

# FIRST QUANTUM MINERALS LTD.



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

**Some of the statements contained in the following material are forward-looking statements and not statement of facts. Such statements are based on the current beliefs of management, as well as assumptions based on management information currently available.**

**Forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results to differ materially from expected results.**

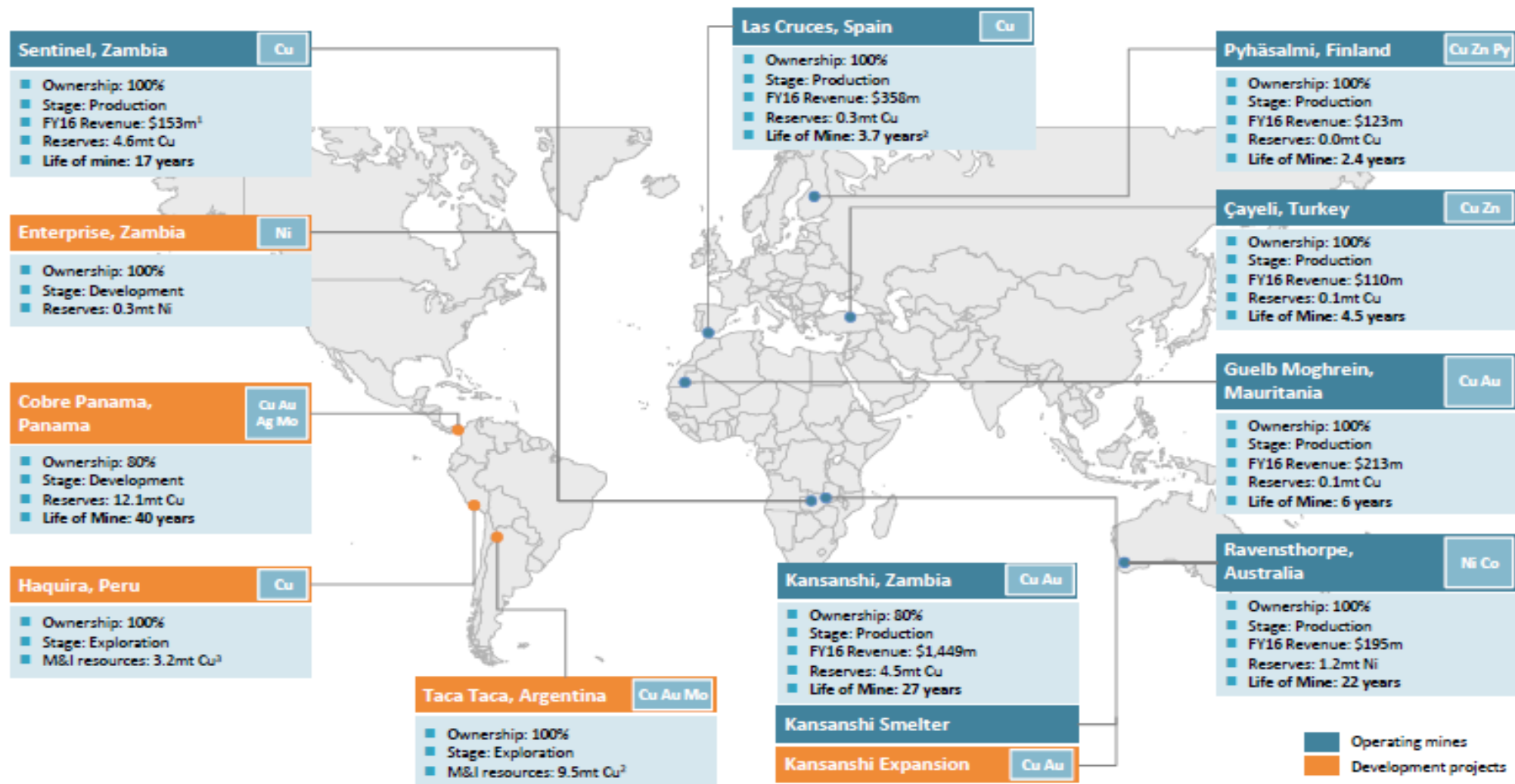
**Readers must rely on their own evaluation of these uncertainties.**

**Note: all dollar amounts in US dollars unless otherwise indicated**



# A LEADING COPPER PRODUCER

## 8 OPERATING ASSETS & 5 DEVELOPMENT PROJECTS





# FIRST QUANTUM MINERALS

PLATFORM OF HIGH-QUALITY, EFFICIENT OPERATIONS



HEALTHY BALANCE SHEET



ROBUST COPPER PROJECT PIPELINE



PROJECT DEVELOPMENT EXPERTISE



# PLATFORM OF HIGH-QUALITY, EFFICIENT OPERATIONS

## Strong Operations at Kansanshi Complex

- Mine performance benefitting from process & margin improvement work
- Smelter set sequential records for throughput and copper production
- New 3-year labour agreement signed and effective January 2017
- Q1 2017 results within guidance:
  - Copper production = 63,198 tonnes; Full year guidance = 240,000 tonnes
  - Unit production cost per lb:  
C1 = \$1.28; AISC = \$1.59; C3 = \$1.89





# PLATFORM OF HIGH-QUALITY, EFFICIENT OPERATIONS

## Las Cruces Mine Hits Its Stride

- Most consistent operations since start-up
- Maintaining a low unit cost profile
- Researching potential for mine life extension
- Q1 2017 results within guidance:
  - Copper production = 18,793 tonnes;  
Full year guidance = 70,000 tonnes
  - Unit production cost per lb:  
C1 = \$0.78; AISC = \$0.93;  
C3 = \$1.89



# PLATFORM OF HIGH-QUALITY, EFFICIENT OPERATIONS

## New Sentinel Mine Now in Commercial Operations

- Long-life mine
- Ramping up & transitioning to terrace layout
- Capacity to produce over 250,000 tonnes of copper in concentrate annually
- Q1 2017 results within guidance:
  - Copper production = 36,274 tonnes; Full year guidance = 195,000 tonnes
  - Unit production cost per lb:  
C1 = \$1.67; AISC = \$2.07; C3 = \$2.45





# PLATFORM OF HIGH-QUALITY, EFFICIENT OPERATIONS

## Smaller, More Mature Mines Are Good Contributors to Earnings & Cash Flow

- Together Guelb Moghrein, Çayeli and Pyhäsalmi in 2016:
  - Contributed \$125 million to operating profit
  - Produced almost 73,000 tonnes of copper
  - Unit production cost per lb:  
C1 = \$0.84; AISC = \$1.17;  
C3 = \$1.80





# HEALTHY BALANCE SHEET

## Executed a Series of Effective Initiatives

- **Sold the Kevitsa operation** → • Total proceeds of \$732 million
- **Implemented & maintaining a focused sales hedge program** → • Protecting cash flows, in a low metal price environment, ahead of the completion of Cobre Panama
- **Restructured the balance sheet** → • No senior debt due until 2021 when Cobre Panama is expected to be well in production and generating cash flow
  - Reduced revolving & term debt

Outlook for First Quantum upgraded to **STABLE** by S&P Ratings Agency

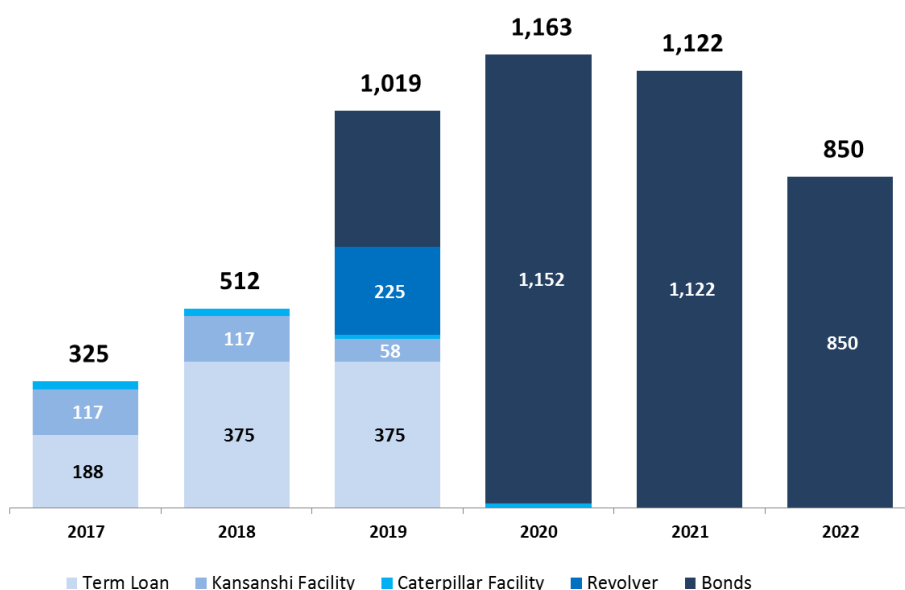
# HEALTHY BALANCE SHEET

## Executed a Series of Effective Initiatives

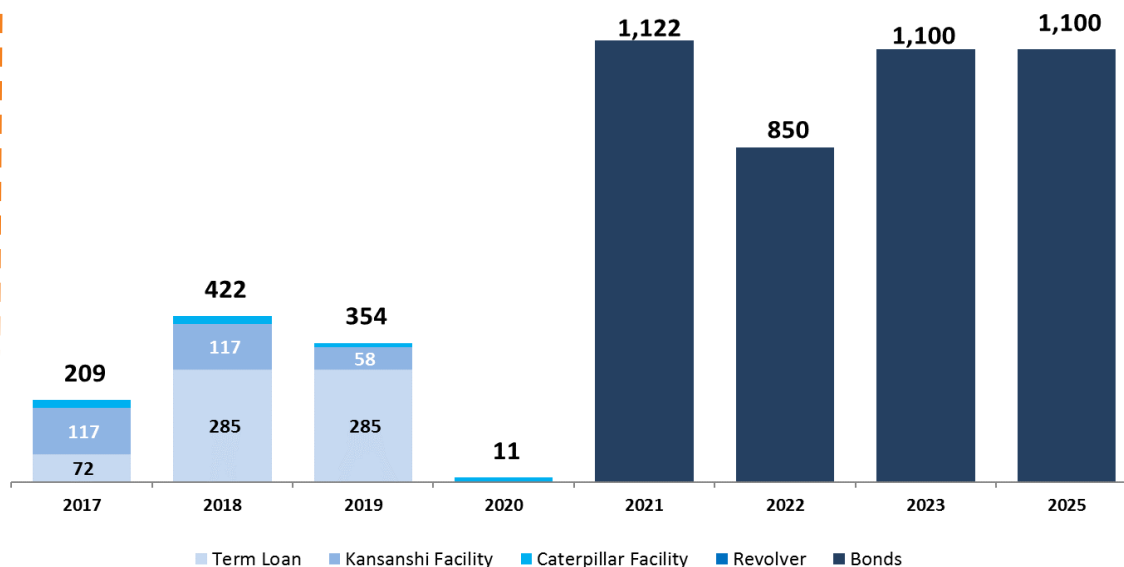
- Issued \$2.2B Senior Notes:
  - \$1.1B due 2023 @ 7.25% per annum
  - \$1.1B due 2025 @ 7.50% per annum

- Repaid:
  - Near-term bonds (2019 & 2020)
  - A portion of the term loan and the revolver

Debt Maturity Profile as at Dec 31, 2016



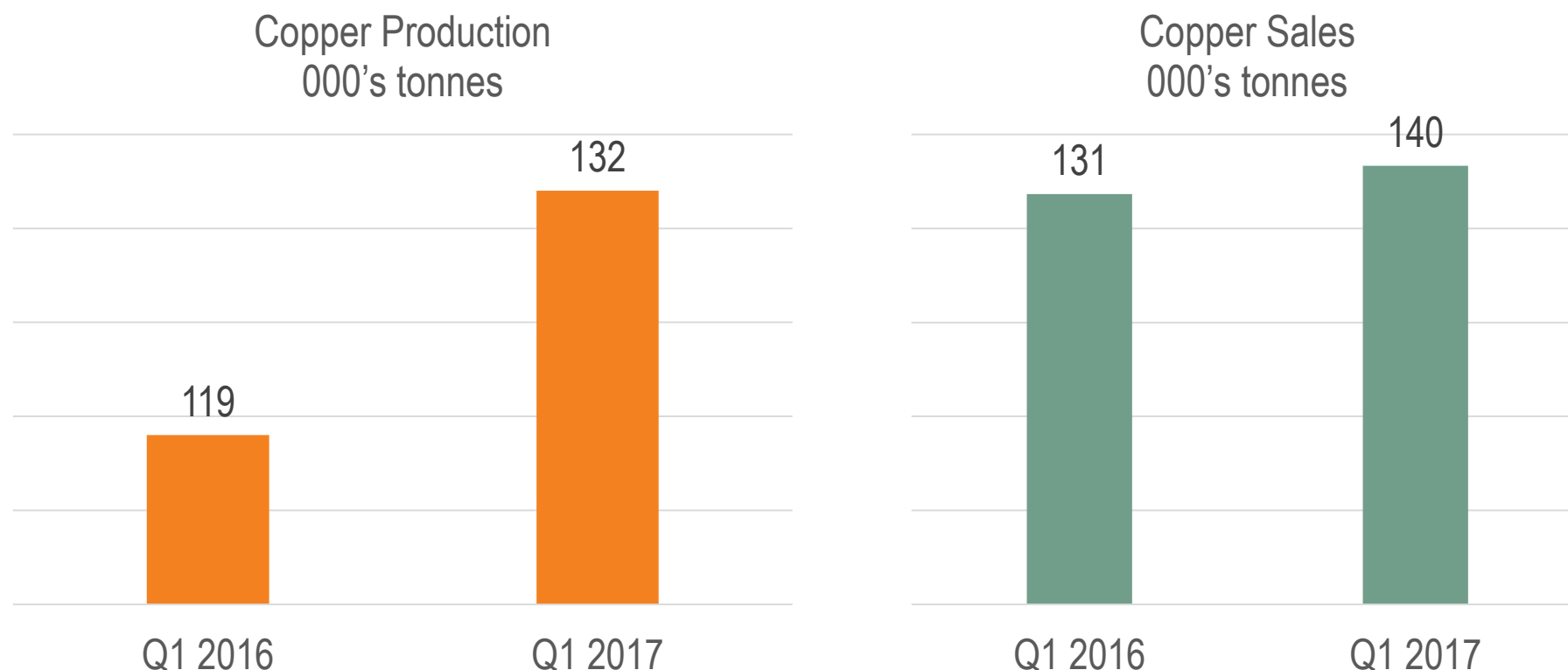
Debt Maturity Profile Post \$2.2B Issue





# A STRONG START TO 2017

## Higher year-over-year copper production & sales



**Generated \$265 million comparative EBITDA & \$239 million of cash flow**

# 3-YEAR MARKET GUIDANCE

## PRODUCTION GUIDANCE<sup>1</sup>

000's	2017	2018	2019
Copper – tonnes	570	600	605
Nickel – contained tonnes	25	25	25
Gold – ounces	200	200	200
Zinc – tonnes	20	20	15

<sup>1</sup> Copper guidance provided includes estimates for Sentinel but not for Cobre Panama

<sup>2</sup> C1 cash cost includes all mining and processing costs less any profits from by-products such as gold, cobalt or zinc. TC/RC and freight deductions on metal sales, which are typically recognized as a component of sales revenues, are added to C1 cash cost to arrive at an approximate cost of finished metal.

## C1 CASH COST AND ALL-IN SUSTAINING COST GUIDANCE<sup>1</sup>

C1 Cash Cost <sup>2</sup> - \$ per pound	2017	2018	2019
Copper	1.20 – 1.40	1.20 – 1.40	1.20 – 1.40
Nickel	4.60 – 4.80	4.60 – 4.80	4.60 – 4.80
All-in sustaining cost <sup>3</sup> – \$ per pound			
Copper	1.65 – 1.80	1.65 – 1.80	1.65 – 1.80
Nickel	5.10 – 5.40	5.10 – 5.40	5.10 – 5.40

<sup>3</sup> All-in sustaining cost is defined as C1 cash cost plus general and administrative expenses, sustaining capital expenditure, deferred stripping and royalties



# COPPER PROJECT PIPELINE





# ADVANCING OUR COBRE PANAMA PROJECT

- Total project over 50% complete
- Mining concession extended for a 2<sup>nd</sup> 20-year term to February 2037
- Heading for peak construction activity
- Power station and associated infrastructure prioritized for early completion
- Power production expected in Q4 2017 from the 1<sup>st</sup> 150MW generating set
- The 2<sup>nd</sup> 150MW set expected to follow in the 1<sup>st</sup> half of 2018





# ADVANCING OUR COBRE PANAMA PROJECT

- 6 of the 7 mills installed
- Installing the large gearless mill drives, with 3 mill drives fully complete and a further 3 installed and well progressed to completion
- Other areas of the project well underway in construction
- Benefitting from learnings from our Sentinel mine
- Targeting a phased commissioning in 2018 with continued ramp up in 2019
- Project financing process underway





# COBRE PANAMA PROGRESS – PORT & POWER STATION OVERVIEW





# COBRE PANAMA PROGRESS – POWER STATION





# COBRE PANAMA PROGRESS – POWER STATION





# COBRE PANAMA PROGRESS – PLANT AREA OVERVIEW





# COBRE PANAMA PROGRESS – BOXCUTS & PRE-STRIP



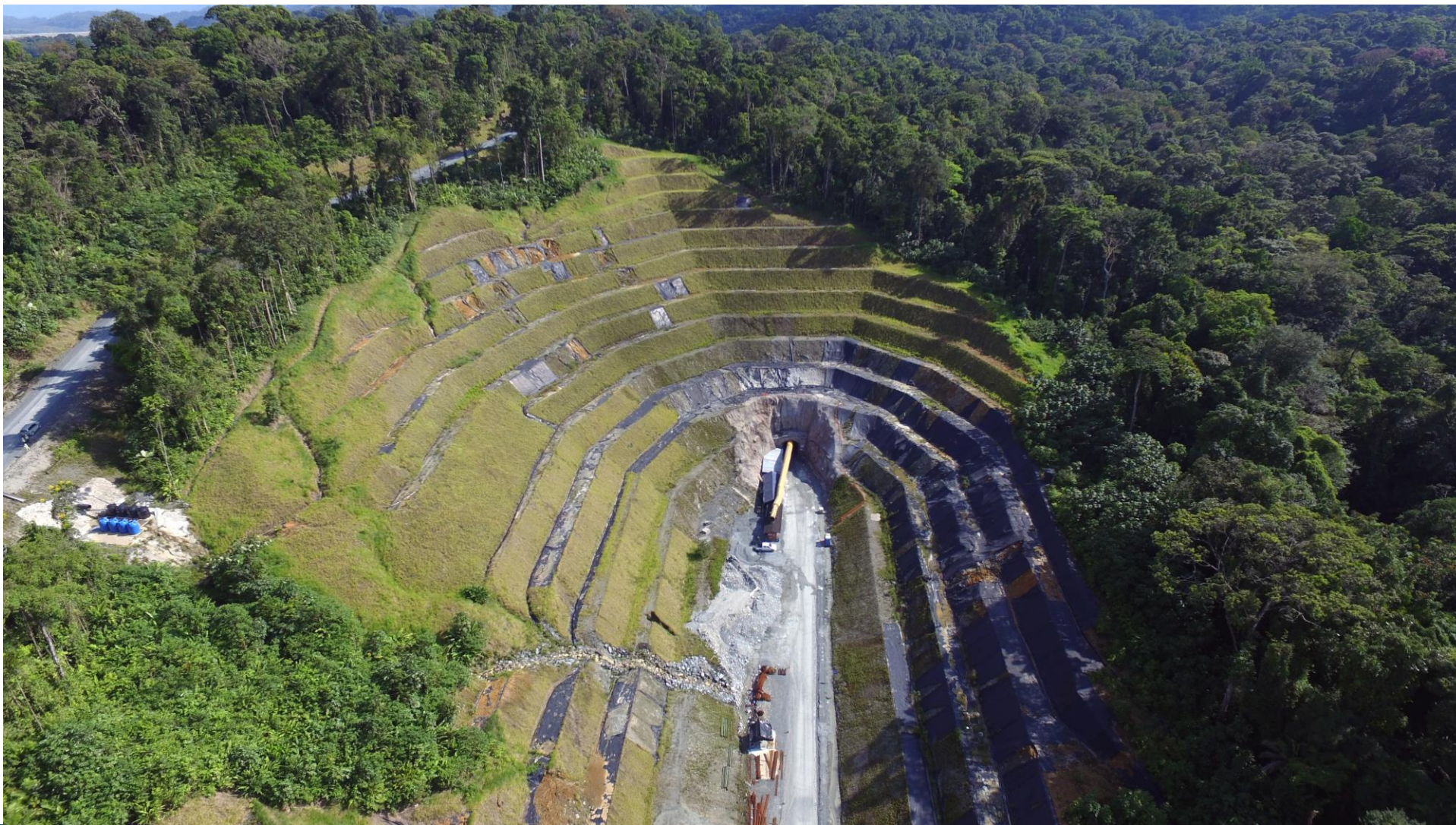


# COBRE PANAMA PROGRESS – TAILINGS MANAGEMENT FACILITY NORTH WALL





# COBRE PANAMA PROGRESS – TAILINGS MANAGEMENT FACILITY DECANT TUNNEL





# ADVANCING OUR COBRE PANAMA PROJECT

- Capital estimate of \$5.5B

## Cobre Panama Funding

Capital expenditure guidance (\$bn)	Spend to 31 Dec 2016	2017E	2018E	2019E	Total
Total Cobre Panama	3.5	1.1	0.8	0.1	5.5
Third-party contribution	(1.2)	(0.5)	(0.3)	(0.2)	(2.2)
First Quantum's share of Cobre Panama	2.3	0.6	0.5	(0.1)	3.3

# 3-YEAR MARKET GUIDANCE – CAPITAL EXPENDITURE<sup>4</sup>

\$ millions	2017	2018	2019
Total Cobre Panama	1,060	830	110
Third-party contribution	<u>(420)</u>	<u>(330)</u>	<u>(200)</u>
First Quantum's share of Cobre Panama	640	500	(90)
Capitalized stripping	200	200	200
Sustaining capital and other non-major projects	<u>230</u>	<u>150</u>	<u>150</u>
Total net capital expenditure	<u>1,070</u>	<u>850</u>	<u>260</u>

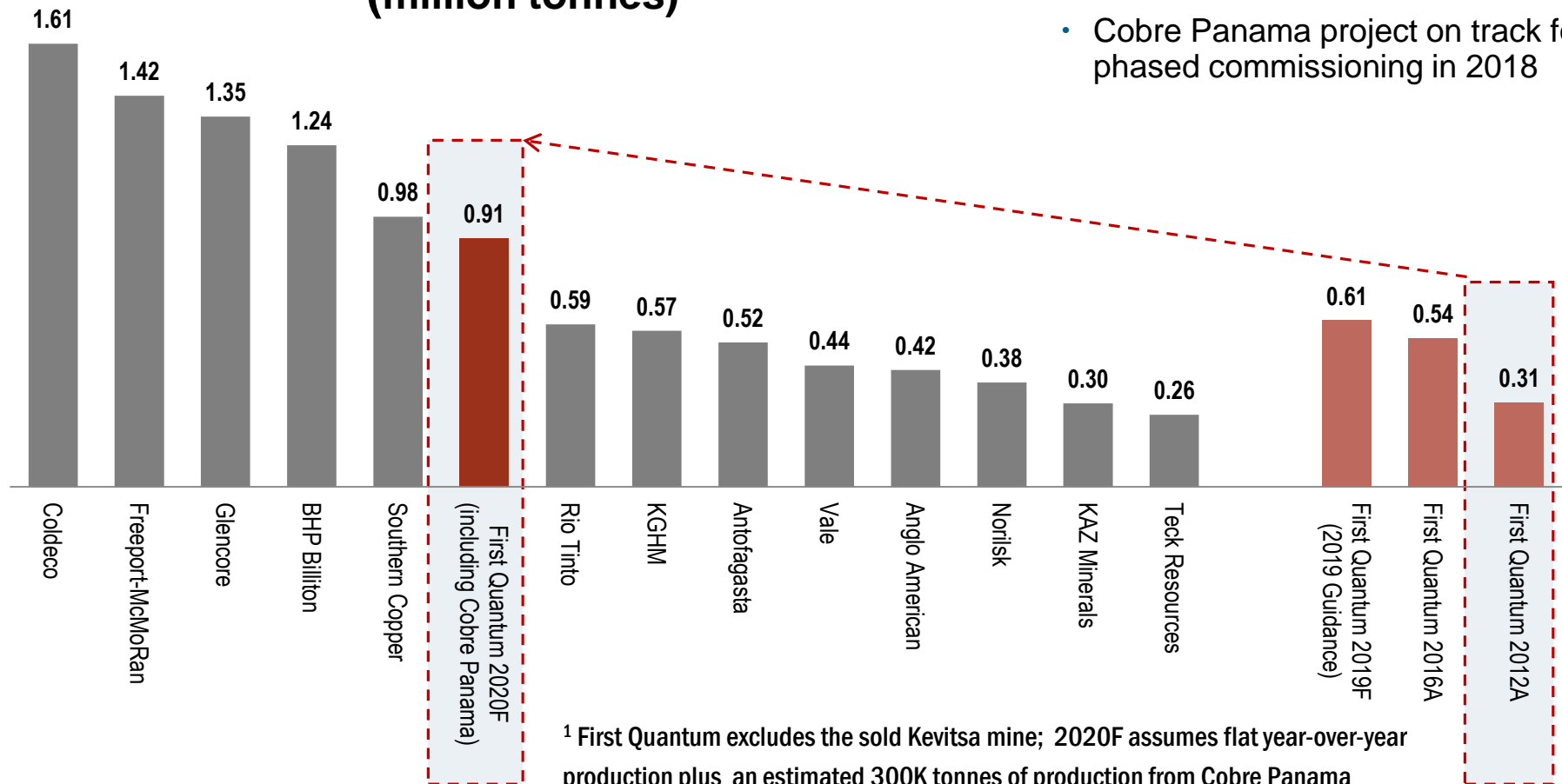
<sup>4</sup> Excludes capitalization of any net pre-commercial production costs and capitalized interest



# UNRIVALLED GROWTH IN COPPER PRODUCTION

## 2019E Copper Production<sup>1</sup> (million tonnes)

- Sentinel mine began commercial production in November 2016
- Cobre Panama project on track for phased commissioning in 2018





# A ROBUST PROJECT PIPELINE

## TACA TACA PROJECT, ARGENTINA

- Acquired in August 2014
- Located in the Puna region of Salta Province
- An outstanding copper deposit
- Conducting environmental impact assessment studies; expected to conclude in 2<sup>nd</sup> quarter 2017
- Commercial & logistics aspects being addressed



# MINING RELATED DEVELOPMENTS IN ARGENTINA

- Argentine authorities, industry and unions expected to sign a federal mining agreement that unifies existing legislation across the country, as part of an ongoing effort to jump-start investment in the sector.
- President Mauricio Macri has been adopting measures to revive the country's mining industry, including the elimination of a 5% retention tax on mining exports in February 2016.
- Prohibition on foreign mining companies sending profits made in Argentina out of the country has already been revoked.
- President's goal is to double investment in the sector to \$25 billion in eight years.





# A ROBUST PROJECT PIPELINE

## HAQUIRA PROJECT, PERU

- Acquired in December 2010
- Located in the Apurimac Department of southern Peru
- One of the world's major undeveloped copper deposits
- Focused on the community and environmental aspects of the project



# FIRST QUANTUM MINERALS LTD.

