classified as fair value through profit or loss and recorded at fair value, with changes in fair value recognized as a component of cost of sales.

³ Investments held by the Company are held at fair value through other comprehensive income.

⁴ The fair value of financial assets and liabilities measured at amortized cost is comparable to the carrying value due to the short term to maturities or due to the rates of interest approximating market rates.

Fair values

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs for the asset or liability that are not based on observable market data.

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The following table sets forth the Company's assets measured at fair value on the balance sheet at June 30, 2022:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	318	-	-	318
Derivative instruments – OTC contracts ²	-	25	-	25
Investments ³	17	-	-	17

¹ Futures for copper, nickel, gold and zinc were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

The following table sets forth the Company's assets and liabilities measured at fair value on the balance sheet at December 31, 2021, in the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Derivative instruments – LME contracts ¹	38	-	-	38
Investments ³	9	-	-	9
Financial liabilities				
Derivative instruments – LME contracts ¹	41	-	-	41
Derivative instruments – OTC contracts ²	-	16	-	16

¹ Futures for copper, nickel, gold and zinc were purchased on the London Metal Exchange ("LME") and London Bullion Market and have direct quoted prices, therefore these contracts are classified within Level 1 of the fair value hierarchy.

² The Company's derivative instruments are valued by the Company's brokers using pricing models based on active market prices. All forward swap contracts held by the Company are OTC and therefore the valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates using inputs which can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy. Derivative assets are included within other assets on the balance sheet and derivative liabilities are included within provisions and other liabilities on the balance sheet.

³ The Company's investments in marketable equity securities are valued using quoted market prices in active markets and as such are classified within Level 1 of the fair value hierarchy. The fair value of the marketable equity securities is calculated as the quoted market price of the marketable security multiplied by the quantity of shares held by the Company.

Derivatives designated as hedged instruments

As at June 30, 2022, the Company held no commodity contracts designated as hedged instruments. As at December 31, 2021, the following commodity contracts were outstanding:

	Open Positions (tonnes)	Average Contract price	Closing Market price	Maturities Through
Commodity contracts:				
Copper zero cost collar	52,500	\$3.61-\$4.69/lb	\$4.40/lb	June 2022
Nickel zero cost collar	500	\$7.71-\$8.58/lb	\$8.55/lb	May 2022

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Other derivatives

As at June 30, 2022, the Company had entered into the following derivative contracts for copper, gold and nickel in order to reduce the effects of fluctuations in metal prices between the time of the shipment of metal from the mine site when the sale is provisionally priced and the date agreed for pricing the final settlement.

As at June 30, 2022, the following derivative positions were outstanding:

	Open Positions (tonnes/oz)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	182,595	\$4.50/lb	\$3.74/lb	October 2022
Gold	54,869	\$1,833/oz	\$1,817/oz	August 2022
Commodity contracts:				
Copper	182,600	\$4.50/lb	\$3.74/lb	October 2022
Gold	54,883	\$1,833/oz	\$1,817/oz	August 2022

As at December 31, 2021, the following derivative positions were outstanding:

	Open Positions (tonnes/oz)	Average Contract price	Closing Market price	Maturities Through
Embedded derivatives in provisionally priced sales contracts:				
Copper	162,370	\$4.35/lb	\$4.40/lb	May 2022
Gold	51,247	\$1,806/oz	\$1,806/oz	April 2022
Nickel	982	\$8.95/lb	\$9.49/lb	May 2022
Commodity contracts:				
Copper	161,950	\$4.35/lb	\$4.40/lb	May 2022
Gold	51,249	\$1,806/oz	\$1,806/oz	April 2022
Nickel	984	\$8.95/lb	\$9.49/lb	May 2022

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

	June 30, 2022	December 31, 2021
Commodity contracts:		
Asset position	343	38
Liability position	-	(57)

20. COMMITMENTS AND CONTINGENCIES

Capital commitments

The Company has committed to \$111 million (December 31, 2021: \$129 million) in capital expenditures.

Other commitments & contingencies

Due to the size, complexity and nature of the Company's operations, various legal and tax matters are outstanding from time to time. The Company is routinely subject to audit by tax authorities in the countries in which it operates and has received a number of tax assessments in various locations, including Zambia, which are currently at various stages of progress with the relevant authorities. The outcome of these audits and assessments are uncertain however the Company is confident of its position on the various matters under review.

Panama Constitutional Proceedings

In February 1996, the Republic of Panama and MPSA, now a subsidiary of the Company, entered into a mining concession contract in respect of the Cobre Panama project ("Concession Contract").

On February 26, 1997, Contract-Law No. 9 ("Law 9") was passed by the Panamanian National Assembly. Law 9 granted the status of national law to the Concession Contract, establishing a statutory legal and fiscal regime for the development of the Cobre Panama project. On December 30, 2016, the Government of Panama signed and issued Resolution No. 128 by which it extended the Concession Contract held by MPSA for a second 20-year term commencing March 1, 2017 up to February 28, 2037. The Company remains eligible for consideration of a third 20-year term of the Concession Contract commencing March 1, 2037.

In September 2018, the Company became aware of a ruling of the Supreme Court of Panama ("Supreme Court") in relation to the constitutionality of Law 9. The Company understands that the ruling of the Supreme Court with respect to the constitutionality of Law 9 relates to the enactment of Law 9 and does not affect the legality of the Concession Contract itself, which remains in effect, and allows continuation of the development and operation of the Cobre Panama project by MPSA.

In respect of the Supreme Court ruling on Law 9, the Company notes the following:

- The Supreme Court decision was in respect of ongoing legal filings made since 2009 with regard to specific environmental petitions.
- In reviewing the process of approval of Law 9 of 1997, the Supreme Court found that the National Assembly had failed to consider whether Law 9 complied with applicable legislation at the time, namely Cabinet Decree 267 of 1969.
- The applicable Cabinet Decree of 1969, which was repealed in 1997 by Law 9, required the Ministry of Commerce and Industry ("MICI") to issue a request for proposals before awarding the Law 9 mining concession.
- The Attorney General of Panama provided two formal opinions favourable to the constitutionality of Law 9 as required in this type of proceedings by Panamanian law.
- The Supreme Court ruling did not make a declaration as to the annulment of the MPSA Concession Contract.

In 2018, MPSA submitted filings to the Supreme Court for ruling, prior to the ruling in relation to the constitutionality of Law 9 taking effect. On September 26, 2018, the Government of Panama issued a news release affirming support for Cobre Panama. The release confirmed that MICI considers that the MPSA Mining Concession contract, and its extension, remains in effect in all its parts. In July 2021, the Supreme Court responded to the requests for clarifications submitted by MPSA, ruling them inadmissible. This means that the original ruling that Law 9 is unconstitutional has been upheld. The unconstitutionality ruling was published in the Official Gazette on December 22, 2021. The Company understands that the ruling's effects are non-retrospective, pursuant to the Code of Judicial Proceedings, which means that the enactment of the contract in 1997 and its extension in 2017 granted until the year 2037, remain unaffected. As of the date of this report, the Cobre Panama project continues steady and uninterrupted operations.

The current Government of Panama ("GOP"), inaugurated on July 1, 2019, established a multidisciplinary commission including the Minister of Commerce and Industries (mining regulator), Minister of Environment, and Minister of Employment to discuss the Law 9 matter and seek resolution. In July 2021, the GOP announced the appointment of a high-level commission of senior government ministers and officials, chaired by the Minister of Commerce, to discuss the Company's concession contract. In September 2021, the Ministry of Commerce publicly announced the culmination of the high-level formal discussions on two topics being environmental and labour matters.

During January 2022, the GOP tabled a new proposal, namely that the GOP should receive \$375 million in benefits per year from Cobre Panama and that the existing revenue royalty will be replaced by a gross profit royalty. The parties continue to finalize the

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detail behind these principles, including the appropriate mechanics that would achieve the desired outcome, the necessary protections to the Company's business for downside copper price and production scenarios and ensuring that the new contract and legislation are both durable and sustainable.

Once an agreement is concluded and the full contract is documented, it is expected that newly drafted legislation would be put to the National Assembly. The Company welcomes the transparency of the robust ministerial commission process and it is hopeful that this matter can be concluded shortly.

Kansanshi Development Agreement

On May 19, 2020, KMP filed a Request for Arbitration against the GRZ with the International Centre for Settlement of International Disputes ("ICSID"). This arbitration is confidential. KMP's claims concern breaches of certain contractual provisions of a development agreement between GRZ and KMP (the "Development Agreement") and international law. The amount in dispute is to be quantified at a later stage, however it is believed to be material. The Tribunal is now fully constituted and has held its first Case Management Conference. KMP submitted its Memorial and corresponding documents on January 25, 2021. GRZ filed its Memorial on Jurisdiction and Counter-Memorial of Defence and Counterclaim on July 9, 2021. The parties have exchanged requests for production of documents. The parties produced documents ordered by the Tribunal on November 1, 2021. KMP submitted its Reply Memorial on February 11, 2022. The hearing in this matter is scheduled for January 2023. Pursuant to the wider reset arrangements recently concluded between FQM and GRZ, the parties have entered into a conditional settlement agreement in respect of this arbitration. The settlement agreement contains several conditions precedent that must be satisfied before the settlement becomes effective. The parties have therefore jointly agreed to a 3 month extension to the deadline for GRZ to submit its Rejoinder (originally June 16, 2022). The intention is that all conditions precedent to the settlement agreement can be satisfied within the extension period.