

# SENS ANNOUNCEMENT

(the “Announcement”)

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## ISSUER

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**First Quantum Minerals Limited**  
(Incorporated in British Columbia)  
(Registration number BC1006807)  
LuSE Share code: FQMZ  
ISIN: ZM0000000375  
 (“First Quantum” or “FQM” or “the company”)

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## BROKER

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Pangaea Securities Limited  
[a member of the Lusaka Securities Exchange]  
Regulated and Licensed by the Securities and Exchange Commission Zambia

Telephone Number: +260 211 220707 | Website: [www.pangaea.co.zm](http://www.pangaea.co.zm)

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## AUTHORISATION

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Approval for this Announcement has been granted by:

- The Lusaka Securities Exchange
- The Securities and Exchange Commission Zambia
- First Quantum Minerals Limited

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## DISCLAIMER AND RISK WARNING

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The announcement contained herein contains information that may be of a price sensitive nature.

Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED ON February 19, 2019**



# NEWS RELEASE

19-07

February 18, 2019

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

## FIRST QUANTUM MINERALS REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

(In United States dollars, except where noted otherwise)

**First Quantum Minerals Ltd. ("First Quantum" or the "Company", TSX Symbol "FM")** today reported comparative earnings<sup>1</sup> of \$182 million (\$0.26 per share<sup>1</sup>), net earnings attributable to shareholders of the Company<sup>1</sup> of \$198 million (\$0.29 per share) and cash flows from operating activities of \$338 million (\$0.49 per share<sup>1</sup>) for the three months ended December 31, 2018 ("Q4").

For the full year 2018, the Company reports comparative earnings<sup>1</sup> of \$487 million (\$0.71 per share<sup>1</sup>), net earnings attributable to shareholders of the Company<sup>1</sup> of \$441 million (\$0.64 per share<sup>1</sup>) and cash flows from operating activities of \$1,980 million (\$2.88 per share<sup>1</sup>).

### FOURTH QUARTER AND FULL YEAR 2018 SUMMARY:

- **Operations Delivered Solid Results with Lower Costs**
  - 158,304 tonnes of copper<sup>2</sup> produced in Q4:
    - o Record Q4 production at Sentinel of 60,840 tonnes, reflecting continued improvement quarter over quarter in production and costs.
  - Q4 Unit cost of copper production<sup>3</sup>: All-in sustaining cost ("AISC") = \$1.68 per pound; Cash cost ("C1") = \$1.23 per pound; Total cost ("C3") = \$2.04 per pound.
  - 605,853 tonnes of copper<sup>2</sup> produced for the full year.
  - 2018 full year unit cost of copper production<sup>3</sup>: AISC = \$1.74 per pound; C1=\$1.28 per pound; C3=\$2.11 per pound.
  
- **Strong Operating Cash Flows and Continued Liquidity; Dividend Declared**
  - \$338 million of cash flows from operating activities (\$0.49 per share<sup>3</sup>) during the quarter, an increase of 67% from the comparable prior year period.
  - \$1,980 million of cash flows from operating activities (\$2.88 per share<sup>1</sup>) during all of 2018.
  - Ended the quarter and year with \$788 million in net unrestricted cash and cash equivalents, \$700 million of committed undrawn facilities and in full compliance with all financial covenants.
  - Final dividend declared of CDN\$0.005 in respect of the 2018 year-end; total dividends for the full year 2018 were CDN\$0.01.
  
- **Cobre Panama Project nears completion as of year-end.**
  - The focus at the Cobre Panama project remains on construction completion, commissioning of the process plant and commissioning and ramp-up of the power station. During the quarter, project pre-strip was completed, engineering and procurement were essentially completed, and the tailings management facility earthworks advanced to 87% completion. Construction of the two power sets was completed in the quarter with commissioning being well advanced with the reliability and ramp-up program for set 1 completed in January

2019. Set 2 is in full commissioning with synchronization to the grid having occurred in January 2019. Extensive process plant commissioning and testing were ongoing throughout the quarter in preparation for production. First ore was introduced to the mill on February 11, 2019. The project remains scheduled for ramp-up over 2019 and 2020.

- During 2019, Cobre Panama mine is expected to produce 140,000 – 175,000 tonnes of contained copper and by year end be running at an annualized rate of 72 million tonnes per year (“mtpa”). Limited copper production is expected in the first half of 2019 while the commissioning and start-up continues with approximately 80% of production expected to occur in the second half of the year. Commercial production will be declared in arrears and is expected to occur in the final quarter of 2019.
- In 2020, contained copper production of between 270,000 -300,000 tonnes is expected as a throughput rate of 85 mtpa is reached. In 2021, production of approximately 300,000 tonnes of contained copper is expected, increasing in 2022 to 350,000 tonnes. In 2022, the C1 unit cost of production is estimated at \$1.20 per lb and \$1.50 per lb all-in sustaining. Both estimates are net of an assumed by-product credit principally gold as well as some molybdenum and silver, of approximately \$0.25 per lb. Gold production in 2020 and 2021 is estimated at approximately 100,000 ounces per year.

## CEO’S COMMENTS

“2018 was a very important year for the Company with the development of Cobre Panama nearing completion. We achieved record production for the year, ahead of target, and in line with the expected low unit production costs. Much of this was due to a 17% increase in production at Sentinel,” noted Philip Pascall, Chairman and CEO. “Our financial results for the quarter and the full year reflect this strong operating performance through the year.”

“2019 will be another important year for the Company. With Cobre Panama starting operation, and the continuing steady production from our existing mines, we expect significantly higher output. I appreciate and laud our staff and employees for what was accomplished in 2018 and look forward to another exciting and productive year,” Mr. Pascall concluded.

## OPERATING HIGHLIGHTS

	Three months ended December 31		Full year ended December 31	
	2018	2017	2018	2017
<i>(U.S. dollars where applicable)</i>				
<b>COPPER</b>				
- Production <sup>2</sup> (tonnes)	158,304	154,319	605,853	573,963
- Sales <sup>4</sup> (tonnes)	156,212	151,905	596,513	580,130
- Cost of production <sup>3</sup> :				
o AISC (per lb)	\$1.68	\$1.76	\$1.74	\$1.65
o C1 (per lb)	\$1.23	\$1.30	\$1.28	\$1.23
o C3 (per lb)	\$2.04	\$2.16	\$2.11	\$2.05
- Realized price (per lb)	\$2.83	\$2.50	\$2.84	\$2.33
<b>GOLD</b>				
- Production (ounces)	48,039	51,904	185,414	199,736
- Sales (ounces)	53,221	50,723	193,072	201,376

## FINANCIAL HIGHLIGHTS

	Three months ended December 31		Full year ended December 31	
	2018	2017	2018	2017
<i>(U.S. dollars millions, except where noted otherwise)</i>				
Sales revenues	1,054	885	3,966	3,310
Gross profit	280	117	978	335
Net earnings (loss) attributable to shareholders of the Company	198	(115)	441	(316)
Basic and diluted earnings (loss) per share	\$0.29	(\$0.17)	\$0.64	(\$0.46)
Comparative EBITDA <sup>1</sup>	481	318	1,737	1,154
Comparative earnings (loss) <sup>1</sup>	182	(36)	487	(111)
Comparative earnings (loss) per share <sup>1</sup>	\$0.26	(\$0.05)	\$0.71	(\$0.16)
Cash flow from operating activities	338	203	1,980	914

<sup>1</sup> Net earnings (loss) attributable to shareholders of the Company has been adjusted to exclude items which are not reflective of underlying performance to arrive at comparative earnings (loss). 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, 2018 for further information.

<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, 2018 for further information. C1, C3 and AISC costs exclude third-party concentrate purchased at Kansanshi. C1, C3 and AISC costs for Q3 2018 have been revised from amounts previously disclosed to exclude the \$0.03 per pound impact of third-party concentrate purchased.

<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 5,884 tonnes and 7,349 tonnes for the three months and year ended December 31, 2018, respectively. Q3 2018 copper sales have been adjusted to exclude copper anode sales of 1,465 tonnes attributable to third-party concentrate purchased.

## OTHER

- On January 23, 2019, the Company announced a land slippage at Cobre Las Cruces, and production at the hydrometallurgical plant was suspended immediately. Prior to the incident, mine personnel identified a risk and immediately implemented safety protocols. Following the incident, the pit was evacuated and no injuries occurred. On February 1, 2019 the production resumed at the processing plant with the processing of lower grade stockpiled ore which is expected to continue for the next several months while the necessary regulatory approvals are obtained to begin the mining of Phase 6, an area unaffected by the incident.
- On February 6, 2019, the Company signed a new \$2.7 billion Term Loan and Revolving Credit Facility underwritten by three core relationship banks. This new Facility replaces the existing \$1.5 billion Revolving Credit Facility. The new \$2.7 billion Facility (with an accordion feature to increase it up to \$3.0 billion before the end of 2019) comprises a \$1.5 billion Term Loan Facility and a \$1.2 billion Revolving Credit Facility (which can be upsized to \$1.5 billion if the accordion feature is activated), maturing on December 31, 2022. This financing includes revised financial covenants, extends the debt maturity profile of the business, demonstrates the Company's access to a diverse range of capital markets, and improves the financial flexibility of the Company through the added liquidity. The Facility will be used for the redemption of the \$1,121 million senior notes due February 2021 in full, or in part, and for general corporate purposes.

## PRODUCTION AND COST OUTLOOK

(000's)	2019	2020	2021
Total Copper (tonnes)	700 – 735	840 – 870	820
Cobre Panama – Copper <sup>2</sup> (tonnes)	140 - 175	270 - 300	300
Copper <sup>2</sup> (tonnes) – excluding Cobre Panama	560	570	520
Gold (ounces) – excluding Cobre Panama	185	180	170
Zinc (tonnes)	12	2	-

Production guidance for Las Cruces reflects the land slippage in January 2019, with lost production currently estimated at 25,000 tonnes in 2019. Production at Las Cruces for 2020 has also been reduced by a further 25,000 tonnes from amounts previously disclosed as certain high grade ore is no longer planned to be mined as part of the open pit operation. The open pit mining operations are expected to be completed in the second half of 2020.

In terms of quarterly phasing of annual production, it is expected that production at Zambian operations will be at its lowest in the first quarter. The first and second quarters will also be impacted by lower production at Las Cruces following the land slippage.

The wet season in Zambia generally starts in November and continues through April, with the heaviest rainfall normally experienced in the months of December, January, February and March. As a result of the wet season, 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.

Cash costs and AISC guidance in the tables below does not include any costs in respect of Cobre Panama.

Copper	2019	2020	2021
C1 <sup>3</sup> (per lb)	\$1.20 - \$1.40	\$1.20 - \$1.40	\$1.20 - \$1.40
AISC <sup>3</sup> (per lb)	\$1.70 - \$1.85	\$1.70 - \$1.85	\$1.70 - \$1.85

Increase in AISC guidance reflects higher Zambian royalty and gold sales levy rates effective January 1, 2019. This has increased AISC by \$0.05 per lb in all three years. It is expected that a Zambian sales tax will be introduced from April 1, 2019, and that this will result in increased C1 and AISC unit costs. However, guidance given excludes the impact of the sales tax as the rate to be introduced has not yet been confirmed by the Government of the Republic of Zambia.

## CONFERENCE CALL & WEBCAST

Conference call and webcast details are as follows:

Date: February 15, 2019

Time: 9:00 am (EST); 2:00 pm (GMT); 6:00 am (PST)

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

Dial in: North America: (toll free) (877) 291-4570

North America and international: 1 (647) 788-4919

United Kingdom: (toll free) 0-800-051-7107

Replay: Available from noon (EST) on February 15, 2019 until 11:59 pm (EST) on March 3, 2019.

North America: (toll free) (800) 585-8367

North America and international: 1 (416) 621-4642

Passcode: 5469795

## **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, 2018 are available at [www.first-quantum.com](http://www.first-quantum.com) and should be read in conjunction with this news release.

**On Behalf of the Board of Directors of First Quantum Minerals Ltd.**

**G. Clive Newall**

**President**

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

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### **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 Cobre Panama and Enterprise and are subject to the impact of ore grades on future production, the potential of production disruptions (including at Cobre Las Cruces as a result of the land slippage in January 2019), 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, zinc, pyrite, cobalt, iron 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, zinc, pyrite, cobalt, iron 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 and Panama, labour disruptions, potential social and environmental challenges, power supply, mechanical failures, water supply, procurement and delivery of parts and supplies to the operations, and the production of off-spec material.

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.



**Pangaea Securities Limited**

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